January 1965 Vol. XXII No. 1 One Dollar

TELEVISION

Whither 1965?
An expert appraisal
of TV's present
and prospects

The high mortality
in commercial making
Hard way
to make a buck

The technique
and the artistry
behind TV's sell
for a can of beans

Beginning this issue:
A new series
on good design,
on and off the screen

Television Magazine's Exclusive Estimate
FIRST ACCOUNTING OF 1964'S TOP 50 TV ADVERTISERS

SHELL
Sterling Drug Inc.
WRIGLEY'S CHEWING GUM
NESTLÉ'S
CONTINENTAL BAKING CO.
The American Tobacco Company
LEVER BROTHERS COMPANY
STANDARD BRANDS INCORPORATED
ND
MATTEL INC.
BELL SYSTEM
Schlitz
PEPSI-COLA
NABISCO
COLGATE-PALMOLIVE CO. CP QUALITY PRODUCTS SINCE 1806
THE J. B. WILLIAMS COMPANY, INC.
Pillsbury
PHILIP MORRIS INCORPORATED
S.C. JOHNSON & SON INC.
BEECH-NUT BRAND
CHRYSLER CORPORATION
Borden's
LIGGETT & MYERS TOBACCO CO. L&M
RJR
General Motors
BLOCK DRUG CO.
Miles Laboratories, Inc.
Ford
G.F
Campbell Soup Company
Gulf
Quaker Oats Co.
Bristol-Myers
Royal Crown Cola
Ralston Purina
CHESEBROUGH-POND'S INC.
BROWN & WILLIAMSON TOBACCO CORP. B&W
Kellogg's
AMERICA'S FIRST TOBACCO COMPANY
Drink Coca-Cola TRADE-MARK ®
Alberto-Culver
THE GILLETTE COMPANY BOSTON, MASSACHUSETTS
CARTER PRODUCTS
P. Lorillard Company INCORPORATED

Please don't call the Governor between 7:00 and 7:30 tonight.

Please try not to disturb Governor Edmund G. (Pat) Brown, at the California mansion, during the vital half hour when he is probably watching the news on KXTV, Sacramento.

The Governor watches KXTV news because it includes all three elements of journalistic responsibility. Hard news collected, summarized and presented by an experienced news team. News opinion in daily station editorials geared to the problems that deeply concern the Governor and his constituents in the Valley. News analysis by the leading columnists in the nation such as Roscoe Drummond, Stewart Alsop, Marquis Childs, Evans and Novak, and eight others who give perspective to the complexities of national and international affairs.

KXTV is the only station in Sacramento that offers this total concept of news programming. The other Corinthian stations in Houston, Tulsa, Indianapolis and Fort Wayne are the only stations in their cities which offer the same news concept.

Unquestionably, the high regard Corinthian stations reflect for the medium, and their viewers, is a prime reason advertisers select Corinthian stations.

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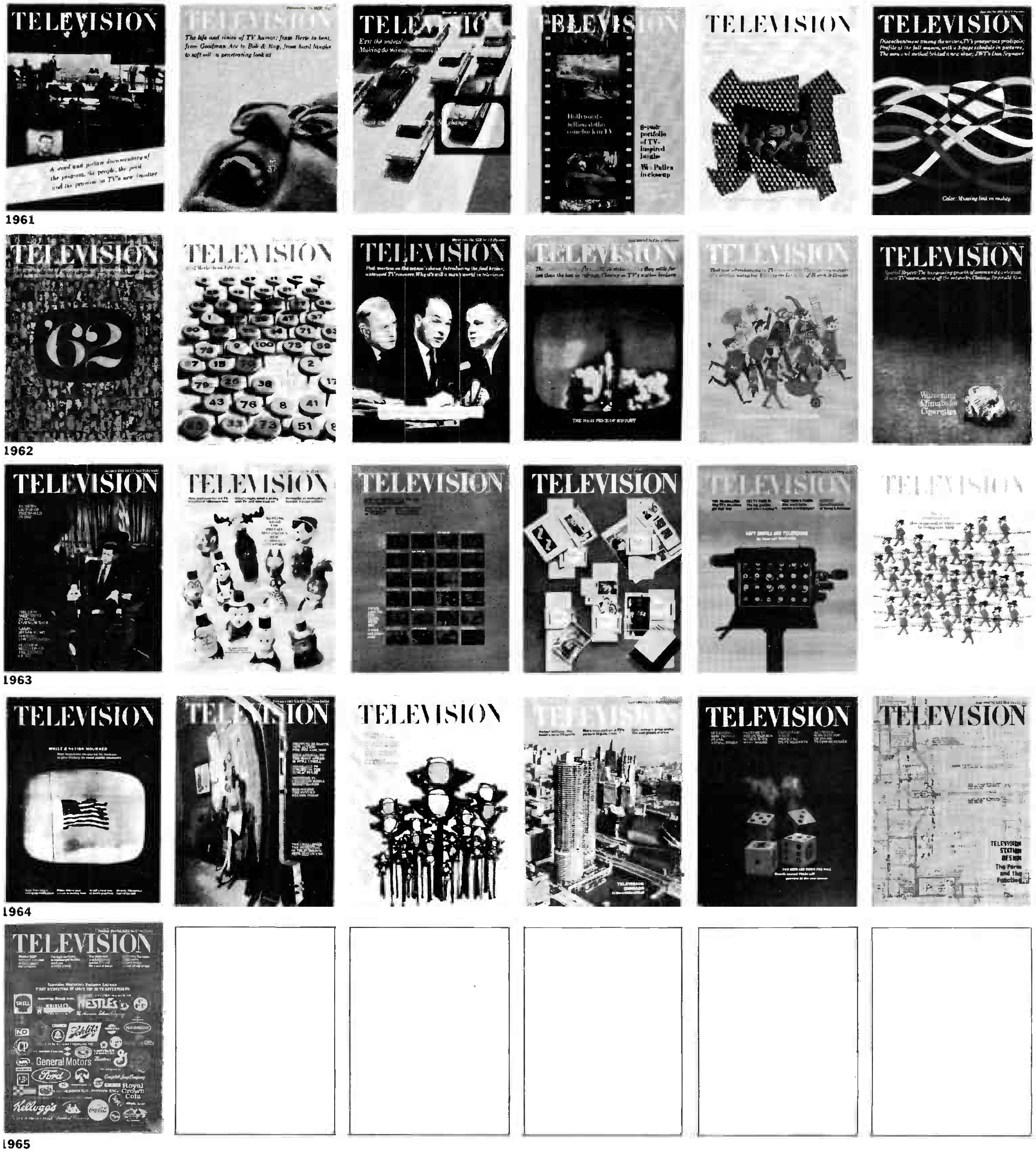
SACRAMENTO, KXTV · HOUSTON, KHOU-TV · INDIANAPOLIS, WISH-TV · FORT WAYNE, WANE AM-TV · TULSA, KOTV

CORINTHIAN

RESPONSIBILITY IN BROADCASTING



Forty-nine ways to prove you can tell a book by

its cover. Eleven more are on the way for 1965

TELEVISION MAGAZINE
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TELEVISION

DEPARTMENTS

Cover • *Trade mark buffs will have a field day with this month's cover. It's made up of the logos used by the top 50 television advertisers of 1964. Finding the logos was almost as hard as identifying the companies themselves. If any of them stump you (and some did us), a look at the story beginning on page 34 should prove to be helpful.*

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What makes a great salesman?

In the smoke filled ballroom of the plush Waldorf Astoria, after 33 days of head to head play, Ely Culbertson won his final bid and the match to decide the number one bridge player in America. This Romanian born card player, whose mother was the daughter of a Cossack Chief and whose father was an American oil man, inventor of the Culbertson System made ten million American families contract-bridge happy and in the process, made himself a millionaire.

With deliberate planning, psychological methods and a theatrical personality, Ely Culbertson sold contract-bridge through books, syndicated newspaper columns and radio shows. He traveled thousands of miles visiting bridge clubs and playing exhibition matches in his personalized approach to selling the Culbertson system. He founded an empire on a pack of cards and with his personal vitality, sold the world on contract-bridge.

Culbertson proudly admitted to psychological methods in selling and enjoyed greatly the theatrical personality he built to do it. The Storer stations are personal and dramatic, too. They have community vitality and excitement. Their responsible programming-keyed to specific community preferences turns more listeners and viewers into *buyers*. In New York, Storer's great salesman is WHN, an important station in an important market.

STORER
BROADCASTING COMPANY

LOS ANGELES KGBS	PHILADELPHIA WIBG	CLEVELAND WJW	NEW YORK WHN	TOLEDO WSPD	DETROIT WJBK
MIAMI WGBS	MILWAUKEE WITI-TV	CLEVELAND WJW-TV	ATLANTA WAGA-TV	TOLEDO WSPD-TV	DETROIT WJBK-TV

THE MONTH IN FOCUS

Three-way tie knotted;
Homes with kids pruned;
Cigarette area policed;
High Court in lather

1 *Bonanza* (NBC)

2 *Bewitched* (ABC)

3 *Gomer Pyle* (CBS)

4 *The Fugitive* (ABC)

5 *Andy Griffith* (CBS)

6 *Red Skelton* (CBS)

7 *The Munsters* (CBS)

8 *The Lucy Show* (CBS)

9 *Jackie Gleason* (CBS)

10 *Peyton Place II* (ABC)

NEVER has the rustle of paper sounded so thunderous as the day the decisive Nielsens of this season were wrested from their envelopes. The list of leading prime time shows, in tandem with the innocuous-looking numbers that spelled their fate, made front page news in the good grey *New York Times* and elsewhere, set off a chain reaction of panel discussions on ratings, and sent high CBS brass into almost continuous session of the sort that loosens ties but knots nerve ends.

The detonator was the national Nielsens for two weeks ending Nov. 22—the period since the TV season began ...idered free from the distor- ...litical preemptions. ...eeks to ...e

If only the second week was considered, the horse race went by a nose to NBC with a 19.9 rating, followed by CBS with 19.6 and ABC with 19.1. If both weeks were taken into account, it was a photo-finish: NBC and CBS with 19.4 and ABC with 19.3.

Such a three-way network stand-off is uncanny, meaning as it does that three quite different sets of program executives, having made hundreds of different decisions about something supposedly as fickle as public taste, should come up with a neat one-third each of the audience pie. Has programing and counter-programing become such an exact science that equal effort henceforth will pay off automatically in roughly equal audience shares? Whatever the answer, the current three-way tie, which is expected to continue see-saw fashion through the rest of the season—unless a to-be-instituted CBS schedule reshuffling meets with spectacular success—will tend to divert sponsor attention from the sheer numbers garnered by each network and focus it on the demographic profile of those millions. The fact that many of ABC's shows, for example, tend to appeal to children, may take some of the shine off its numerical achievements for sponsors interested in more mature sales prospects.

Not unexpectedly, ABC has responded to its good fortune by reducing its discount plan for next season. This, in effect, raised rates up to 10% for advertisers who signed for the 1965-66 season after Dec. 14. There also was speculation that ABC might attempt to woo away some of the CBS affiliates in one- and two-station markets, where ABC always has been at a disadvantage.

