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THE ADVERTISER'S INFLUENCE IN TV PROGRAMMING

STANLEY E. COHEN*

Mr. Cohen describes the evolution of the advertiser's influence on programme content and the many trends in the industry which have decreased the advertiser's leverage. He analyses television's dilemma of trying to serve the public on one hand while selling that public to the advertiser on the other. Mr. Cohen concludes that direct pressure is at most a marginal problem but recognizes the subtle and complex conflicting interests inherent in the advertiser-supported, profit oriented system. Finally Mr. Cohen describes how the advertiser's awesome though unsought influence may be controlled by counter-vailing forces which must be used responsibly by the other participants with the uniqueness of the media and the advertiser's needs in mind.

To what extent is television programming in Canada influenced by advertisers? The article by Mr. Cohen which follows suggests that the opportunities for direct advertiser influence have markedly diminished in the American system, particularly with the development of greater market sophistication, the scatter plan, and the decline of advertiser-owned programs. On the other hand, he points to television's excessive deference to the advertiser's needs, the subtle effect of which is to stifle controversy and experimentation, and encourage the continuance of conservative programming. Many of his conclusions are probably justified in varying degree in regard to Canadian television as well.

1. There can be little doubt that overt advertiser influence on Canadian television programming at the national level is minimal, although isolated exceptions emerge on a sporadic basis. Except for the NHL and CFL sports programs and certain specials, advertisers or advertising agencies do not own or control any network programming originated in Canada. (The sports exceptions noted, however, would make a fascinating study in themselves of the entertainment vs. controversial news constraints imposed by the leagues and the advertisers.) The briefs and testimony before the Special Senate Committee on the Mass Media (December 9, 1969 - April 24, 1970) revealed only negligible instances of direct advertiser influence in a programming sense. The recent successes of both CBC and CTV investigatory public affairs shows strengthen the conclusion that Canada is moving much further and faster than the United States in the direction of programming independence. See in regard to “Air of Death”, CRTC Transcript of Hearing, Toronto, March 18-20, 1969.

2. Most of the concern expressed in Canada both before the CRTC and before the Special Senate Committee has been in regard to the potential for abuse inherent in advertiser or (particularly) newsmaker ownership

* Mr. Cohen is Washington editor of “Advertising Age.”
of the media, and this involves as many subtleties as those indicated towards the end of the Cohen article. In addition to the references cited in the commentary on the article by Nicholas Johnson, see Toronto-Rogers Cable T.V., [1969] CRTC Decisions 197 (July 10); CRTC Transcript of Hearing, Ottawa, February 4, 1969, pp. 407-521 [Commission decision required, among other things, divestment by heavy local advertiser of cable television interest]. The Commission's continuing interest in conglomerate ownership of the media represents another facet of the same problem.

3. The effect of ratings on programming referred to by Mr. Cohen has been the subject of a number of CRTC statements decrying, as Mr. Cohen has, the continual quest by broadcasters for the same audience segment. See, generally, the Commission's hearing on FM policy reported in CRTC Transcript of Hearing, Montreal, June 10-11, 1969, pp. 2-388; and particularly, the recent CTV and CBC network licence renewal hearing: CRTC Transcript of Hearing, Ottawa, April 14-15, 1979. The Commission Chairman and Vice-Chairman have frequently expressed the view, particularly in regard to the issue of the popularity of American programs compared with Canadian, that the ratings are unsatisfactory and misleading in that they promote imitation rather than innovation. (See, e.g. the article by Mr. Boyle later in this issue.) For a critical rejoinder, see the brief of Dr. B. K. Byram (President, BBM Bureau of Measurement) to the Special Senate Committee on the Mass Media.

4. Mr. Cohen's observations were confined to television programming but they warrant examination in regard to radio as well. National advertisers have negligible direct influence on radio programming in Canada because of the decentralization of programming and the dominance of local advertisers in the revenues of all but the largest stations. It is probably true, however, that local advertisers indirectly or directly have measurable impact on radio programming in the smaller stations, at least in the Cohen sense of lessening the attention to controversy. Some isolated instances of programming influenced indirectly by advertisers or by the quest for rating have emerged before the Commission: see, e.g. Yarmouth-CJLS, [1968] CRTC Decisions 44 (October 3), CRTC Transcript of Hearing, Moncton, September 25, 1968, pp. 496-507; Windsor-CKLW, [1969] CRTC Decisions 95 (March 28), CRTC Transcript of Hearing, London, March 4, 1969, pp. 39-121. On the other hand, the Commission has emphasized in its non-commercial licensing policy that it favours stations with broad-based support from all groups within the community: see St. John's-Wesley United Church Radio Board, [1968] CRTC Decisions 60 (October 18); CRTC Transcript of Hearing, Moncton, September 25-27, 1968, pp. 437-454. Quaere whether this strengthens the tendency in such stations to blandness and the avoidance of controversy?

PETER GRANT

INTRODUCTION

Through his control of the purse strings, the advertiser has potential influence over any medium which seeks his patronage. Whether he chooses to exercise this influence depends on a variety of factors, including the attitude of media owners. In broadcast media, the incentive and opportunity for advertiser involvement in the programming process has been particularly great. The evolution of the medium has led, however, to new attitudes and
procedures which strengthen the broadcaster, and reduce the likelihood of advertiser intervention. The fact that the advertiser has potential power is hardly unnatural. Whether it is in government, or family, or the commercial world, or in educational institutions, the person or unit which controls the purse strings is likely to assert its power. There is therefore a continuing search in all segments of society for traditions and institutional restraints to assure that those who supply funds do not exercise influence beyond their right or capacity.

Advertiser influence is a risk inherent in the mass circulation media of information and entertainment which began to develop during the 19th century. Prior to the invention of mass circulation media, cultural journals relied almost entirely on the subscription fees they collected from readers, and most newspapers were party organs subsidized by partisan patrons.

The industrial revolution, and the subsequent changes in selling and distribution, opened up new possibilities for media owners. Publishers like Dana, Hearst and Pulitzer sensed that mass circulation could be a saleable asset, enabling them to operate independent of political subsidies. They devised editorial formats designed to attract a large readership, without regard to political loyalty. Advertisers were willing to pay to bring a sales message to these readers, and the resulting revenues enabled the publishers to undertake continually more ambitious editorial projects.

Freedom from political censorship won constitutional sanction before the end of the 18th century, but the 19th century publishers, whatever their personal inclinations, were far from uniformly successful in establishing the corollary that a high wall should exist between the editorial desk and the advertising director's office. In an era when business management had yet to become a disciplined profession, advertisers tended to base their media choices on personal preference rather than cold, commercial analysis; and the owners of media felt obliged to court them. Under these circumstances, advertisers had few inhibitions about complaining when they encountered an article which they considered personally objectionable or harmful to their business interests.

Ultimately there was increased recognition that advertising expenditures are self-defeating unless they are used to produce maximum sales results. In a more impersonal market place, media owners were able to take the position that the advertiser gets full value when his message is delivered to the readers he has paid to reach, and that he has no right to expect anything else in return for his patronage. It was long a maxim in the newsrooms of many metropolitan newspapers, however, that an accident on a department store escalator is not very newsworthy. And the media owner's deference to the wishes of advertisers frequently went beyond protecting them from the unpleasant. As late as the 1930s, the spiritual predecessors of Spiro Agnew were complaining that news and editorial columns of newspapers
and magazines were slanted to discredit the New Deal programs and leaders who were distasteful to Big Business.

The potential for advertiser influence has been particularly great in broadcasting. Unlike print media, which provided its own editorial content and confined the advertising to the paid space across the column rule, radio developed on a format which encouraged the advertiser to provide the program as well as the commercial. For more than a decade, television copied the same format so that the advertiser, in effect, largely determined the kinds of programs that were scheduled, and the content of the individual programs. Ultimately, however, as criticism of TV increased, broadcasters and advertisers alike recognized that a different arrangement was necessary if TV was to achieve the quality and diversity which the public demanded.

I

The Advertiser's leverage

In his relations with media, the advertiser's basic power rests in his right to withhold support. Exercised capriciously this could constitute a form of leverage which seeks to influence editorial and program content. But advertisers say they are not free to act capriciously. In an increasingly institutionalized market place, there are countervailing considerations which tend to insure that the advertiser acts on the basis of business need rather than personal whim.

The advertiser operates in a world where there are immense rewards for those who produce attractive quarterly results for stockholders. Whatever his personal inclinations, the advertiser's purchases of media must be primarily in terms of cost efficiency. As a businessman, his concern is less with what the medium says than who it reaches.

Under this antiseptic arrangement, the media owners enjoy substantial insulation from advertiser intervention, but for media patterns as a whole the result is not necessarily ideal. Innumerable newspapers and magazines have died because advertisers failed to support them. However exemplary they may have been otherwise, these publications failed to deliver distinctive, unduplicated readership at prices advertising executives were willing to pay. As one advertising agency executive candidly admitted, they died "not because their readers didn't want them, but because advertiser's didn't. No hard feelings, of course; nor any other kind."

As a practical matter the advertiser discovered that the program structure of TV presents advertiser-media relationship problems quite different from those he experiences with print media. Almost universally in print media, the editor has complete responsibility for editorial content. Except in selected situations where he pays a premium rate, the advertiser buys at a “run-of-the-book” rate. His ad runs anywhere the editor chooses to place it. Readers neither credit nor blame the advertiser for the articles appearing across the column rule.

TV is another story. Each program tends to attract a distinctive audience, so the advertiser ordinarily buys a specific “position”. Whether he owns the program himself, or simply buys “participation” in a program scheduled by the station or network, the advertiser appears day after day or week after week in conjunction with the same program, creating in the public mind a special association between himself and the program. This association of the advertiser with the program is one of the “extra values” which makes TV more attractive to many advertisers. But it is also a risk which convinces the advertiser that TV is not quite on the same footing as print when it seeks to assert independence from advertiser influence.

During the past decade the advertiser has found that his right to withhold support has become progressively less significant. A combination of factors have strengthened the position of the broadcasters while at the same time reducing the incentive for the advertiser to assert himself.

1. New program scheduling procedures. The scheduling practices which came into vogue during the 1960s substantially reduced the significance of the advertiser’s right to withhold support. In TV’s early years, when advertisers owned their own programs, they maintained close scrutiny over scripts, casting and production. Now relatively few programs are the property of individual advertisers, and almost none have a single sponsor. Most programs are controlled by broadcasters, and sponsored by several advertisers, often on an alternate week basis. An individual advertiser may choose to participate or not to participate. If the media owner is satisfied that the program should remain on his schedule, the withdrawal of one advertiser may simply lead to his replacement by another.

2. New advertising buying patterns. The transition from program ownership to “participation” was not entirely inimical to the advertiser. During TV’s early years, when there were relatively few local stations, the network offered the best assurance of access to the viewing public. For many advertisers, however, marketing strategy required greater effort in some sections of the country where competition is more intensive than others where there is less competition. The concentration of expenditures on a single network program, reaching a relatively limited audience, was less attractive, as an advertising technique, than the diffusion of expenditures through participation in a number of network programs.

Even more attractive for many advertisers, was the opportunity to purchase time directly on local stations, during the station break between net-
work programs. Through this device, known as "national spot" advertising, the advertiser can enjoy the big audience delivered by the popular network program, but he has the additional flexibility of concentrating his expenditures in the portions of the country where he feels they will do the most good.

By the nature of the buying process, the "spot" advertiser has the least leverage — or motivation — for attempting to influence program content. His purchases are ordinarily handled by advertising agencies which are concerned primarily with a single goal: obtaining the "availabilities" — spots that are for sale — in terms of the lowest possible cost per thousand viewers.

In practice, of course, he is seeking the spots that are between the highest rated network programs. In order to get the highest possible rate for these "adjacencies", the broadcaster is likely to pressure the network for programs that will deliver a large audience. Since the advertiser is not identified with the program, however, he has neither the right nor inclination to interfere.

3. **TV's broadened base of financial support.** In TV, as in other commercial media, the ability of the advertiser to exercise potential influence diminishes as the media owners' achieve greater financial security. In TV, two forces have been at work to strengthen the media owners in their relationships with advertisers.

At the network level, the transformation in scheduling practices diminished the leverage of the advertiser who threatened to withhold support. In 1955, when advertisers spent $540,000,000 with networks, advertisers were for the most part supplying programs as well as commercials. Their influence over program content was at its peak.

Since 1955, the change in scheduling practices has substantially reduced the potential influence of any individual advertiser. Because he is only one of several supporting a particular program, his withdrawal is not necessarily fatal.

Moreover, the new scheduling arrangements enabled more advertisers to use network TV. Where the prohibitive cost of owning a program had confined network TV to a limited group of large advertisers, the cost of "participations" under the new arrangement was sufficiently modest that even a relatively small advertiser could find a program he could afford. As more advertisers were accommodated, network revenues increased — they doubled in a decade — and the relative importance of any individual advertiser declined.3

At the same time, the change in advertiser buying patterns, with increased reliance on "spot" rather than network service, provided a further

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3 Ibid.
diffusion of power. As recently as a decade ago network advertising provided nearly half the industry's revenues. According to Federal Communications Commission statistics for 1968, spot and local advertisers, who deal directly with stations, currently account for more than 70%. Since stations and advertisers tend to view network programs as "carriers" for spots, their concern is with the size of the audience rather than the content of the programs.

4. The competition for access to the highest rated programs. When the advertiser owned his own programs, he paid his money, and he took his chances. Now that programs are controlled largely by broadcasters, the balance of power has shifted. Advertisers find themselves competing grimly for access to the highest rated program. Prudence dictates that they maintain a civil relationship with the network officials who are in a position to determine which advertiser gets the first look at a promising new program.