Five days after the moment-of-truth Nielsen report cast its shadow, CBS executives burst from the stuffy confines of long-occupied conference rooms to announce program shifts involving 14 shows. Two of the moves were obvious: the juggling of adult-interest pro-

THE MONTH *continued*

gram *CBS Reports* from the early evening to a time when it can be presumed that kids have relinquished control of the knob, and the exiling of *World War I* from weekday prime time to Sunday at 6:30 p.m. The new time slot for *CBS Reports* is sensible, but represents a strategic retreat for the network. CBS had seen an opportunity to make the program serve in part as an extra-curricular learning tool for young people by moving it into the 7:30 p.m. spot. It felt so certain of the *Beverly Hillbillies'* drawing power that it risked a public service program as a lead-in. It didn't get away with it.

Two CBS hour shows, *The Reporter* and *Mr. Broadway*, got the axe. Another hour occupant of the cellar, *Slattery's People*, was spared, merely being shifted from Monday to *The Reporter's* time slot on Friday. *The Entertainers* moved over to fill *Mr. Broadway's* hour on Saturday, usually a good evening for a variety show.

After this and other internal switching was announced, it became embarrassingly clear that CBS really had nothing waiting in the wings to take over for the ousted shows. The network suffered the humiliation of announcing one night that it was placing Danny Thomas re-runs and a summer game show opposite NBC's *Bonanza*, which would mean abandoning the field without even a token fight, then reversing its field two days later when president James T. Aubrey Jr. reported a change of mind: Herbert Brodkin's new drama series *For the People* would be thrown into the breach to do battle with *Bonanza* starting Jan. 24. But the network had a new humiliation: until *For the People* was ready to run, CBS would fill in with specials, including three Fred Astaire hours originally shown on NBC.

Aubrey—in what for him was a break from his normal remoteness to the press—complained to the *New York Times* that nobody paid any attention "when CBS clearly dominated the rating situation for so many years." He also said the front page play of the Nielsen story didn't serve the cause, supposedly backed by that newspaper's TV critics, of soft-pedaling ratings for the sake of quality programing for special audiences.

It's true that CBS's difficulties have been exaggerated—probably out of the pleasure, understandably human but not very attractive, derived from seeing the leader of the pack take a pratfall. The network still has the most entries in both the top 10 and the top 20. And if it were not for the big edge given by *Bonanza*, NBC would not be in quite the rating shape the averages show it in.

(The three-way tie continued in the national Nielsens for the two weeks ending Dec. 6. ABC had a slight edge with an average weekly rating of 19.5, CBS had 19.3 and NBC had 18.8. *Gomer Pyle* took *Bewitched's* number two spot and *Bewitched* took *Gomer's* number three. *The Fugitive, The Munsters, Lucy* and *Peyton Place II* dropped out of the top 10, and *Dick Van Dyke, Walt Disney, The Virginian* and the *GE Fantasy Hour* (Rudolph the Red-Nosed Reindeer) moved into that stratosphere.

■ The Nov. 22 Nielsen that first kicked up all the fuss was based on a remodeled audience sample. For one thing, the company, has, as an outgrowth of criticism in Congress, established an automatic five-year cutoff of homes with Audimeters. In other words, nobody can have an Audimeter (the electronic attachment that measures viewing) in his house beyond a five-year period. In the past Nielsen was happy to retain Audimeters in homes that cooperated as long as possible, since that meant less outlay for new installations (Nielsen pays $25 to the householders for this privilege.) It also meant less paper work.

But using the same household year after year tends to erode the sample. People who were once one thing, and therefore representative, become another. Children grow up and leave home; working wives quit and have children; high-powered executives retire and go to seed; callow youths are tempered in the forge of their first job.

Nielsen already has made considerable progress in weeding out the five-years-plus homes and expects to have the job completed sometime this spring.

In another major change, the company has been working steadily to bring its sample more in line with the findings of the 1960 U. S. Census on the percentage of homes with children in the nation. Until recently, 58% of the Nielsen sample homes had children, although the real U. S. proportion of homes with children is 51%. By the Nov. 22 report, Nielsen had reduced its percentage to 53%.

A spokesman for the rating service said the original overbalance of homes with children was caused, primarily, by the fact that single people and childless couples are harder to find at home and also less likely to participate in the Audimeter sampling.

Whatever the reasons for the sample shuffling, those who had defended ratings before were having a hard time keeping up with the new qualifications, and those who attacked them before were having a field day.

■ Commercial talent plagued with crow-feet and tattle-tale grey hairs can stop worrying. There will always be a place for them in cigarette advertising. The nine major tobacco producers, in a self-policing mood, agreed to blow the whistle, in cigarette commercials, on:

Use of models, actors or imaginary persons who are under 25 years of age or appear to be; testimonials or endorsements from athletes or others appealing to youth; any advertising that would appeal to persons under 21; commercials spotted immediately before or after youth-appeal programs; advertising that represents cigarette smoking as essential to social prominence, distinction, success or sexual attraction, and copy showing persons smoking during participation in physical activity requiring stamina or physical conditioning beyond the demands of normal recreation.

Some $250 million is expected to be spent in cigarette advertising this year, with most of it going to network TV. Consumption dropped by about 2% in 1964 compared with 1963.

■ The spectacle of the Federal Trade Commission soaking sandpaper for 80 minutes in Palmolive Rapid Shave Cream in an attempt to shave it is worth a chuckle or two. The risibility rises when the demonstration is detailed before nine black-robed justices of the Supreme Court. So it was last month in that most august chamber when before it came the hassle that began in 1959 when someone thought to use plexiglass sprinkled with sand to make a commercial point about sandpaper. It seems it isn't all that easy to shave sandpaper, according to the FTC.

Neither Palmolive nor its agency, Ted Bates, are attempting to save the ad, but they disputed a commission prohibition of the use of make-believe demonstrations to prove qualities that a product really does have. During the high court hearings, some of the justices recommended that mock-ups be preceded by an announcement that the demonstration is not using actual materials.

Justice William J. Brennan Jr. suggested the statement: "This is not an actual test."

"That would not be an actual commercial," Justice Potter Stewart said. Madison Avenue would be inclined to agree.

■ Also in the month that was:

The President's Commission on Heart Disease, Cancer & Stroke urged the government to finance a three-year, $10-million anti-smoking campaign in which television would play a leading role.

CBS filed suit in U. S. Southern District Court in New York against TelePrompTer in an attempt to
principle that com
systems ma
out

FOCUS ON FINANCE

Year-end report from the market: TV groups lead the way to great year

To sum up in January what has been done during the year is a temptation few are able to overcome. The beginning of a new year has no real divisions to mark its arrival. The business of business rolls on full flood despite the passage of time. Still, action must have its proper measure.

With that rationale as its motivation, TELEVISION MAGAZINE examined the year's performance of 63 TV-associated stocks (three companies who went public during the year were not included) and found that, in the most straight-forward, unembellished terms: 1964 was an unbelievably good year, and especially for group and network broadcasters.

(To see how good, consult the table on page 12.)

With the year-long period of Dec. 16, 1963, to Dec. 15, 1964, as the guideline, 37 of the 63 companies examined showed price increases ranging from a remarkable 348% to a respectable 4%. Of the stocks that showed increases, 20 powered to gains of 25% or more, with three equaling or topping 100% and seven others chalking up advances greater than 50%.

These figures represent sensational performances in comparison with Standard & Poor's index of 425 industrial stocks, which showed an average gain of 12% for the year. The 63 companies on TELEVISION's index did 33% better, checking in with an average gain of 16%. Individually, however, there were some still higher marks established.

Rollins Broadcasting led the advance with that hard-to-believe 348% jump. Other stocks with prices that outpaced the broad market rise by wide margins were Seven Arts Productions, up 110%; Time Inc., up 100%; Capital Cities Broadcasting, up 81%; United Artists Corp., up 83%; Taft Broadcasting, up 75%, and Movielab Inc., up 72%.

Considering the TV-associated stocks as part of their generally logical organizational categories helps to pinpoint another significant finding: that the closer a stock's tie is with television, the higher its percentage of price increase for the year. Thus, over the year surveyed by TELEVISION, the 11 "pure" broadcasting stocks—group station operators with most of their earnings coming from this source—showed the biggest median price increase. At 24% it about tripled the median price achieved by the stocks included in the "Service"