As a result of the competition for access to the most promising programs, the market for TV time has become one of the most hazardous in the business world. Where the advertiser formerly paid a published card rate for time, now an Arabian bazaar exists. Networks and stations present their offerings, and the advertiser must meet the market price if he wishes to contract for time on the popular programs.

Immense competition for access to popular programs has driven prices to dazzling peaks, and enabled leading TV personalities to command princely compensation. At the beginning of the 1969-70 season, Advertising Age estimated last year's Number 1 box office champions, Rowan & Martin, were priced at $65,000 per minute for commercials, a jump of $20,000 based on previous audience rating.4 Other programs registered ups or downs, based on past performance. For example, CBS's Doris Day leaped to $60,700 from $50,300, while two old standbys—Ed Sullivan at $55,000 and Jackie Gleason at $53,800—"showed a tiny drop".

Some advertisers buy in advance of the season at premium prices in order to reserve time on what they anticipate as a show likely to succeed. For example, advertisers paid $57,200 for the untested Leslie Uggams show on CBS. Later, if the program fares badly in the ratings — as this one did — they risk being locked in the 13 weeks at an embarrassingly high "cost per thousand" for the audience they are getting.

Conversely, networks and stations are constantly confronted with the fact that unsold time — like an unsold seat on a departing airplane — is a perishable asset. Some advertisers deliberately refuse to contract for time in advance, betting on the likelihood that they will be able to obtain attractive "buys" at distress prices shortly before an unsold program is due to go on the air.

Sometimes, in order to obtain exposure on a popular program, the advertiser agrees to buy a "package" which obliges him to use a spectrum

of programs, including some which are not particularly attractive. According to Maurine Christopher, TV editor of Advertising Age, “What a TV advertiser actually pays for the specific components of his network package frequently is a better kept secret than what he says to his analyst after the first disappointing ratings hit his desk.”

In this kind of a market, the right to withhold patronage can become irrelevant, except for less popular or off-beat shows. Ironically, it is perhaps most potent for the area of programming where advertiser interference is least tolerable—news and public affairs. In this category, where competition among advertisers is less vigorous, the quotation per minute is at best—low. Walter Cronkite commands $31,500; and Huntley-Brinkley $26,700, according to Advertising Age estimates, but the ABC evening news goes for $7,000. And at best there is only a relatively short list of advertisers willing to make substantial investments in programs of this kind.

5. The flowering of the “Star” system. Advertisers have discovered that their ability to tamper with the content of a program varies inversely with the popularity of the program. The big TV personalities—in news as well as in entertainment—“deliver” the big audiences the advertiser needs. Frequently they are able to demand immunity from interference from the advertiser and even—to some degree—from the broadcaster.

Recently, for example, several “super stars”—including Andy Williams and Lawrence Welk—refused to have cigaret sponsors on their programs. As one expert explained the balance of power in the industry: “The successful program producer or owner—or star performer—has independence from advertiser (or any other) influence in direct ratio to how well he is doing in the “voting”.

“If he is high in the program listening race, he has advertisers lined up waiting to sponsor him and he frequently could not be less interested in having any suggestions or criticisms from networks, stations, sponsors or anyone else. I think it is safe to say that if the Smothers Brothers ratings were the highest in the country instead of merely so-so, the whole Smothers affair would not have happened at all, or would have been handled quite differently.”

The bargaining power of the “super star” rests in part on the timidity of the advertiser. Because he fears adverse public relations, the advertiser will not deliberately expose himself to criticism by engaging in an action which would lead to unfavorable publicity. He spends his advertising dollars to make friends and sales. He considers it patently self-defeating to alienate potential customers by emerging as the party responsible for the humiliation of a popular “super star”, or the demise of a program with a modest—but loyal—following.

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6 Ibid.
Early in 1969, Chrysler Corp. found itself in an embarrassing situation after its representatives tried to edit a sequence of a taped “Petula Clark Special” where Petula Clark touched Harry Belafonte’s forearm. On the Johnny Carson show, Mr. Belafonte charged that Plymouth’s agency, Young & Rubicam had told him the advertiser wanted to remake the scene, lest it offend southern dealers.

Chrysler publicly disassociated itself from the maneuvers of the advertising personnel, noting that it has received numerous human relations awards, and has led the industry in hiring blacks, advertising in black media and franchising black dealers. Ultimately Doyle Lott, advertising manager for Chrysler-Plymouth, was removed from his job.

II

The Advertiser relinquishes his leverage

Advertiser influence is an inherent danger in all commercial mass media. As newspapers and magazines matured, they were increasingly successful in preserving editorial independence. In a medium as thoroughly exposed to public scrutiny as TV, advertiser domination was bound to become untenable.

The transition to new scheduling procedures which enabled the broadcaster to dominate TV programming was undoubtedly hastened by the “Quiz Show Scandals” of the late 1950s. Advertiser-owned “Quiz” shows, where the lady baseball expert, or the handsome young historian stood closeted in an “isolation booth” tensely anticipating the $64,000 question, had become a national pastime. Many found it difficult to believe Congressional investigators who discovered that the programs had been rigged to keep the “crowd pleasers” in the competition week after week.

Indignant critics protested that the nation’s most important medium of communications had been debased for the profit of cynical hucksters. Network executives blandly disavowed responsibility, noting that the programs were controlled by advertisers and producers.

In the debris of the Quiz Show scandal, advertisers were receptive to the change. For many, individual program sponsorship was too much like the medieval art patron system. They conceded that the advertiser had no real interest in accepting responsibility for creating program content. Yet, like the nobles and rich of medieval Europe who commissioned paintings and sculpture, the advertiser was setting himself up as authority in an area he was ill-equipped to administer. Just as the medieval artists were compelled to please such patrons, the production organizations in TV were also aware that their livelihood was at stake if they failed to please the patron.

A debate raged through the advertising and broadcast industries. Virtually everyone agreed the programming decisions should rest with someone with a broader viewpoint than the advertiser. The time seemed ripe for TV to adopt procedures patterned after print media, where editors determine the editorial content.
As the debate developed the issue sharpened. Advertisers did not resist the adoption of arrangements which vest the control of programs in the broadcaster. But they balked at a “true magazine concept” where ads are placed at the discretion of the editor.

A “true magazine concept” implied the adoption of every possible safeguard to keep the advertiser on his side of the “column rule”. To eliminate identification of advertisers with programs, the advocates of the “pure magazine concept” suggested that TV sell the advertiser gross numbers of viewers, rather than specific time periods. Commercials would be placed at the discretion of the broadcaster until the advertiser received the total number of exposures he had purchased.

The ultimate compromise was far short of a “true magazine concept”. The broadcasters took responsibility for scheduling the programs, but advertisers continued to buy participation in specific programs. Identification of the advertiser with a specific program was retained.

In defense of the arrangement, broadcasters and advertisers contended that the analogy between magazines and TV is imperfect. TV, they argued, was not like one magazine with a single audience. It was really a whole series of magazines, with each program reaching a different audience. Unless the advertiser could buy a specific program, he could never be sure he was reaching the audience he had in mind.