THE TELEVISION MAGAZINE INDEX

to 66 television-associated stocks

	Closing Dec. 15	Change From Nov. 13 Points	%	Approx. Shares Outstanding	Market Capitalization
TELEVISION					
American Broadcasting-Paramount	51¼	+ 2⅝	+ 6	4,586,000	$ 235,033,000
CBS Inc.	41⅞	+ ⅛	—	19,860,000	831,638,000
Capital Cities Broadcasting Corp.	35⅛	+ ¼	+ 1	1,425,000	50,053,000
Cox Broadcasting Corp.	25¾	+ 1	+ 4	2,650,000	68,238,000
Gross Telecasting Inc.	26¼	− ⅜	− 1	400,000	10,500,000
Metromedia Inc.	41⅜	− ⅝	− 1	1,855,000	76,751,000
Reeves Broadcasting Corp.	4	− ⅜	− 9	1,409,000	5,636,000
Scripps-Howard Broadcasting Co.	20¾	− 1½	− 7	2,589 000	53,721,000
Storer Broadcasting Co.	48	− 2⅛	− 4	2,013,000	96,624,000
Subscription TV Inc.	2⅛	− 1¾	− 45	3,029,000	6,437,000
Taft Broadcasting Co.	41⅞	+ ⅜	+ 1	1,636,000	68,508,000
Wometco Enterprises Inc.	30½	− 1⅛	− 4	2,221,000	67,741,000
TOTAL				43,673,000	$ 1,570,880,000
TELEVISION WITH OTHER MAJOR INTERESTS					
Avco Corp.	20⅜	− 2	− 9	11,257,000	$ 229,361,000
Boston Herald-Traveler Corp.	36½	+ ½	+ 1	528,000	19,272,000
Chris-Craft Industries Inc.	13⅛	− ⅛	− 1	1,518,000	19,924,000
Cowles Magazines & Broadcasting	11¾	− ⅜	− 3	2,951,000	34,674,000
General Tire & Rubber	19⅛	− 1¼	− 6	16,719,000	319,751,000
Macfadden-Bartell Corp.	5¾	− ⅝	− 10	1,762,000	10,132,000
Meredith Publishing Co.	41	+ 6	+ 17	1,331,000	54,571,000
The Outlet Co.	28⅞	+ 1⅞	+ 7	499,000	14,409,000
Rollins Broadcasting Inc.	70½	+ 3⅜	+ 5	958,000	67,539,000
Rust Craft Greeting Cards Inc.	11¼	− ⅝	− 5	727,000	8,179,000
Time Inc.	59½	− 5¼	− 8	6.560,000	390,320,000
TOTAL				44,810,000	$ 1,168,132,000
PROGRAMING					
Allied Artists Pictures Corp.	1¾	− ⅝	− 26	932,000	$ 1,631,000
Columbia Pictures Corp.	21½	− 1⅛	− 5	1,758,000	37,797,000
Desilu Productions Inc.	9¼	+ ¼	+ 6	1,196,000	11,063,000
Disney (Walt) Prod.	44½	− 1⅛	− 3	1,835,000	81,658,000
Filmways Inc.	13⅜	− ½	− 4	619,000	8,279,000
Four Star Television	5½	—	—	666,000	3,663,000
MCA Inc.	45	+ ¼	+ 1	4,566,000	205,470,000
MGM Inc.	36¾	− 4¾	− 11	2,609,000	95,881,000
Medallion Pictures Corp.	9	− ⅞	− 9	632,000	5,688,000
National Telefilm Associates	⅛	—	—	1,670,000	209,000
Official Films Inc.	¾	− ⅛	− 14	2,629,000	1,972,000
Paramount Pictures Corp.	48¼	− 4⅞	− 9	1,608,000	77,586,000
Republic Corp.	7⅝	− ¼	− 3	2,454,000	18,712,000
Screen Gems Inc.	19	+ ⅜	+ 2	3,173,000	60,287,000
Seven Arts Productions Ltd.	15¾	+ 1½	+ 11	2,271,000	35,768,000
Trans-Lux Corp.	11⅛	− ¾	− 6	718,000	7,988,000
20th Century-Fox Film Corp.	24	− 2¾	− 10	2,755,000	66,120,000
United Artists Corp.	33¾	− 2½	− 7	1,962,000	66,218,000
Walter Reade-Sterling Inc.	1¾	—	—	1,545,000	2,704,000
Warner Bros. Pictures Inc.	16⅞	− 3⅛	− 16	4,850,000	81,844,000
Wrather Corp.	3¼	+ ¼	+ 8	1,753,000	5,697,000
TOTAL				42,201,000	$ 876,235,000
MANUFACTURING					
Admiral Corp.	15⅞	+ ½	+ 3	2,454,000	$ 38,957,000
Ampex Corp	14⅝	− 1½	− 9	9,201,000	134,565,000
Emerson Radio & Phonograph Corp.	10¼	− ⅛	− 1	2,254,000	23,104,000
General Electric Co.	89⅞	+ 1¾	+ 2	90,564,000	8,139,440,000
Jerrold Corp.	3⅜	—	—	2,046,000	6,905,000
Magnavox Co.	31	− 3⅛	− 9	7,379,000	228,749,000
Minnesota Mining & Manufacturing	54¾	− 4⅞	− 8	53,321,000	2,919,324,000
Motorola Inc.	94¾	+ 4¼	+ 5	4,033,000	382,127,000
RCA	32¼	+ 2⅞	+ 10	57,756,000	1,862,631,000
Reeves Industries Inc.	2½	− ¼	− 9	3,237,000	8,093,000
TelePrompTer Corp.	6⅜	− ¼	− 4	762,000	4,858,000
Westinghouse Electric Corp.	45⅛	+ 1½	+ 3	36,494,000	1,646,792,000
Zenith Radio Corp.	62⅛	− 5¾	− 8	9,299,000	577,700,000
TOTAL				278,800,000	$15,973,246,000
SERVICE					
C-E-I-R Inc.	7⅛	− 1¾	− 20	1,555,000	$ 11,079,000
Comsat	60¼	+ 19½	+ 40	10,000,000	602,500,000
Doyle Dane Bernbach	27¼	+ 2⅜	+ 10	997,000	27,168,000
Foote, Cone & Belding	16	+ 1¼	+ 8	2,126,000	34,016,000
General Artists Corp.	4⅞	− ¾	− 13	600,000	2,925,000
MPO Videotronics Inc.	6⅝	+ ⅜	+ 6	469,000	3,107,000
Movielab Inc.	15¼	+ 1	+ 7	368,000	5,612,000
Nielsen (A. C.) Co.	65	− 3¼	− 5	1,710,000	111,150,000
Papert, Koenig, Lois Inc.	6⅞	− ⅝	− 8	768,000	5.280,000
TOTAL				18,593,000	$ 802,837,000
GRAND TOTAL FOR LIST				428,077,000	$20,391,330,000

Market data prepared by Roth, Gerard & Co.

FINANCE *continued*

category. All but one of the "Television" category stocks—Subscription Television Inc. (a somewhat arbitrary entry here at best)—came roaring into the new year with solid jumps in their market prices.

As a group, the "Service" stocks registered the second highest median price, followed, in descending order, by 11 stocks included in the "Television With Other Major Interests" category, the 21 stocks in "Programing" and the 13 in "Manufacturing." It can be legitimately argued that this line of descent exactly parallels specific stock group's dependence on television revenues. Consequently, the "Manufacturing" category, consisting of stocks with perhaps the least overall involvement with the actual business of TV broadcasting—RCA being a notable exception—shows a median stock price loss for the surveyed year of minus 7%, the poorest record of any of the groups listed on TELEVISION's index.

A correlation also can be made between the surge in individual stock prices and aggressive diversification and acquisition moves. Rollins Broadcasting stock—far and away the biggest gainer of the year (at year's end the issue was selling at about $55 more than it was in December '63)—zoomed up in price mostly after it had announced plans to acquire Orkin Exterminating Co., the nation's biggest pest control concern. Orkin's addition figured to quadruple Rollins' gross revenues.

Similarly, Time Inc., Capital Cities Broadcasting and Taft Broadcasting, third, fifth and sixth biggest gainers, respectively, among the 63 stocks examined, also had their prices favorably affected by important purchases during the year. Capital Cities stock was undoubtedly helped when the firm bought five broadcast outlets from Goodwill Stations Inc. (one was subsequently sold off), while Time Inc. and Taft Broadcasting benefited considerably when they acquired various broadcast channels from the now-defunct Transcontinent Television Corp.

There's also, to be sure, a negative side to the television stock story for 1964. Of the 63 stocks covered in the survey, 25 of them were selling at lower prices in December '64 than they were in December '63. These declines ranged to a low of minus 82%. (The price of one stock, National Telefilm Assoc. did not change.) Subscription Television Inc., which was almost voted out of existence in California, had the dubious distinction of coming up with the biggest price decline of the year. Its misfortunes, however, were of such a singular nature that they hardly can be interpreted as symptomatic of the general stock situation in the television industry. (Actually, with its indication that a potential serious competitor is in deep trouble, STV's nosedive easily can be counted as a big plus development for the industry at large.)

Nor is the bald statistic showing 25 issues with declining prices an accurate reflection of true market conditions as they affect TV-associated stocks. Most of the stocks that lost ground during the year did so despite television involvement, not because of it.

The conclusions are quite apparent. The television industry made rapid and extremely strong gains in the stock market in 1964. The business of broadcasting obviously has become a prime attraction for investors. If television growth in the market continues from this period into the future—as it should—1964 will be known as the year industry fortunes took definite direction.

But, as if in defiance of the previous deduction, the markets for TV-associated stocks fell off somewhat in the Nov. 13-Dec. 15 period, the most recent month

HOW TELEVISION'S INDEX FARED AGAINST STANDARD & POOR'S

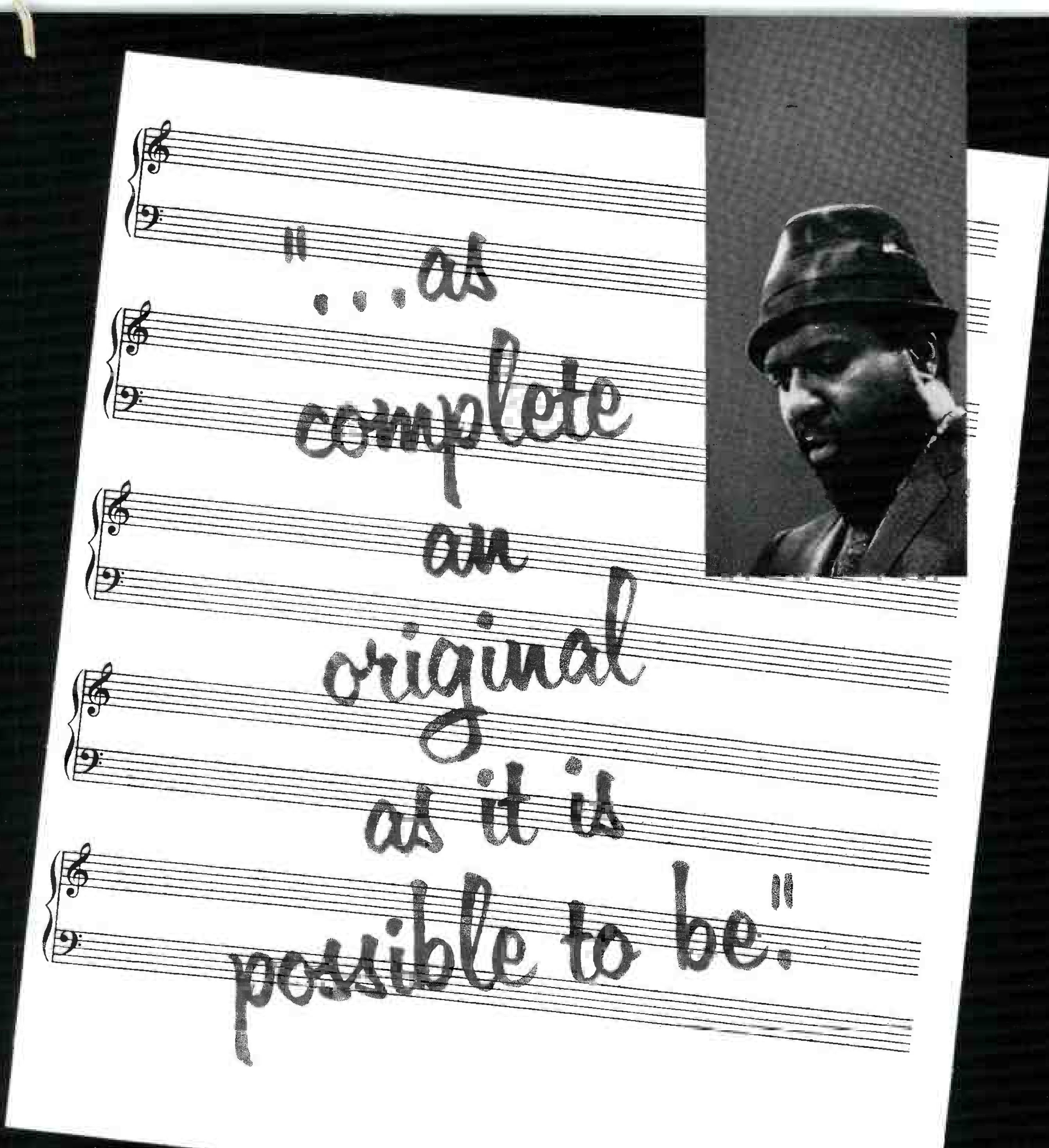
for the 12 months from Dec. 16, 1963, to Dec. 15, 1964

	Closing 12/15/64*	Closing 12/16/63	Change Points	Change %
TELEVISION				
AB-PT	51¼	33⅛	+18⅛	+ 55
CBS	41⅞	37⅜	+ 4½	+ 12
Capital Cities	35⅛	19⅜	+15¾	+ 81
Gross Telecasting	26¼	24⅜	+ 1⅞	+ 8
Metromedia	41⅜	33¼	+ 8⅛	+ 24
Reeves Broadcasting	4	2⅞	+ 1⅛	+ 39
Scripps-Howard	20¾	18⅞	+ 1⅞	+ 10
Storer	48	38¼	+ 9¾	+ 25
Subscription TV	2⅛	11¾	− 9⅝	− 82
Taft	41⅞	23⅞	+18	+ 75
Wometco	30½	26¾	+ 3¾	+ 14
MANUFACTURING				
Admiral Corp.	15⅞	23½	− 7⅝	− 32
Ampex Corp.	14⅝	18¼	− 3⅝	− 20
Emerson Radio	10¼	11	− ¾	− 7
General Electric	89⅞	85½	+ 4¾	+ 6
Jerrold Corp.	3⅜	3	+ ⅜	+ 13
Magnavox	31	46⅜	−15⅜	− 33
MNN. M & M MMM	54¾	66½	−11¾	− 18
Motorola Inc.	94¾	82	+12¾	+ 16
RCA	32¼	23⅞	+ 8⅜	+ 35
Reeves Industries	2½	3¾	− 1¼	− 33
TelePrompTer	6⅜	4⅝	+ 1¾	+ 38
Westinghouse	45⅛	33¾	+11⅜	+ 34
Zenith Radio	62⅛	79½	−17⅜	− 22
SERVICE				
C-E-I-R	7⅛	9¾	− 2⅝	− 27
Foote, Cone & Belding	16	10¾	+ 5¼	+ 49
General Artists	4⅞	6½	− 1⅝	− 25
MPO Videotronics	6⅝	11	− 4⅜	− 40
Movielab Inc.	15¼	8⅞	+ 6⅜	+ 72
Nielsen (A.C.)	65	55½	+ 9½	+ 17
Papert, Koenig, Lois	6⅞	6⅜	+ ½	+ 8

	Closing 12/15/64*	Closing 12/16/63	Change Points	Change %
PROGRAMING				
Allied Artists	1¾	2⅜	− ⅝	− 26
Columbia Pictures	21½	22¼	− ¾	− 3
Desilu	9¼	7	+ 2¼	+ 32
Disney (Walt)	44½	38¾	+ 5¾	+ 15
Filmways	13⅜	8¼	+ 5⅛	+ 62
Four Star TV	5½	7⅞	− 2⅜	− 30
MCA Inc.	45	59⅛	−14⅛	− 24
MGM Inc.	36¾	27¾	+ 9	+ 32
Medallion Pictures	9	12⅛	− 3⅛	− 26
National Telefilm	⅛	⅛	—	—
Official Films	¾	⅞	− ⅛	− 14
Paramount	48¼	55¾	− 7½	− 13
Republic Corp.	7⅝	6¼	+ 1⅜	+ 22
Screen Gems Inc.	19	17½	+ 1½	+ 9
Seven Arts	15¾	7½	+ 8¼	+110
Trans-Lux	11⅛	11¼	− ⅛	− 1
20th Century-Fox	24	25⅝	− 1⅝	− 6
United Artists	33¾	18⅜	+15⅜	+ 83
Walter Reade-Sterling	1¾	2¾	− 1	− 36
Warner Bros. Pictures	16⅞	14½	+ 2⅜	+ 16
Wrather Corp.	3¼	4⅞	− 1⅝	− 33
TELEVISION WITH OTHER MAJOR INTERESTS				
Avco	20⅜	23¼	− 2⅞	− 12
Boston Herald-Traveler	36½	29⅛	+ 7⅜	+ 25
Chris-Craft	13⅛	12⅝	+ ½	+ 4
Cowles Magazine & B.	11¾	12⅞	− 1⅛	− 9
General Tire	19⅛	23⅝	− 4½	− 19
Macfadden-Bartell	5¾	5	+ ¾	+ 15
Meredith Publishing	41	26⅛	+14⅞	+ 57
The Outlet Co.	28⅞	21⅛	+ 7¾	+ 37
Rollins Broadcasting	70½	15¾	+54¾	+348
Rust Craft Greeting	11¼	10⅞	+ ⅜	+ 3
Time Inc.	59½	29¾	+29¾	+100

*Quotes are adjusted for all stock splits and/or stock dividends. Market data prepared by Roth, Gerard & Co.

	Closing 12/15/64*	Closing 12/16/63	Change Points	Change %
Standard & Poor's 425 Industrials	87.83	78.47	+ 9.36	+ 12



With quiet awe for a long-neglected near-genius, observers and critics are beginning to suspect that Thelonious Monk may be the dominant jazz musician of his time. His lifework of more than 50 compositions...his inimitable piano style are, to those who know him, a complex testimony to a swooping, spirited, enigmatic life. BMI is intensely proud of Thelonious Monk and all the many other great jazz musicians whose music we are entrusted to license for performance.

BMI

BROADCAST MUSIC, INC.

ALL THE WORLDS OF MUSIC FOR ALL OF TODAY'S AUDIENCE

Among Thelonious Monk's extraordinary compositions are:
Misterioso, Monk's Dream, Rhythm-A-Ning, Worry Later, Straight, No Chaser, Blue Monk, Brilliant Corners, Bemsha Swing.

FINANCE *continued*

surveyed. Of the 66 stocks on TELEVISION's monthly stock index, a majority, or 37, rose, 24 fell and 5 remained unchanged.

Among particularly strong stocks, Communications Satellite Corp. was the most active, showing the greatest percentage of increase. It rose 19½ to 60¼, for a gain of 40% (for more about that stock see page 16.)

RCA, which went up 2⅞ to 32¼, a 10% increase, was the second most active of the TV-associated stocks. Early in December, the company opened up a sackful of holiday cheer for its shareholders, declaring a 10% common stock dividend, a regular quarterly cash dividend of 15 cents a share and a special cash dividend of 10 cents a share on present common stock.

RCA also authorized an offer to purchase for retirement the 900,824 shares outstanding of its preferred stock at $90 a share. The offer to buy the shares was scheduled to expire Jan. 8, 1965. It was estimated that the company would pay out about $81.1 million if all preferred shareholders turned in their stock.

On Dec. 8, RCA was the second most actively traded issue on the Big Board, activity that apparently was a result of its introduction of the Spectra 70, a new family of computers. The addition was expected to strengthen the company's position in the data processing field, a competition which has long shown RCA lagging.

Past the mid-point in the month, too late to have any effect on the current TV stock index reading, RCA made still more news of an attractive nature. The company announced that it was planning to merge with Prentice-Hall Inc., a leading publishing concern. Under terms of the proposed transaction, one Prentice-Hall common share would be exchanged for one-half RCA common share and 0.3 share of a new RCA $1.75 cumulative convertible preferred stock. Based on the closing price of RCA common on Dec. 15, the estimated value of the deal would be in the neighborhood of $140 million.

Prentice-Hall, which does not issue interim reports, set earnings and sales records in 1963 and apparently topped them in 1964. The company's 1963 sales were $68.4 million, while net income amounted to $4.5 million, or 92 cents a share. Off of first half '64 returns, the publisher has predicted its earnings for the year will exceed the peak '63 totals.

Word of the merger immediately set livelier industry imaginations whirling. Rhapsodized the *New York Times* in a front page report: "It [the merger] could foreshadow all sorts of technical developments . . . such as printing at various locations through computers at fantastic speeds and delivering the printed page to home office by electronic devices." Maybe that's what CBS had in mind earlier in the year when it too tried to execute a merger with Prentice-Hall, but to no avail.

Another stock to show strength during the month was Doyle Dane Bernbach Inc., up 10%. During the month, the advertising agency declared a quarterly dividend of 22½ cents per share on its class A and class B stocks. The dividend is payable on Jan. 15, 1965.

THREE ON THE RISE

The prices of at least three other stocks showed impressive increases during the survey period. Scripps-Howard Broadcasting was up 25%, Meredith Publishing was up 17% and Seven Arts Productions was up 11%. Declining issues were headed by Subscription Television Inc., off 45%; Allied Artists Pictures, off 26%; C-E-I-R- Inc., off 20%; Warner Bros. Pictures, off 16%; Official Films, off 14%; General Artists Corp., off 13%; MGM Inc., off 11% and Macfadden-Bartell and 20th Century-Fox Film Corp., both off 10%. The last named stock ran into some serious legal intanglements when the University of Notre Dame won a temporary injunction prohibiting the showing of Fox's latest feature film, "John Goldfarb, Please Come Home." The action was taken to block the scheduled Christmas Day opening of the motion picture. Fox has about $4 million invested in the production and loss of the holiday business could seriously trim its eventual box office gross. Notre Dame, in its suit, charged that Fox illegally exploits the name of the school and particularly its football team.

To offset this somewhat, 20th Century-Fox issued a favorable financial report showing improved earnings. Net earnings for the third quarter of 1964 amounted to $2.5 million, equal to 92 cents a share, compared with $2.1, or 77 cents a share, earned in the corresponding three months in the previous year. For the first nine months of '64, net earnings rose to $7.4 million, or $2.75 a share, from $6.8, or $2.53 a share for the '63 period.

Metromedia Inc., TV's grand acquisitor, was back on the purchasing line last month. The constantly expanding concern—already the owner of 18 broadcast outlets and the nation's largest outdoor advertising unit—acquired all the assets of Packer Corp., Cleveland. Included are some 6,000 outdoor advertising panels. The total price was in excess of $10 million cash. In a separate move, Metromedia offered to buy the Mutual Broadcasting System from Minnesota Mining & Manufacturing Co. for a reported $3 million. The bid, however, was not accepted because, it was said, "the principals didn't get together." END

FOCUS ON COMMUNICATIONS SATELLITE CORP. A TELEVISION ANALYSIS

PICTURE pre-Phoenician times with the Atlantic, the Pacific and the other five seas up for grabs. They are largely unexplored, unused for commercial purposes. A quasi-governmental company is formed to own and operate these waterways. Now invite various shipping merchants and the general public to invest in this revolutionary venture, trade shares in it over the block, and what have you got? You've got the Communications Satellite Corp., with the relatively minor substitutions of space for seas, rockets for ships, communications carriers for sea merchants and modern for ancient times.

Communications Satellite Corp.—or Comsat as it's known in the diminutive —appears to many an East India Company of the skies, given an omnipotent charter to trade for profit. Such an analogy seems in order simply because Comsat's mandate is so uncommon as to leave no other ready frame of reference. Comsat reaches for tomorrow's scientific triumphs while tossing in today's economic backwashes. The effect, so far, has been all sparks and little of real significance.

Essentially, Comsat is a two-year-old organization authorized by the Communications Satellite Act of the 87th Congress and subject to regulation by the Federal Communications Commission. Despite this bureaucratic origin and control, Comsat is privately-owned. Incorporated under the laws of the District of Columbia, it's listed as CQ on the New York Stock Exchange. It's charged, as one of the multitudinous tentacles of national policy, with developing a commercial system of communications satellites—this to be accomplished quickly and most efficiently, in brave brotherhood with the other countries of the world as the major link in what someday may be a communications system that will girdle the earth. That is Comsat's unique, most august role.