In the seasons that followed, the broadcasters rapidly established control over program selection. During the 1957-58 season, more than a third of the programs had been brought to the networks by advertisers and advertising agencies. Within a decade, advertiser equity had declined to the point where better than 95% of all prime time TV programs are controlled by the networks.

Industry commentators suggest that economic factors, rather than “Quiz Scandals” propelled TV toward its new program scheduling procedures. For advertisers, it was a period of rising costs. Under the new arrangement, networks offered advertisers an opportunity to “spread their risk”. The big advertiser could reach several different audience groups, and escape the cost and hazards of program ownership. The relatively small advertiser who was formerly priced out of TV, still could not hope to be on the most popular programs. But he discovered that somewhere on the new schedule, the networks had a “spot” that he could afford.

Moreover, the disenchantment with advertiser-controlled programming came at a time when networks became involved in an intensive three-way competition. From the standpoint of network managers, the waging of this competition required something better than a schedule pasted up from the offerings of advertisers.

In the economy of TV, even the networks are accountable to countervailing forces. Without affiliation with independently owned stations in major markets, the network is helpless, since it cannot deliver the advertiser’s commercial to a nationwide audience. Stations, in turn, want to affiliate
with the network which delivers the largest audiences, since this justifies the highest possible rate for the station break announcements which are the prime source of station revenue.

The transition to network control of programs, according to many witnesses who participated in an FCC study of the event, was primarily the product of this intensified competition for audience. Networks became interested in "audience flow", rather than individual programs. Each attempted to devise a sequence of programs which would assure the affiliates that the audience would tune in early in the evening, and remain tuned until sign off time.

While many advertisers indicated they were content to have the networks "take the lead" in determining what goes into programs, others contended that this central planning did not necessarily result in better programs.

Charles N. Underhill, TV advertising director of U.S. Steel Corp., suggested that inter-network competition for circulation produced a "sameness"; with networks scheduling action, adventure, western and other hour shows. Networks discovered that programs of this kind were popular, and readily salable at full cost. Individual advertisers like Firestone, which preferred good music, discovered that networks were unwilling to interrupt the continuity of their audience flow to accommodate their taste.

Between 1957 and 1964, according to a study by Arthur D. Little, Inc., the number of programs with multiple sponsors increased dramatically. In 1957, single sponsored programs occupied 42.5% of the schedules, and programs with two sponsors 40.4%. By 1964, 77.8% of the entertainment hours of the three networks were sponsored by three or more advertisers. Single sponsored programs had shrunk to 8.3%.

With several different advertisers participating in each program, the advertiser lost the advantage of having his product or brand name closely identified with a particular program. But the new arrangement offered compensating advantages for companies with diversified product lines. By placing commercials for various products on different programs, they were able to reach many different audiences.

As a participant rather than an owner, the advertiser began to relinquish the symbols of power. He no longer demanded the right to review scripts or casting. Even the "morals clause" traditionally inserted in talent contracts disappeared. The word "sponsor" itself was dropped from contracts. Since his primary protection is the right to withdraw from a potentially

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objectionable segment of a program, he generally retained the right to be represented on set when the program is taped.

The advertiser's major objective is "sponsor identification" — the ability of the audience to remember his commercial above all else that has appeared on the "tube". As he has been relieved of concern for program content, he has focused his attention on the constantly increasing number of commercials. Each additional commercial reduces the value of his announcement, since it represents additional competition for the viewer's memory. No one is more concerned about excess commercialism than the advertiser — so long as it is someone else's commercial.

With diminishing success as the number of advertisers increases — he seeks assurance that no competing products will be advertised adjacent to his commercial. He watches with concern a trend toward several short announcements in place of the 60 second commercial. As the number of successive commercials and announcements and promotional spots proliferate at station break time, he realizes he must become more resourceful if his commercial is to stand out from the pack.

Under the new arrangement, the likelihood of advertiser intervention in the creative process was substantially contained. Now the hazard appeared in a new form. The advertiser's insatiable demand for big audiences established the rating systems as the arbiter of TV success. Just as his non-patronage foretells the doom for newspapers and magazines that fail to deliver a salable audience at acceptable price, the advertiser's indifference to programs which fail to register high in the "ratings" became the most potent factor in formulating the TV schedule.

In the market that emerged, the advertiser bought TV time much as the housewife buys a sack of potatoes — on the basis of what he gets for his money in relation to what he can get for the same money elsewhere. Freed of responsibility for program content, the advertiser became single-minded. His concern with TV is essentially low cost per impression and high demographic efficiency. In the TV market place, the conversation frequently starts from the inquiry: "I want women 25-34 at $1.50 per thousand", or "what we need is primarily a male audience, 35 and over, at not more than $2.50 per thousand."

If the program had the right numbers, most advertisers were glad to get them, sight unseen. This is true whether they were cowboys with blood and thunder, quizzes that later turned out to be fixed, innocuous situation comedies such as Beverly Hillbillies, or programs with a dash of blue material and satires on presidents, like "Laugh In" or Smothers Brothers.

The advertiser's relation to TV evolved into a bargaining process reminiscent of an Arabian Bazaar. Now his primary concern was the purchase of the best "participations". Because advertising agency people make a profession of knowing how to locate the people who are in a position to provide access to the high rated programs, the advertiser discovered that responsibility for his TV activity, more and more, could be delegated to the advertising agency.
The Advertiser: a leavening influence?

While the opportunities for advertisers to influence TV program content have diminished as a result of changing industry program scheduling practices, advertisers as a whole are by no means at ease about the new state of affairs. Broadcasters have been increasingly successful in establishing mastery over their own house. But their autonomy is not now, and may never be, as undisputed as the mastery which has been established in print media.

From the standpoint of the advertiser, the broadcaster's autonomy is not an issue which is likely to be conceded without any reservations. The intimacy and immediacy of TV, which is one of its most attractive features, distinguishes it from print media in the advertiser's mind. Because the network advertiser is so closely identified with the program which he sponsors week after week, advertisers almost uniformly assert a wish and a "right" to a contractual relationship which reserves at least some form of escape from unsatisfactory subject matter, script, casting and production. In practice, the ability of the advertiser to obtain and exercise these rights has greatly diminished, reflecting the declining bargaining position of the individual advertiser.

When he seeks to exercise some ultimate judgement the advertiser serves what he regards as the best interest of his enterprise. Because of the high cost of TV time, a decision to use television, and the selection of time periods, may be the keystone in the marketing strategy for a product. There are many examples of successful TV advertising programs which led to spectacular corporate success and growth. By the same token, an unsatisfactory TV campaign can endanger the future of a company, and the individual executives who are identified with the fiasco.

Investigators have suggested that advertising's most pervasive influence in TV has been in the over-all character of program patterns. The advertiser tends to press for what he regards as a "favorable" environment for his commercial. In the seasons when he controlled programs, he was able to exercise a decisive influence. While today's advertiser has less opportunity to exact precise demands, broadcasters are not unaware of his needs.