But it has more mundane responsibilities, at least one it shares with the others of the nation's more than 1.2 million corporations: it's supposed to make money for its shareholders.

Currently, Comsat does not yet earn any revenues. Profitable operations are not expected before 1969. Its initial commercial service will not begin before May 1965. Yet Comsat is now the most popular issue on TELEVISION MAGAZINE's index to 66 TV-associated stocks. It has just gyrated through a wildly active month of speculative trading. So active and rising was the market for Comsat stock that on three occasions the New York Stock Exchange was forced to step in and prevent more aggravated price fluctuations by either halting trading or by imposing some other restrictive measures.

But these less than subtle efforts to influence trafficking in the stock were as effective as a no pushing request to women shoppers on a super-sales day. Throughout the first half of December Comsat dominated stock exchange trading sessions, achieving new highs one day, shading them the next day, going on to top them in subsequent days. By the close of the market on Dec. 14, however, the price of the meteoric stock had briefly touched at $71\frac{1}{2}$, settled at $70\frac{3}{4}$, up $6\frac{1}{8}$ over the previous day's closing. Thus Comsat, which was first offered to the public last June at $20 a share, had increased more than $50 per share in a six-month trading period, a gain of 250%. So sensational was the rise—it included six days running as the most actively traded stock—that it carried the commercial space enterprise to a sort of millennium for a new issue of its breed: it was priced above American Telephone & Telegraph Co., its biggest single shareholder.

But the next day a different kind of lightning struck. The New York Stock Exchange slapped 100% margin requirements on the stock and it dropped a whopping $10\frac{1}{2}$ points, down to $60\frac{1}{4}$. Nothing could have illustrated better the changeable nature of the stock or pinpointed more neatly the trading problems it has caused.

Why is Comsat so volatile? Asked this question last month, the sales representative of a prominent Wall Street brokerage did not need pause for reflection. "Trading in Comsat is like playing the horses," he said in agitated tones. "There are no fundamentals behind the stock. It has no revenues and its market is thin. What floating supply there is has been depleted by charter owners tucking away shares as heirlooms. With the market gradually drying up, that shoots the price up. The stock has become a playground for the sharpshooters, the boys with the technical know-how. They're playing games, the name of which is speculation. It figures, because the guy who buys Comsat with a conventional investment in mind isn't in the market trading back and forth. He's got to hold on to it for its long-term prospects."

COMSAT'S WELCH AND CHARYK
Taking business out of this world

In more objective terms, a cascade of short sales was the major cause for the huge volume of trading in Comsat shares. (A short sale is the sale of borrowed stock made in anticipation of a decline in prices. The seller is convinced that by selling the stock short, he will at a later date be able to buy it back at a lower price and thus make a profit on the transaction.) In Comsat's case the short selling was believed to stem from investor expectations that the high price of the stock was unrealistic and that it faced a sure decline. When this drop did not materialize as quickly as expected, many investors with short positions began covering their sales. The pressure generated by the coverage of short sales—with the floating supply limited—drove the advance of the shares still higher.

Sadly, though, Comsat's use as a vehicle for stock speculation has overwhelmed its immensely more meaningful role as the owner and operator of the world's newest, most powerful communications medium. It's in this capacity that Comsat is linked to television. Among other functions, the company—which hopes to place satellites in orbit around the earth to relay communications between terminal stations in the U. S. and in other countries—will provide channels on a wholesale basis for television broadcasts. TV networks and stations are expected to be sometime customers for this service. But, though television has come away with the major share of Comsat's pre-and-so-far-post-natal publicity, its future is not particularly dependent on the successful establishment of such a system. It's extremely unlikely to provide television with a means for carrying entertainment programing. More realistically it will expand television's techniques for live coverage, especially of great human events of a timely nature.

The important money to be made by a global communications system owner surely will come from the communica-

COMSAT *continued*

tions and data processing industries. They also figure to be the biggest beneficiaries. With ocean cables, conventional radio circuits and microwave facilities providing only partial answers for international communication's greatly expanding needs—it's growing by about 20% a year—satellites have become the great electronic hope for the future. They promise to do what today's communications designs can't do—provide large volume systems capable of supplementing present facilities.

Comsat, the entity charged with delivering these exciting goods, has had a short yet anything but sugary history. It was conceived by committee and bought forth in acrimony.

The Washington-based corporation evolved out of research initiated by the FCC and by an *ad hoc* committee started in 1961 to find early solutions to space communications problems. Space exploration was already out of the Buck Rogers stage on July 24, 1961, when President Kennedy asked Congress to charter a space communications company. In his congressional statement, the then Chief Executive came out strongly for private ownership and operation of the U. S. elements involved.

But the question of who would own the first commercial space system was not so easily decided. Some congressmen felt that an enormous giveaway was taking place with a private corporation snatching away the fruits which taxpayers' money had nurtured. A bitter debate ensued. It ended with Congress setting up Comsat in 1962 over the no votes of only a handful of its members. The resulting act required that half the corporation's stock be allocated to the investing public and half to private communications companies. A further stipulation called for no individual owning more than 10% of the outstanding shares, and no communications company's holding exceeding 25%.

When the initial distribution of stock took place last spring, AT&T, the world's biggest corporation, came away with the biggest allotment. It was awarded some 2.9 million shares, considerably more than twice those going to the second largest holder, the International Telephone & Telegraph Corp.

On June 2, 1964, on a day of hectic trading, an additional five million shares of Comsat were offered to the public over-the-counter. Priced initially at $20 a share, it was gobbled up in hours. The public's allocation of the issue was parceled out mostly in 5- and 10-share lots. The biggest allotment to a single customer was 50 shares. This offering brought in some $200 million.

From the start Comsat's showing on the market succeeded in stunning financial experts. Clearly labeled a speculative issue, the stock was expected by some Wall Street observers to drop below its opening price. Instead, in the early months of trading, the stock sold as high as $28 and by the time it moved to the New York Stock Exchange in September it was above $42.

Behind Comsat's early market strength was the power of a gigantic publicity buildup. No company ever came bidding for public sales with more imposing press notices of such a singularly glamorous tone. Comsat's link to television was responsible for much of that sheen.

But beyond the magic lies a vast body of misunderstanding. Much of the public knows only that Comsat is tied in with space—today's El Dorado. The intricacies of what kind of satellite system to set up and who will own the earth terminals are beyond either their scope or concern.

One who has always tried to set the record straight is tall, suave Leo D. Welch, Comsat's chairman and chief executive officer. Welch, 65, has spent some 40 years dictating business policies. For 25 years he worked for the First National City Bank, spending most of his time in South America. He wound up in charge of Caribbean operations, before shifting to Standard Oil of New Jersey in 1944. Starting there as treasurer, he worked his way up executive suite by executive suite until elected chairman of the board in 1960. He receives $125,000 a year at Comsat.

Comsat president (at $80,000 a year) is Joseph V. Charyk, 43, an aeronautical engineer who formerly worked for Lockheed Aircraft and Ford Motors. Charyk, who once was under secretary of the Air Force, devotes himself to the technical side of Comsat's activities.

That phase of the business should take more tangible form by this spring. In plans filed with the FCC early last month, Comsat said it hopes to start commercial service between North America and Europe by May. The company expects the "Early Bird," a synchronous satellite—one stationed 22,300 miles above the earth in an orbit that keeps it at a fixed position above the ground —will be launched in March.

The company, by its own estimates, will not show a profit before 1968 or 1969. Stockholders have been cautioned not to expect dividends until sometime after that. The FCC has indicated that it would take a longer look at alternatives before awarding Comsat exclusive rights to operate the communications system's ground stations. A negative ruling could have an adverse effect on the corporation's earning potential.

But even so, there's strong promise in Comsat's future. One industry source estimates that by 1975 Comsat will be coining annual revenues of between $120 million and $300 million. END

LETTERS

KUDOS, ETC., FROM HERE & THERE

It's TvB's turn to salute TELEVISION MAGAZINE. Our appreciation of your superb work on the TvB material in the December issue grows daily. You have impressed all of us at TvB with your conscientious desire to issue a flawless publication. Your treatment of TvB history, future objectives and the data from "Prologue" is without fault. Everything was up to your highest standards of professionalism. NORMAN E. CASH *President, Television Bureau of Advertising Inc., New York.*

Congratulations on Part II of your articles on "The Promise and Perils of Going Public." I think you have done an excellent job in this series by putting the entire area of TV-associated public companies in perspective. I thought that the few paragraphs on Movielab were also accurate and very much to the point. STANLEY BAAR *Barber & Baar Associates Inc., New York.*

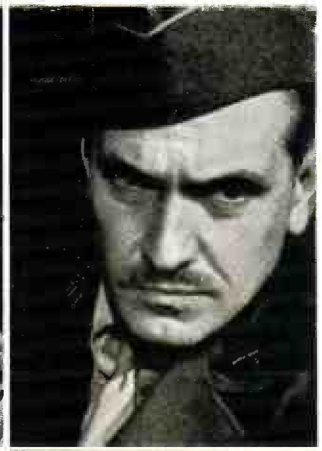
Would you please send me your booklet entitled "The Two Faces of Daytime TV," a reprint from TELEVISION'S May 1964 issue? PETER SCHACHTE *Foote, Cone & Belding, New York.*

I was fascinated by your excellent story on the San Francisco market in your November book. Even though we all think we know very much about our city, it is a very interesting experience to read what impressions other people get of the market and all of the people we know here. We send you our compliments on the excellent coverage, and our thanks for including us in it. GEORGE T. RODMAN *Director, Advertising, Promotion & Press Information, American Broadcasting Co., San Francisco.*

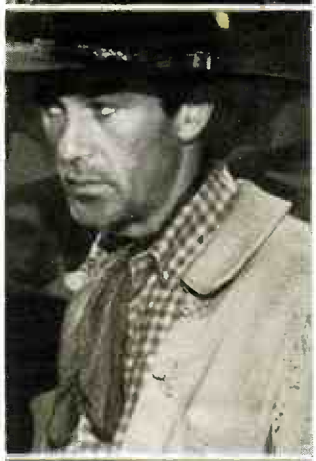
A few years ago, your magazine carried an essay by Victor Ratner titled "The Freedom of Taste." Unfortunately I do not know the date. Is it possible that you would have this information, or, better yet, copies or reprints still available? I would be most appreciative of any information you can give me. ROBERT P. SUTTON *Vice President & General Manager* KNX-*CBS Radio Pacific Network, Los Angeles.*

[**Editor's Note:** The Ratner article first appeared in 1959, was reprinted in November 1962, is still in demand. Reprints are available at 15 cents each.]







*THE GOLDWYN TOUCH

Among the best films ever produced are those created by Samuel Goldwyn. To millions of moviegoers around the world, the celebrated "Goldwyn Touch" is synonymous with surpassing motion picture craftsmanship and *showmanship*. Now for the first time, television audiences in five major communities will see these movies—on the CBS Owned stations. Starting Saturday, January 16, with "The Secret Life of Walter Mitty," starring Danny Kaye.

Superb feature film programming is a tradition on the five stations. Year after year, they have led their competition in broadcasting local television premieres of top-flight product from the major studios. And the best is still to come! In addition to the Goldwyn films, in the months ahead the stations will present important films from *other* studios. Films of the calibre of "On the Waterfront," "The Key," and "Rio Bravo."

On the CBS Owned stations, movies are—and will continue to be—better than ever!

CBS TELEVISION STATIONS A Division of Columbia Broadcasting System, Inc., operating WCBS-TV New York, KNXT Los Angeles, WBBM-TV Chicago, WCAU-TV Philadelphia, KMOX-TV St. Louis.

*Left to right, top to bottom: Hurricane; The Secret Life of Walter Mitty; They Got Me Covered; Best Years of Our Lives; Pride of the Yankees; My Foolish Heart; Wuthering Heights; The Westerner; Dead End; Ball of Fire; The Bishop's Wife; The Little Foxes.




FOCUS ON PEOPLE

WILLIAM STEERS
Board Chairman
Needham, Harper & Steers

PAUL HARPER
President and Chief Executive
Needham, Harper & Steers

Top officers of the new Needham, Harper & Steers advertising agency are **William Steers,** board chairman and director of the New York division, and **Paul Harper,** president and chief executive with office in Chicago. The agency is the result of the merger of Needham, Louis & Brorby, which billed an estimated $55 million in 1964, and Doherty, Clifford, Steers & Shenfield, with about $27 million.

DAVID B. WILLIAMS
Senior V.P. and Group Officer
The Interpublic Group

MARVIN CORWIN
President and Chief Operating Officer
Erwin Wasey Inc.

FRED M. MITCHELL
Chairman
Erwin Wasey Inc.

One of the organizations forming the Interpublic Group of Companies has become simply Erwin Wasey Inc., dropping the Ruthrauff & Ryan that used to be part of its title. And **David B. Williams,** who had been chairman and president of Erwin Wasey, Ruthrauff & Ryan, was appointed senior vice president and group officer of Interpublic. He'll continue to have worldwide responsibilities for the development of Erwin Wasey along with his additional Interpublic duties, according to Interpublic president Marion Harper Jr. **Marvin Corwin** has been named president and chief operating officer of Erwin Wasey. He had been senior vice president and plans director in charge of media, research and marketing at Doyle Dane Bernbach. **Fred M. Mitchell,** executive vice president of Erwin Wasey, was promoted to chairman of the company. He'll continue to be based in Los Angeles. Before joining Erwin Wasey earlier this year, Mitchell was management supervisor on the Colgate account at Norman, Craig & Kummel.

JOHN J. SOUGHAN
V.P.-Marketing
P. Ballantine & Sons

From a soft drink to a somewhat headier brew has been the route traced by **John J. Soughan.** Formerly vice president in charge of all marketing services at Pepsi-Cola Co., he has joined P. Ballantine & Sons as vice president-marketing. Soughan replaces Carl S. Badenhausen, who was named to the newly created post of vice president-assistant to the president at the beer and ale company, which celebrates its 125th anniversary this year. Prior to his stint with Pepsi-Cola, Soughan was a vice president at Kenyon & Eckhardt.

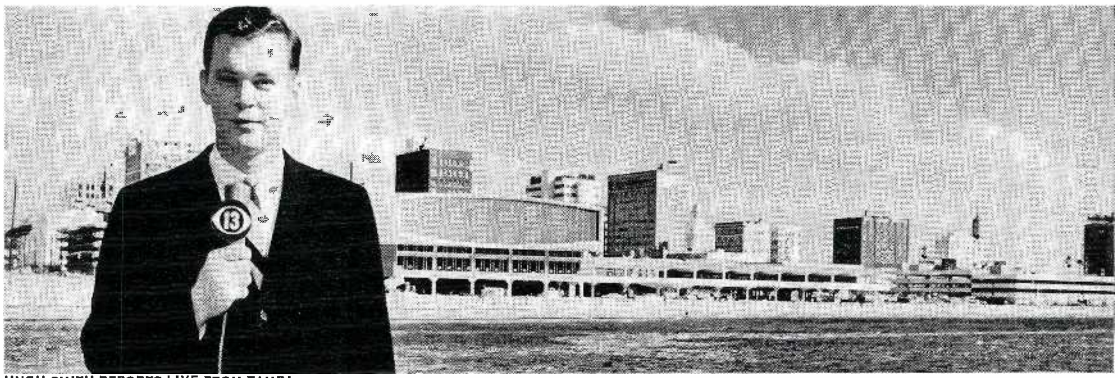
RICHARD J. COX
V.P.-Programing
TV-Radio Department,
Young & Rubicam

Richard J. Cox has been named to the newly-created post of vice president in charge of programing in the television-radio department of Young & Rubicam, number one agency in network TV billings with $91.4 million this year. Cox's entire business career has been with the agency, which he joined in 1949 after being educated at Brooklyn Prep and Fordham University. He became an assistant producer in the radio department at Y&R in 1950 and a television account representative in 1953. In 1962 Cox was made a television group supervisor.

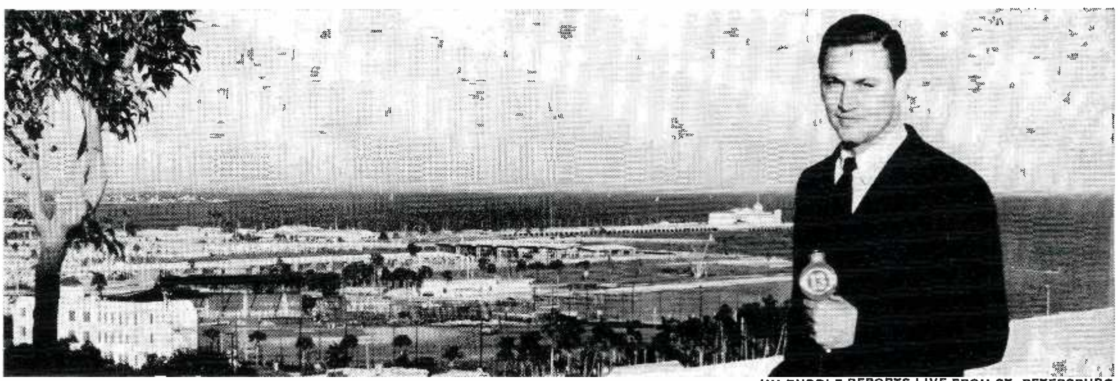
JACK K. TIPTON
Board Chairman
Television Bureau of Advertising

Top spot on the Television Bureau of Advertising board has gone to **Jack K. Tipton,** manager and director of sales, KLZ-TV Denver, who was elected board chairman at the tenth annual convention of TvB in New York. He succeeded **C. George Henderson,** vice president and general manager of WSOC-TV Charlotte, N. C. **Don L. Chapin,** vice president and director of sales, Taft Broadcasting Co., Cincinnati, was elected secretary, succeeding Tipton, and **Frank M. Headley,** chairman of H-R Television Inc., was reelected treasurer.

STATION *on the move*
MARKET *on the move*



HUGH SMITH REPORTS LIVE FROM TAMPA



JIM RUDDLE REPORTS LIVE FROM ST. PETERSBURG

Does Our Two-City Studio Operation Account For Our Dominance?

It must certainly help. Our informational programs consistently outrate their competition.

And our total audience is about the same as the total combined audience of the other two stations.

WTVT 13

TAMPA / ST. PETERSBURG

THE WKY TELEVISION SYSTEM, INC. WTVT, Tampa-St. Petersburg WKY-TV & RADIO, Oklahoma City KTVT, Fort Worth-Dallas

THE KATZ AGENCY, INC.
National Representatives

FOCUS ON PEOPLE *continued*

GORDON MANNING
V.P. and Director of Television News
CBS

BILL LEONARD
V.P. and Director of News Programing
CBS

Gordon Manning, executive editor of *Newsweek* since 1956 and before that managing editor of *Colliers,* has moved to CBS as vice president and director of television news. At the same time, **Bill Leonard,** who had been executive producer of the CBS News election unit, was appointed vice president and director of news programing. This, in effect, splits the number two news spot at the network, with Manning responsible for hard news and Leonard for such programs as *CBS Reports, Twentieth Century, World War I* and special documentaries and cultural programs. **Ernest Leiser,** who has been director of TV news but not a V.P., becomes executive producer of *CBS Evening News with Walter Cronkite,* replacing **Don Hewitt,** who has been assigned to develop a live documentary type of news broadcast. Meanwhile, **Blair Clark,** who was V.P. and general manager of CBS News until last May, when he became director of international news operations, has resigned.

JOSEPH STAMLER
Executive V.P. and Chief Executive Officer
Polaris Corp. Broadcasting Div.

Joseph Stamler has succeeded **Richard Shively** as executive vice president and chief executive officer of the Broadcasting Division of Polaris Corp., Chicago. Shiveley had resigned, along with **Charles Bevis,** the division's director of operations. Stamler had been V.P. of the broadcast division since last August and before that president of the firm's subsidiary, Polaris Productions. Earlier, Stamler was vice president-general manager of WABC-TV New York. Polaris stations are WTVW Evansville, Ind.; KTHI-TV Fargo-Grand Forks, N. D.; KCND-TV Pembina, N. D.; WKYW Louisville; KXOA-AM-FM Sacramento, and KPLS Santa Rosa, Calif.

FRANK G. KING
General Manager
KTVU Oakland-San Francisco

WILLIAM D. PABST
V.P. and Executive Director
KTVU Oakland-San Francisco

New general manager of KTVU Oakland-San Francisco is **Frank G. King,** who moves over from vice president and general sales manager. The former general manager, **William D. Pabst,** is now V.P. and executive director. King was general manager of KABC-TV Los Angeles and was a prime mover in the establishment of KTTV, also in that city, before joining KTVU. The station, co-founded by Pabst and Ward D. Ingrim, was purchased by Cox Broadcasting in October 1963.