From studies covering the attitudes of 40 major network advertisers, a Federal Communications Commission staff task force reported sponsor aversion to controversy, provocative materials, and "down beat" ideas "permeates and shapes the production of entertainment programs on TV."8a With the networks asserting greater control over program patterns, the current schedule is probably somewhat more diversified, particularly in public affairs programming. Critics continue to complain, however, about weaknesses in such areas as serious drama.

The FCC staff report noted that advertiser pressure is not all in one direction. Advertisers with specialized needs are interested in programs appealing to smaller and more sophisticated audiences. In some instances advertisers were more receptive than broadcasters to proposals for "better" programs.

The FCC staff study found that marketers of "low ticket" items — foods, toiletries, soaps, etc. — which account for well over two thirds of network revenues — are convinced that "a complacent, if not enthusiastic audience" represents the most productive "mood" for the commercial. But it agreed there are others — particularly in such product categories as autos, insurance and appliances — who are less concerned about filtering out controversy.

Many utilities and conglomerates use TV in order to project a favorable "corporate image". Sponsors of this type seek to associate quality in program with quality, dependability and integrity of the corporation itself. DuPont has been for many years among the corporations supporting programs which would contribute to the corporation's prestige. In its testimony for the FCC staff study, DuPont said its selection process put considerable emphasis on programs where "the commercial message will be best received". While it did not seek the largest possible audience, it was not interested in programs which antagonize. It was willing to accept a program "with smaller total size audience, but a higher percent that learn something."

DuPont reported, regretfully, that its research established that its message was less "well learned" in dramatic productions which are "sad and stressful in nature". "Harvey" provided a more receptive audience than "Ethan Frome", and the "lesson" inserted by DuPont between the acts of "Hamlet" were not as well learned as in a "light" show.

In asserting their interest, there inevitably is danger that some advertisers will act from personal choice rather than business requirements. Advertising personnel and advertising agency people are notoriously timid. They operate in a market where the material rewards for success are immense, but where tenure may be brief. Important accounts move from one advertising agency to another, frequently for no discernable reason other than the desire of the client to "try someone else". Neither the agency, nor the advertising personnel — who ordinarily hold relatively subordinate position in the corporate bureaucracy — can afford to antagonize the top level decision-makers, who are the true wielders of power.

During the period when advertisers controlled programs, the inhibitions dictated by the timidity of advertising personnel became legend. For example,

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9 Ibid, p. 119.
10 Ibid, p. 118.
an important dramatic program dealing with Nazi concentration camps was edited to eliminate references to gas ovens at the insistence of the sponsor, an association of gas utilities.

There can be no doubt that the advertising establishment is capable of exercising its influence on more substantial matters if circumstances permitted. Nevertheless it is important to recognize that TV has been able to offer documentaries on highly controversial public issues, and to provide entertainment programs built around avant garde personalities and humor, without serious retaliation by advertisers.

In the controversy over the Smothers Brothers comedy show, the confrontation was between the performers and the network, and the issue was network control over the editorial content of the program. The advertisers continued to remain with the program despite the controversial nature of the content, and they were prepared to continue into the next season.

In a letter to Advertising Age, Tommy Smothers declared: "We have never had the remotest threat of interference with program content from advertisers."12

While the decision-makers who have the final say in advertising expenditures are frequently bona fide members of the conservative business establishment, their concern for sales success increasingly takes precedence over personal preference.

The impersonal nature of today's market place, which frequently offends the consumer, exacts its toll on the business executive, too. In the world of computerized marketing and conglomerates, his survival depends more on the showing he makes in the next quarterly stockholder's report than on his ability to convince the chairman of the board that his TV expenditures are contributing to the dissemination of respectable ideas about politics and morals.

IV

The Advertiser and the news.

The advertiser-supported system of commercial TV meets its most severe test in news and public affairs. In the early days, TV news and public affairs programming was a financial liability. The relatively small audience could not command a rate comparable to what the broadcaster enjoyed from popular entertainment programs. Only a relatively few sponsors were interested at any price.

But news and public affairs ultimately emerged as one of the unique offerings of TV. The drama of the live news — the civil rights marches, moonwalks — dwarfed the contrived drama of the entertainment schedules.

In their accounting to the government for the valuable franchises they enjoy, broadcasters could point to news and public affairs as a major contribution of their medium.

Ironically, news and public affairs, which showed up badly in the profit and loss statement, became indispensable to the networks. While the individual affiliated stations had the alternative of using taped entertainment programs, only through affiliation with the network could they get the costly news and public affairs coverage essential to a balanced schedule.

From the traditions already established in radio, television journalists had little difficulty establishing their independence from the advertiser in presenting news. The advertiser's insistence on the middle commercial represented more of a nuisance to the audience than an impairment of editorial freedom. Except for a limited number of "defensive" arrangements — for example, airlines ordinarily reserve the right to withdraw from sponsorship of a news program featuring an airplane crash — the newscaster was effectively insulated from the advertiser.

The distinctive imprint of the advertising-supported system manifests itself in many ways. In a positive sense, the affluence of the TV industry has permitted the creation of news organizations equipped beyond the wildest dreams of other media.

But to a disturbing degree, these organizations confront subtle pressures impelling them to respect values which are inherent in an advertiser-supported system.

Because advertisers are interested in "numbers", the TV networks adapted the "star" system to newscasting, as well as entertainment. Walter Cronkite and Huntley-Brinkley became the most famous personalities in journalism, and the world's most affluent newsmen. As their "base" of audience support broadened, the newsmen, like other TV "stars", enhanced their ability to stand up to pressure from advertisers — or from Vice Presidents — network and politician alike.

The major network newscasts profit from a diffusion of advertiser support. Six different sponsors, each represented by a different advertising agency, participate in the Walter Cronkite evening news on CBS; seven, again with different advertising agencies, are identified with Huntley-Brinkley on NBC and the Frank Reynolds news shows on ABC. The CBS sponsors range from cigarettes to drugs to gasoline. The sponsors of Huntley-Brinkley are in drugs, cigarettes, life insurance and soap. ABC has essentially the same sponsor "mix", plus A.T. & T.

There have been charges that the dynamics of the advertiser-supported system tend to put a premium on newscasts featuring violence and dissent. Sponsors want numbers, and newsmen who produce "numbers" are compensated accordingly. Compensation for newsmen increases sharply when programs are sponsored, so the newsmen would be less than human if they were not aware of their personal stake in producing a program which will attract a large audience.
The compulsion to appeal to numbers may even be ingrained into the newsgathering process. Employment contracts in the broadcast news field frequently provide for a steep arithmetic increase in the newsman's compensation each time his report on a particular incident is repeated during the day. The newsman knows that a routine story may be used once or not at all, while a dramatic story may be repeated time and again, pushing his compensation into the hundreds and even thousands of dollars with no additional effort on his part. In the selection of news to cover, he inevitably has a vested interest in seeking an assignment that is likely to get on the air, and survive successive newscasts.

By tradition and structure—whatever its other implications—the advertiser-supported system does not prevent the newscaster from functioning as the master of his own house. But in the public affairs area, the ground rules are less clearcut.