H. TAYLOR (BUD) VADEN
President
Broadcasters' Promotion Association

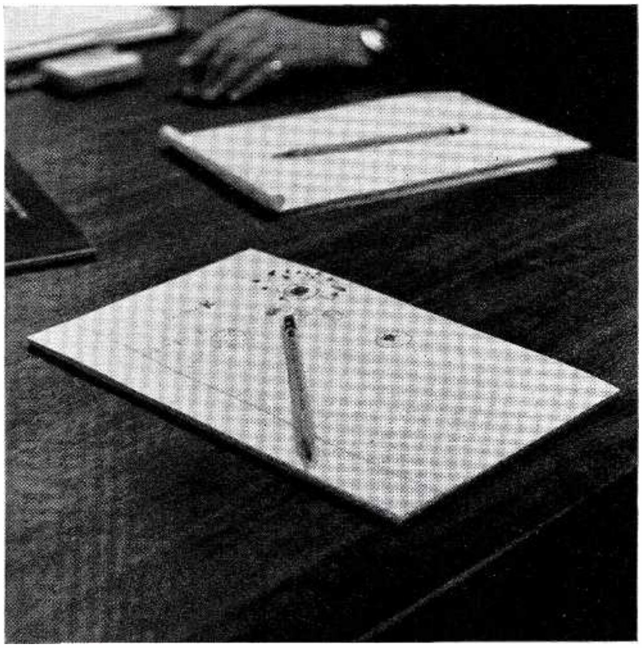
New president of the Broadcasters' Promotion Association is **H. Taylor (Bud) Vaden,** advertising and promotion director of Triangle Stations, Philadelphia. Other new officers are: first vice president, **Casey Cohlmia,** WFAA-AM-FM-TV Dallas promotion manager; second vice president, **Judd Choler,** KMOX-TV St. Louis director of advertising and sales promotion, and directors **Fred Birnbaum,** WCAU Philadelphia; **Dick Paul,** WAVY-AM-TV Norfolk, Va.; **Mel Grossman,** H-R Representatives Inc., New York; **Arnie Kuvent,** WGAN-TV Portland, Ore.; **Jack Townsend,** KELO-AM-TV Sioux Falls, S. D., and **W. A. Jones,** WSIX Nashville, Tenn.

JAMES W. SEILER
President
Media Measurement Inc.

GEORGE DICK
President
American Research Bureau

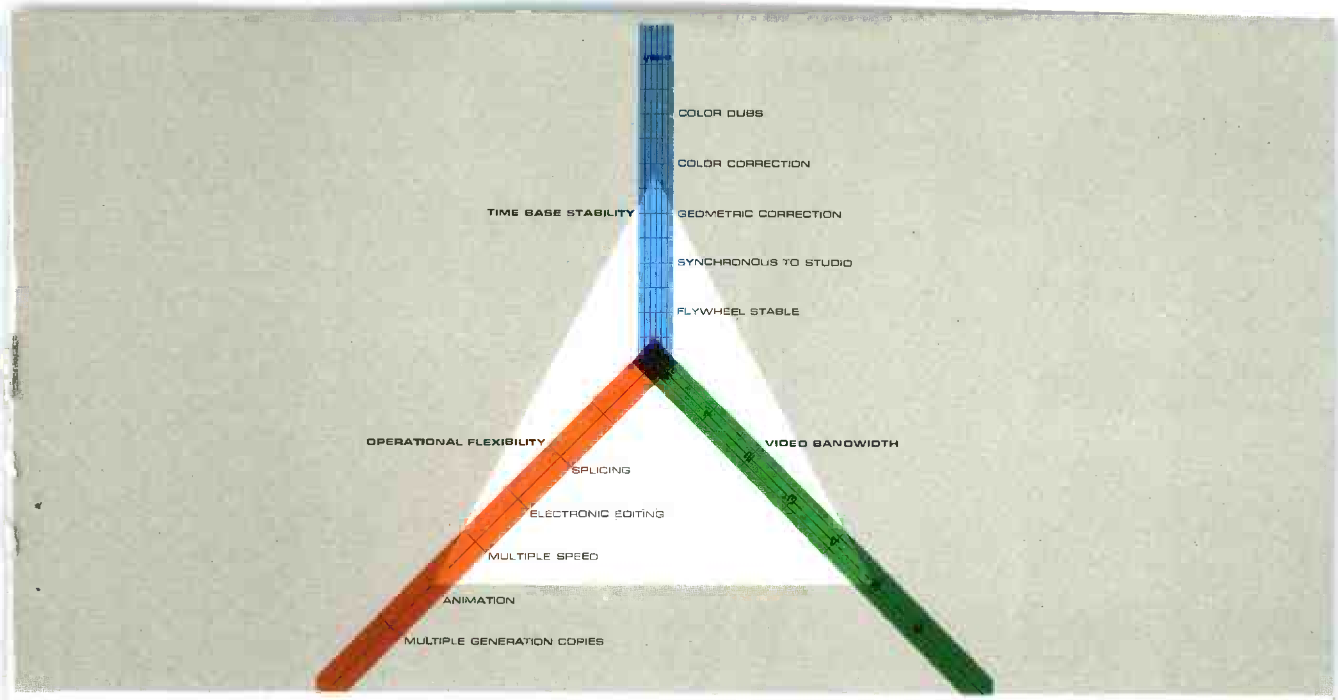
The honeymoon, if there ever had been one, was over. **James W. Seiler,** director of the American Research Bureau and vice president of its parent C-E-I-R Inc., resigned his posts along with five members of ARB's top management shortly after C-E-I-R named **George Dick** president of ARB. Seiler and the five said they were forming Media Measurement Inc., with Seiler as president and the other principals as vice presidents and directors.

FOCUS ON TELEVISION



READERS of TELEVISION are accustomed to seeing all manner of equipment pictured in this department. We've had stenotype machines, computers, cameras, tape recorders—you name it. All were designed to show the tools we use in searching out our major stories. This month it's doodles. Those on the pad above belong to Dr. David M. Blank, director, economic analysis, for CBS. He was one of seven television industry pros who convened with the editors of TELEVISION MAGAZINE last month for a Q&A interview on the state of the industry as it enters the new year, a story that begins on page 29. Dr. Blank, beside proving an astute observer of the industry, also proved an avid doodler, as did most of his fellow participants—Martin L. Nierman, president of Edward Petry & Co.; Emanuel Gerard, partner in the Wall Street firm of Roth, Gerard & Co.; Richard L. Geismar, V.P.-treasurer of Metromedia Inc.; Norman Grulich, executive V.P. of Papert, Koenig, Lois Inc.; M. J. (Bud) Rifkin, executive V.P. sales, United Artists-TV, and Tomio Saito, senior investment analyst for the brokerage firm of Baker, Weeks & Co. The editors put their own pads and pencils away during the interview and let a tape recorder do our first draft.

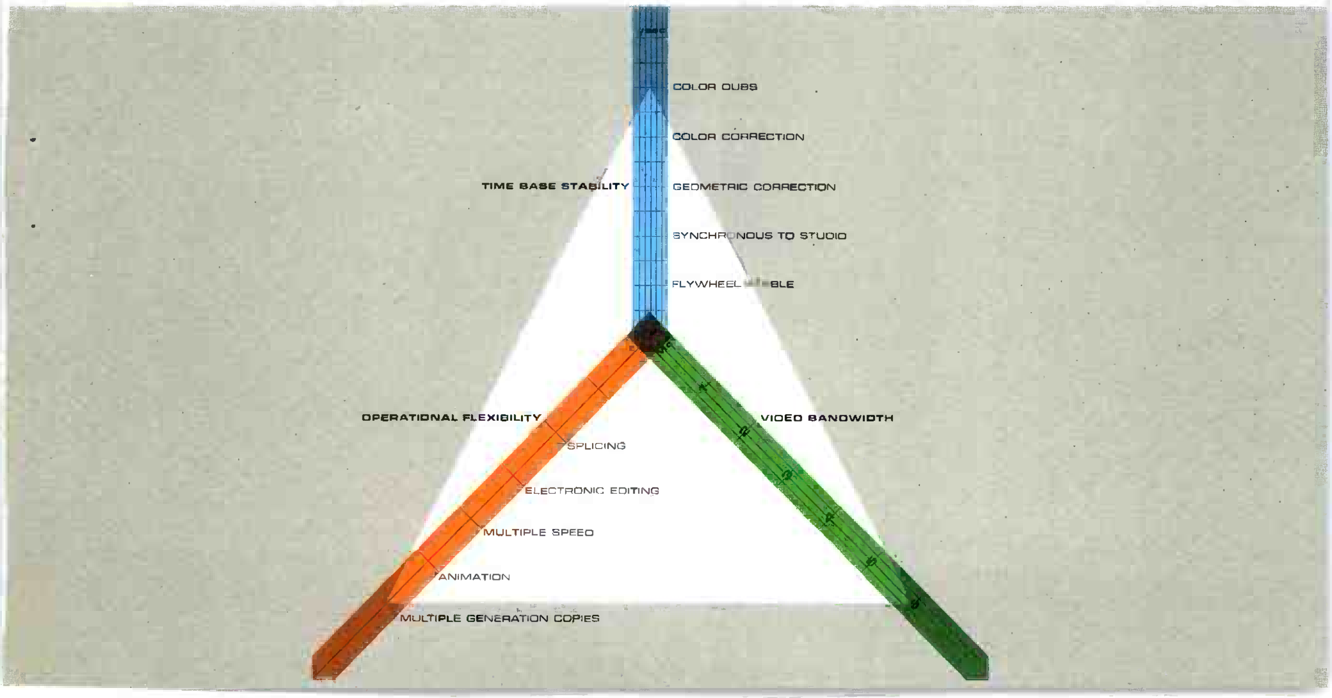
ONE year ago in this space TELEVISION planned to run a montage of the 36 front covers it had amassed in its first three years of publication by Broadcasting Publications Inc. Our coverage of President Kennedy's assassination and a special Kennedy cover write-up preempted this, but we noted at the time: "Maybe we'll do it next year if we can figure out how to put 48 cover pictures in this space." Well, obviously, we never found a way. But, as the reader found out back on pages 2 and 3, we didn't forget the idea. We hope we improved on it, however—this year's version has 49 covers.



These parameters show the best that can be expected from present-day recorders. Note the limitations on bandwidth, time base stability and production flexibility.

THIS IS THE TURNING POINT IN TELEVISION TAPE PRODUCTION

These are the parameters of an entirely new kind of recorder: a recorder that marks the turning point in television tape technology.



THIS IS THE TURNING POINT:

a recorder that will actually make superb, broadcast-quality third generation color copies.

The VR-2000 is the turning point that had to be made in order to make true teleproduction possible. The vector diagram—which illustrates the three principal parameters that apply to any television tape recorder—clearly demonstrates the inadequacies of previous recorders. Even the best of the recorders of the old technology just didn't have the bandwidth or time base stability to be able to maintain quality in multiple generation copies. In fact they weren't even capable of producing adequate color tapes to the second generation. The VR-2000 breaks all those previous barriers wide open. Now—for the first time—there is a recorder so advanced it can make superb, broadcast-quality fourth generation black-and-white tape copies. Now—for the first time—there is a recorder capable of producing superb, broadcast-quality third generation

THIS IS THE TURNING POINT:

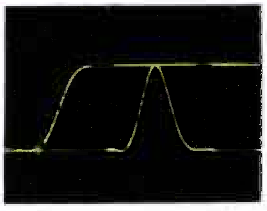
a recorder that will actually make superb, broadcast-quality fourth generation black-and-white dubs.

color copies. Now—for the first time since 1956—there is a recorder that is revolutionary in every sense of the word. Revolutionary in conception: the VR-2000 was designed to meet an entirely new "high-band" standard utilizing a high-band carrier/deviation frequency of 7.06 to 10.0 Mc. Revolutionary in execution: in order to meet this standard, Ampex developed a head assembly, signal electronics system, and mechanical design completely different from any television tape recorder ever made. Revolutionary in performance: the VR-2000 is the first recorder to offer the operational flexibility and multiple generation picture quality that makes true teleproduction possible. The VR-2000 marks the turning point in what can only be called a new era of television tape recording technology. The days of updating are over.