The network public affairs organizations are staffed with highly competent professionals, who are pressing to come to grips with the most challenging problems of the day. There is ample literature to establish that editorial independence of public affairs programs varies from network to network, and even from day to day.

The "play-it-safe" instincts of the management tend to channel the energies of public affairs programs to "soft documentaries"—the ones that avoid controversy by focusing on human interest. The list of potential sponsors is particularly limited, and often includes defense contractors whose goal is good will, rather than sales. "Variety" reported early this year that defense contractors and their advertising agencies were given an opportunity to exercise a power of selection over the subject matter and content of documentaries on ABC-TV, a charge which the network indignantly denied.18

The product, of course, speaks for itself, and there can be no doubt that advertiser-supported TV has produced public affairs programming on such subjects as hunger, poverty, pollution and Vietnam which confronted the nation with messages that jarred its complacency. Ultimately the advertiser proved to be less of a threat than the politician. And even the politician proved to be manageable, so long as it was only a mayor, or a Senator, or a cabinet officer.

The concerted attack of the Nixon administration on TV news and public affairs in late 1969 represented perhaps the ultimate test for the advertiser-supported commercial system. Sponsors as well as broadcasters, are all beholden to government for different degrees of favor. An advertiser-supported system is less vulnerable to political pressure than a taxpayer supported service. But it is far from immune to intimidation if the politicians put their minds to it.

The government's life and death control over the award of licenses represents the most direct form of leverage. But there are more subtle

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factors which, because they are less visible, may represent a more pervasive
danger.

At best, it has been an uphill struggle to find support for news and
public affairs. When the Vice President of the U.S. complains that these
programs are unfair, where does this leave the sponsor? Considering the
timidity of advertisers, and the political biases which predominate among
the top policy-makers of Big Business, networks faced the possibility that
support for public affairs programs — precarious at best — would begin to
evaporate.

Political assault from such high level presents a painful choice to the
broadcaster and advertiser. The journalistic function has exposed the broad-
caster's whole enterprise to the danger of harassment and retribution from
political agencies which are fully capable of destroying him. At some point
he may be forced to choose between the principle of non-interference with
his journalists, and the security of his investment.

To a lesser degree the advertiser wrestles with the same dilemma. Much
as he may appreciate the principle of journalistic independence, he has no
desire to antagonize potential customers who may be sympathetic with the
complaints voiced by the politicians. If he is a defense contractor, directly
dependent on the government's largess, his vulnerability is compounded.

Even in the absence of threats from on high, an advertiser-supported
commercial system encompasses a complex of conflicting interests inherently
dangerous to journalistic enterprise and independence. Professional integrity
faces continuous testing.

Because the big TV advertisers are frequently members in good
standing in the influential centers of the business establishment, their
potential influence cannot be measured solely in terms of their capacity to
exact concessions in the production of TV programs. There is a community
of interest among many of these advertisers, symbolized by a monolithic
response on public issues involving the interests of advertising and ad-
vertisers.

During a decade of investigations by the FCC into measures to reduce
network domination of TV, including an investigation to determine what
can be done to develop more sources of programs, advertisers and their
organizations have invariably parroted the position of the networks. Con-
versely, on issues like "Truth-in-Packaging", which was resisted by food
advertisers for nearly five years, the advertisers were able to activate political
support from the TV industry.

The efforts of the Federal Trade Commission to require health hazard
warnings in cigaret ads were projected to the entire advertising establishment
as a precedent which might ultimately lead to health hazard warnings in
ads for automobiles, butter, and soft drinks. The united front of tobacco
companies and broadcasters dissolved only after the broadcasters, under
pressure from members of the Senate and the Federal Communications
Commission, volunteered to “phase out” cigaret advertising over a four-year period. In the face of what it regarded as betrayal, the cigaret industry retaliated by offering to withdraw from TV in one year, precipitating perhaps the least uplifting struggle of this kind in the history of advertising, as the broadcasters argued that it would be “discriminatory” for cigarettes to withdraw from TV while continuing to use other media.

The ties that bind the advertising community together are subtle and all-encompassing. At the base is the legitimate mutual interest in protecting the existing marketing system from change, often exemplified by proposals for government intervention. Whatever the hazards in the existing market, the advertisers and media are almost invariably agreed that they prefer to rely on their own powers of survival rather than to risk the chain reaction of change that might explode from the participation of some foreign element.

There are, moreover, other forces at work which are difficult to detect. There are favors to grant, and favors to receive. In the competition for the best availabilities on TV, the “seller” is in a position to dispense favors, or to withhold them. Conversely, the advertiser can “rescue” a harassed network executive by remaining with a marginal program, or by withdrawing.

Compounding the equation is the advertising agency, serving a variety of advertisers with a spectrum of political problems. In order to serve individual clients well, the agency needs the good will of those who are in a position to provide access to availabilities on the best rated programs. Yet, by the same token, an advertising agency numbering among its clients corporations which are the source of tens of millions of dollars in revenue can command more subservience from the media owner than almost any individual advertiser.

V

TV’s sin: excessive deference to the Advertiser’s needs.

Direct advertiser pressure is at most a marginal problem in television today. The more chronic danger may rest in the industry’s excessive orientation to the needs of advertisers. This is a hazard common to mass media which seek to serve the public on one hand, while “selling” that public to the advertiser on the other.

It is appropriate to recognize that particularly in the public affairs area, broadcasters demonstrate increased willingness to take risks regardless of commercial consequences. But to a degree unequalled in other media, TV is programmed to deliver what the advertiser wants: a large audience.

Newspaper and magazine publishers try to produce a product which, in total, appeals to the largest possible number of readers. Within their format, however, there ordinarily is ample provision for individual articles or reports with relatively limited appeal. TV is less flexible. Because each
program is sold on its own merit to a sponsor, neither the network nor the affiliate has any patience with a program which is likely to drive the audience to another channel.

The owners of commercial TV stations and networks contend their pursuit of large audience is consistent with their public responsibility. In their view, the pursuit of maximum audience is an inherent duty of mass media. It is their good fortune that the large audience, by coincidence, happens to be important to the advertiser.

The pursuit of this large, salable audience results in reliance on "proven" formulas, big name personalities, imitation of the successful and reluctance to try the untested. Programming with a proven track record of broad appeal tends to maintain itself on the air. Seasoned performers with proven appeal in other media tend to get the golden opportunities to build new programs. Experimentation and the presentation of unknowns is un-naturally repressed.

Even the news programs, operating under a "star" system, and a system of compensation contracts where the journalist's earnings increase arithmetically with on-the-air exposure, have been accused of emphasizing violence and sensationalism in an effort to achieve the circulation so important to the advertiser.

At an FCC hearing, George T. Laboda, director of television and radio for Procter & Gamble described it this way: "Networks are in the business of garnering as many dollars that go into TV as they possibly can, and they want to do the best job they can of attracting advertising revenue. When they find a particular technique, format or formula which works, I guess they try to repeat that whenever they feel it is advisable." Mr. Laboda did not consider this particularly prudent. Imitation does not necessarily work, he told the FCC. "Experience has shown that custom tailored programs custom tailored as closely as possible to successful ones have not proved to be nearly as successful as the original."

Kerryn King, assistant to the chairman of the board, Texaco Inc., attributed the sameness in network offerings to the industry's policy "of putting on the kind of programs that most people want to see." Networks, he contended, face the same "hard economic problems" that confront any company that tries to give the public what it wants. He said: On those occasions when networks tried to put on programs "to appeal to the minority groups" there was a relatively small audience to watch them, and it became difficult to attract the sponsorship that makes it economically feasible to offer such programs.

The FCC found, however, that some advertisers are less flattering in their evaluation of broadcaster performance. Peter G. Peterson, president of Bell

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16 Ibid, p. 127.
& Howell believed broadcasters ought to be demanding more from themselves and their advertisers. "A society cannot have any genuine and permanent expansion in the standard of living," he said, "unless there is also a rise in the standard of thinking." \(^{16}\)

Mr. Peterson said "business must strive to make its private interest and the public interest compatible." Drawing on his experience in the advertising agency business—he had been with McCann-Erickson, New York agency—he told the FCC: "Marketing folklore which dictates avoidance of "controversy", reaches for "the highest ratings" and seeks formula programming need not be applied to the best interests of many national advertisers."

Whether it needs to be this way or not, a community of interest has developed. The broadcaster and the advertiser share the same goal: to attract the largest possible audience. Program "ratings" become the real boss, exercising hypnotic influence on broadcaster and advertiser alike.

It is ironic to find Mr. King referring to the difficulty in serving a "minority" audience. Actually, TV has nothing but minority audiences. No program reaches a majority of the nation's TV households. Media owners and advertisers alike are engaged in a mindless contest to reach the largest possible minority segment. One reason there is so much sameness on TV—why the viewer can switch from one channel to the next without finding anything that is really different—is that they all tend to schedule programs which, in effect, compete for that same largest minority segment.

Advertisers pay "top dollars" only for the highest rated programs—and these seldom reach more than 20% of the potential audience. Yet, in subservience to this advertiser quirk, media owners repeatedly abandon programs which please many millions more people than the most widely circulated national magazines.

In this unscientific process a program with a loyal, substantial audience may be lost because it had the misfortune of competing with another equally attractive program on another network, fractionalizing the audience so that neither emerges with the magic ratings so vital to advertisers. Yet the same program, against other competition, might have produced more attractive "numbers", and survived.

The late Howard Gossage, chairman of the board, Freeman, Mauder & Gossage, San Francisco advertising agency, told a convention of advertising agencies shortly before his death: "If a TV station, for example, is not getting its share of advertising, it will change its programming pretty damn quick, and generally so it is exactly like other programming which advertising already cottons to". \(^{17}\)

\(^{16}\) Ibid, p. 128.

\(^{17}\) Howard Gossage, op. cit.
"If you have wondered at the dreary sameness of broadcasting, this is the reason. If you are looking for a culprit to blame, it is the economic process which permits it."

“This same process has knocked off or materially changed most national magazines, and more than half our metropolitan newspapers,” he observed. “They died, not because their readers didn’t want them, but because advertising didn’t.”

“That advertising is the possessor of this awesome, if unsought power over our freedom of the press is, I think unarguable. That it doesn’t want it and shouldn’t have it is immaterial. The truth is that advertising has got it and the responsibility implicit in such enormous power.”

Public agencies, including the Congress and the FCC, through their oversight function, can make it costly for broadcasters to succumb to unreasonable advertiser demand. If there is to be a solution for advertiser-supported TV, however, it will rest in the first order on the foresight of the media owners. From a purely commercial standpoint they are likely to find their fixation with “audience numbers” is in the long run self-defeating.

Future competition from CATV and other innovations, will lead to a further splintering of “the largest minority segment of the audience”, so that even a 20% share may seem large. In order to retain advertisers, TV will have to be “sold” as something more profound than a source of large numbers at a low “cost per thousand”.

In a recent speech to the Indiana Broadcasters Assn., Ernest A. Jones, chairman, MacManus, John & Adams, New York advertising agency suggested: “Your first obligation, your prime obligation is to your audience, not your advertisers. Look after your rights and responsibilities, and let advertisers attend to theirs.”

VII

CONCLUSION

Many believe the ultimate development of a successful non-commercial public broadcasting service will provide a further incentive for commercial broadcasters to refine the quality of their product. It is sobering to consider the probability that program quality will always be a relative term, whether it applies to an advertiser-supported system or any other.

With the success of commercial TV in Great Britain, the program patterns of BBC were substantially modified to appeal to a broader audience. The BBC found itself bidding for programs already appearing on commercial TV in the United States. Similarly, it is evident that the nighttime schedule on the CBC in Canada also reflects a recognition of the commercial competition from the United States.

It appears that the managers of taxpayer-supported services are not unaware of an obligation to serve the individual who holds the pursestrings. Since the taxpayer represents a widely diffused source of support, the pressure is not as personal and immediate as the pressure which confronts the broadcaster who relies on advertiser support. The managers of non-commercial systems apparently enjoy greater freedom to experiment.

But the taxpayer, and the advertiser's "prospect" are essentially the same people. While commercial broadcasters and the non-commercial broadcasters may see different segments of this mass at different times, the ultimate result of their effort to serve might well produce programming patterns that differ only in degree.

**POSTSCRIPT***

*At the roundtable Mr. Cohen added these examples:*

Since the preparation of this paper, there have been two incidents which bear directly on the subject matter.

In one, which illustrates the potential danger to public affairs programming if advertisers became timid, A.T. & T. withdrew from the sponsorship of a Simon & Garfunkel special on CBS November 30. After viewing a tape, an A.T. & T. executive complained "This is not what we contracted for. We bought an entertainment show, and they delivered their own personal and political views." Alberto-Culver became the substitute sponsor, but A.T. & T. was unable to recoup a substantial portion of its investment.

"Advertising Age" commented editorially in its issue of December 8 that A.T. & T. had every right to pull out as sponsor as long as the show did not in its opinion offer the kind of entertainment fare with which it wanted to be identified. "But what was really disturbing was the strong implication in television circles that A.T. & T.'s decision was dictated, at least in part, by the keenly sensitive feeling that A.T. & T. — and others in the business world — have toward being connected with anything that smacks of anti-establishment, in the wake of Vice President Agnew's sharp criticism of TV and newspapers.

The show went on the air with a new sponsor, Alberto-Culver, so viewers who wanted to see it did not lose that opportunity. But if reluctance to sponsor social protest or anti-establishment shows spreads, that would be a very grave loss indeed. This time around Alberto-Culver apparently was not at all concerned about the subject matter of the show; let's hope that other advertisers will not be afraid to sponsor programs that take issue with some of the things that are going on in the country and in the world.

*This postscript contains a brief addition to Mr. Cohen's paper distributed at the Trade Registration Roundtable, 1968 and other discussion and comments relevant to the issues dealt with by Mr. Cohen during the Roundtable. It should be noted that the Postscript is a verbatim account of the conference.
Advertisers and media vehicles that carry their messages have every right to decide how much social involvement they wish to sponsor or carry. But we hope that their decisions in these matters will not be dictated by fear of reprisal or censorship that can be engendered by remarks like those made by Vice President Agnew or any other government official.

The second incident involved a Saturday morning cartoon show, "Hot Wheels" on ABC-TV. Reminiscent of the pattern that prevailed at the time of the rigged TV Quiz shows, when programs were controlled by producers and advertisers rather than networks, this program was produced by an outside organization and sold to the network and sponsor. In early December, the Federal Communications Commission notified ABC-TV that the program appeared to have been designed as a continuous commercial for the sponsor's product.

In this instance, the program was named after a product marketed by the sponsor, Mattel Inc., Hawthorne, Cal., toy manufacturer. The producer, Ken Snyder, had obtained Mattel's permission to use the name "Hot Wheels" for the program. He used Mattel's advertising agency, Carson Roberts, to sell the program. Mattel became a sponsor, but did not advertise its "Hot Wheels" line on the program. Mattel was, however, using adjoining ABC-TV programs to advertise its "Hot Wheels" line.

In a letter to ABC-TV on December 5, the FCC explained:

There can be no doubt that in this program Mattel receives commercial promotion for its products beyond the time logged for commercial advertising. Nor is there any doubt that the program was developed with this promotional value, as well as its entertainment value, in mind.

The producer designed the format which promotes the product of a major television advertiser of toys; used the trade name of the product as the title of the program, thus identifying the product with the title; used the advertising agent of the toy advertiser to sell the program; and sold the program to a network which broadcasts a substantial amount of advertising for the advertiser.

We find this pattern disturbing; more disturbing than the question of whether the commercial time logged is adequate. For this pattern subordinates programming in the interest of the public to programming in the interest of saleability.

In response to a question from the Chair regarding the "sameness" in television programming Mr. Cohen responded that direct advertiser pressure on programming was at best marginal but the great danger was in the industry's excessive orientation to the needs of the advertiser. Having cited extensively from Part VI of his paper and emphasizing that "From a purely commercial standpoint they (the media owners) are likely to find that their fixation with audience numbers is in the long run self-defeating" Mr. Cohen was asked:
"What impact would be felt by divorcing the advertiser from a specific program, buying time without selection?"

Mr. Cohen: The question of using a so-called "magazine format" was widely discussed about ten years ago after the quiz show scandals.

Since friction existed in carry-over from radio in the immediate mass media, the editorial content was supplied by the advertiser rather than by the owners of the media. Following the quiz show scandals, a change—you can say that it was partly because of the scandals or partly because of some economic forces which were at work in the industry—but as a result of this, the networks essentially took responsibility for the program content that they were offering.

Instead of the advertisers bringing in programs and buying time, the networks essentially began scheduling the program and selling time within their programs.

Now this could not represent a complete analogy with what exists in the print media. In the print media, the editor produces his publication, and the advertiser buys space; he pays his money ordinarily, and simply takes whatever position the editor gives him. In television this was unacceptable to the advertisers. Their position was that each program has a distinctive audience of its own, as compared with a magazine, which produces a homogeneous audience, and the advertiser, therefore, wanted to have some say about where his advertisement appeared. He didn't particularly want to control the programs, but he did want to know where his commercial was going to appear because he knew the demography, the demographic characteristics of the audience accrued to the particular type of program, and so he insisted on this arrangement and this more or less was a compromise that the industry developed.

... I think it might be worth while at this point to examine what could happen to this industry in the light of the type of technological developments that have been mentioned this morning.

I think that a great deal of the criticism of television arises partly because we have not really considered the nature of the medium itself, and the problems of the media owners.

The closest analogy that we have to television, I think, is the newspapers. The newspaper in most communities is trying to serve the entire community. There is only one newspaper or two newspapers. But essentially it is published for the entire community, and if you look through that newspaper, you will find features aimed at various interest groups and various minority audiences, so to speak.

In the newspaper, this is not particularly troublesome, because those people who are so interested in reading the sports news read the sports news, and it doesn't bother them in the least that there are other pages for international affairs that they aren't concerned with. So you have that
type of a situation. And it is quite analogous to television except that in
the sense that in television you get your information in sequence, and you
can't make a choice. But essentially these two media are each trying to
serve the whole audience.

By contrast, you have the periodical media, the magazines, and here
you have a specialized market. You have hundreds of magazines, each of
which is designed to appeal to a particular interest — a law journal, a trade
publication, a sports magazine. And you will have a few general magazines
which appeal to a broader area.

And you will notice that in the magazine publication industry the
general magazines are in trouble. Their audience is not closely defined and,
therefore, the advertising rate that they have to charge for reaching this
audience becomes exorbitant in relation to what the advertiser can buy
in other media, in terms of a specific audience.

Now the problem that I think we are getting to with television is this
— that if the medium develops in the direction in which we have indicated,
that you will get the equivalent of a specialized audience, you will get the
type of thing which you have in the periodical, the magazine periodical
field, and at that point, from the standpoint of the advertiser, the question
then arises, who is going to support this?

Now if you take the structure of television as it exists in the United
States today, you will soon appreciate the problem that Mr. Templeton
has raised.

Our television medium today consists of independently owned stations,
which are affiliated with networks, but in the economic structure of this
industry, the revenue of the stations does not come from their network
affiliation. The networks pay them only about a third of their normal rate
for the time that the networks use on the stations.

What the stations are doing is gambling on the likelihood that the
network will deliver to them programs of sufficient popularity that they
will have a large audience, and that in between these network programs
they can then sell spot announcements at a very profitable rate, and they
will keep all of the revenue from this.

Now we find a situation where the audience has been fractionalized
to the point where the affiliates are no longer interested in the network —
then we are going to have a real problem, because the one thing that the
network provides to the affiliate which is truly unique is news and public
affairs.

The entertainment program actually could be distributed on tape, and
we wouldn't need the network at all. But in order to get the news and public
affairs that the affiliate needs, the affiliate is also willing to accept the net-
work's entertainment program. The news and public affairs happens to be
the kind of program which the advertiser is least likely to support.
And so we are going to have the situation where, if the affiliates lose interest in being with the networks, the networks are not going to be in a position to provide a public affairs or news program.

PROFESSOR BATOR: I am not quite clear on all of the points.

There are also very expensive entertainment programs, and those have to be financed. Now you say the local affiliates are not subject to the networks on that, but somebody has to put up the money in order to produce these enormous entertainments. Now that is going to continue to be advertiser-supported, isn't it?

MR. COHEN: That is quite true. These programs will be produced, but not by organizations which will also produce the news and public affairs. You can have an organization like M.C.A. in Hollywood, producing these spectacular programs, selling them to advertisers, placing them directly in consumption.