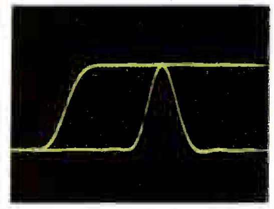
AMPEX VR-2000

TELEPRODUCTION VIDEOTAPE* RECORDER

The VR-2000 offers a quality of performance unequaled by any other recorder ever made. These are photos taken on a Tektronix Model 547 oscilloscope, with the VR-2000 operating in the 525 line high-band standard.

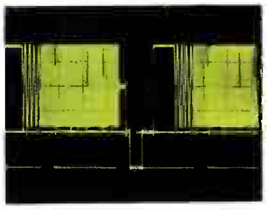


Video Input

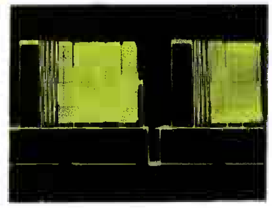


Off Tape

Transient response (K Factor): the signal is a "2T sine-squared pulse and bar" waveform for a 525 line system. Pulse H.A.D. (half-amplitude duration) was 0.25 μsec.



Video Input



Off Tape

Multiburst response: bursts are at 0.5, 1.5, 2.0, 3.0, 3.6, and 4.2 Mc.

THIS IS THE TURNING POINT:

a recorder so demonstrably superior that it can only be called revolutionary.

PRODUCTION CAPABILITIES

Editec* System: provides a precision of control over animation and editing never before attained. Makes it possible to cue each end of a scene to single frame accuracy, record animation frame-by-frame, automatically activate other studio equipment, edit sound and picture or picture only, edit precisely in sync with music, even record time lapse material.

New Intersync† System: re-designed system will actually hold synchronization to within limits of color correction ranges with the Amtec unit out of the circuit. (This, of course, is only done for short periods of time, and for demonstration purposes only.)

New Amtec† Unit: the best system of its kind, the existing Amtec was completely redesigned to match the capabilities of the VR-2000.

New Automatic Chroma Control: (optional) eliminates the last major source of variations in color recordings.

Colortec* System: maintains rigid time base stability. This, combined with the new dimension of capabilities of the VR-2000, makes possible superb quality third generation color dubs.

SIGNAL ELECTRONICS SYSTEM

New Mark IV Video Head Assembly: employs a high input impedance, low-noise Nuvistor pre-amplifier to extend frequency response beyond 10 megacycles. Features exclusive rotary transformers, optional air-cushion or ball-bearing drive. Delivers the best S-N ratio ever: up to 46 db.

New Dual Heterodyne Modulator: insures a degree of linearity never before possible.

New Automatic Frequency Control: is crystal controlled at blanking level. Actuates a warning light if frequency is in error by more than 10 kc.

New Unity Gain: keeps input and output equal and deviation correct on a pre-determined basis.

New Dropout Supression: supplies black level to replace dropout.

New One-Line Delay Accessory: (optional) replaces dropout with picture information that occurred one line earlier.

New Switching Transient Suppressor: eliminates interference to sync leading edge from front porch switching transients.

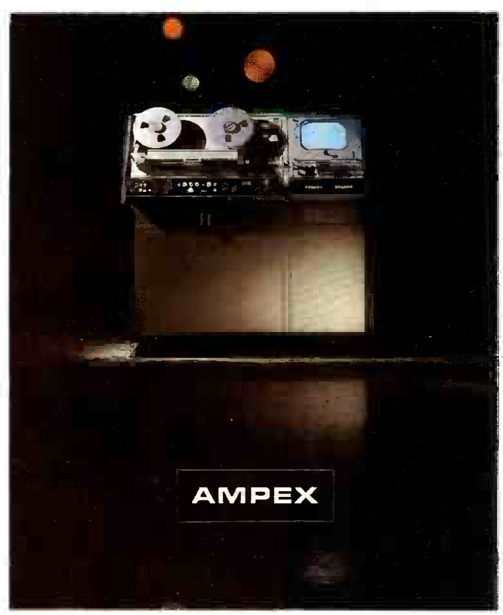
New White Level Calibration Pulse: provides continuous monitoring of video signal deviation.

New Standards Switching: the VR-2000 can switch all characteristics between broadcast standards.

MECHANICAL DESIGN

New mechanical design alone would make the VR-2000 a remarkable recorder. These are just some of the new features: "one-hand" operation; fool-proof mode selection buttons; automatic shut-off in case of malfunction; positive lock-out to prevent erasure in playback mode; digital servo circuitry eliminates MDA's, reduces once-around errors to negligible values and provides a rigid and stable 120° phase-to-phase angle. Term financing and leasing available. For complete information call your Ampex representative or write: Ampex Corporation, 401 Broadway, Redwood City, Calif.

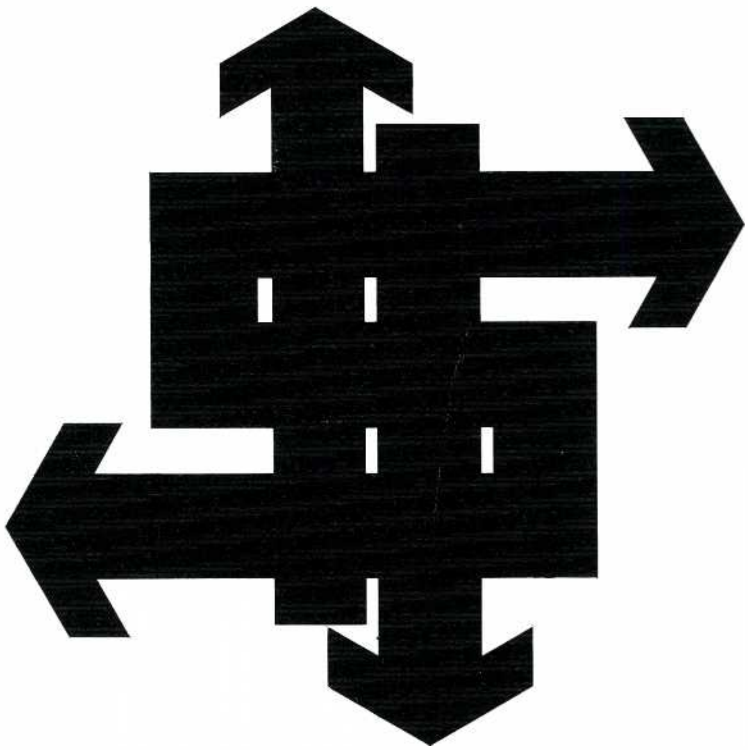
AMPEX VR-2000 TELEPRODUCTION VIDEOTAPE* RECORDER



LITHO IN U.S.A.—2206—1-65

January 1965 Vol. XXII No. 1

TELEVISION



The economics of television run in many directions. The health of the medium is charted in many ways. Beginning overleaf are the views of seven first-rank industry observers on the subject of television, its prospects for the new year and the course it's likely to chart through the years immediately ahead.

1965: PRESENT AND PROSPECT

A candid assessment of where the television industry finds itself at the beginning of a new year.

THE PROTAGONISTS

Dr. David Blank of CBS
Richard L. Geismar of Metromedia
Emanuel Gerard of Roth, Gerard & Co.
Norman Grulich of Papert, Koenig, Lois
Martin L. Nierman of Edward Petry & Co.
M. J. (Bud) Rifkin of United Artists-TV
Tomio Saito of Baker, Weeks & Co.

Dr. Blank, I suspect that you have at least your own projections for the growth of network and spot television for 1965. Do you, and will you tell us what they are?

Blank: Yes. And let's throw local in here so we're talking about the total industry. We're growing this year [1964] at something approximating 10%, not vastly different from last year, with some slight difference among the three components of the industry. I have no basic reason to expect next year's rate of growth to be very different. I would think that we would again come close to 10% overall in 1965.

Where can that growth come from, assuming the medium does not change in dimension?

Blank: There always is unsold time in every branch of the medium, and in that sense you can always squeeze some more advertising in. I think a good part of this, obviously, is going to come back through rises in prices. Prices through the industry have been rising as they have in the past and as they have in other media. I think the rises in cost-per-thousand—which are the things that advertisers get concerned about—will be much more modest than the numbers I've been talking about. I would think that we would be able to continue into the near term future at a rate under, but close to, 10%, with spot probably in excess of that and network slightly behind that and local fluctuating around that figure. 1964 happened to be a particularly good year for local television. Last year was not.

So in terms of those orders of magnitude, I think we could live with what is a very handsome growth rate—and at a stage of the industry which people some years ago thought we never would reach. This, after all, is going on something like 20 years now. We were growing not much more rapidly than this in the middle 1950's. There is no evidence that I can see that we're going to drop off rapidly in the near future.

Is this rate of growth contingent on the national economy staying at the same level as it is now?

Blank: In general, I would say yes. Television, as other advertising media, is tied intimately to the state of the economy. You can look at the 1960-61 recession and see very clearly the imprint of it on all advertising, some more, some less. Advertising as a whole is a little more sensitive than the total economy to recessions, but less than manufacturing industries, for example. Advertising media, tel-

On the whole television is still growing more rapidly than other media . . . it gives you more per dollar of investment than other media.
DAVID BLANK

evision included, have been much less sensitive to downturn, so I would think that in general you would expect television to feel any declines in the national economy less. But it surely would feel it.

Gerard: On this point of less sensitivity. As we get further into the growth phase of the business, theoretically at least, the business should become more and more sensitive. In some past recessions what's happened is that the growth of the industry has been blunted. We feel that as time passes the industry will get more and more sensitive.

Blank: Yes. It is not only the stage of maturation, which obviously plays a role, but also the dependence of television on one kind of advertiser whereas, say, magazines, are more dependent on others. Television is much more dependent on consumer soft goods—tobacco, food, drugs, cosmetics, et cetera—and much less dependent than, say, magazines, on durables, which are much more sensitive.

Nierman: This, too, will change in the next few years with the advent of color. The advertiser that has been restricted to magazines, billboards, et cetera, will now be turning to television, because he will be able to display his goods in a way that is, let's say, at least comparable to what the magazine offers, yet delivering the circulation that television can deliver.

Do you have any reason to feel, or any statistics which back up a reason to feel, that color is here or is about to have a decided impact on television economics?

Nierman: I don't have any actual figures, but in recent talks I've had with network people, and NBC people particularly close to color, they felt that the increases in color sets have been quite significant in the past year. On the West Coast they are now reaching 8% to 10% of TV homes in some areas, major cities. This is quite a figure when you start putting it against a market like Los Angeles. Ten per cent of that market, on top of the black-and-white sets, represents a good figure. In the Midwest, it is somewhere in the area from 6% to 7% or 8%. In New York it runs 6% to 7%, I believe. These figures will increase.

But the important thing here, as far as the advertisers are concerned, is that they have been able to determine that the impression of color on the viewer runs at about a 3-1 ratio to black-and-white. Project this into the many millions that will be available later on and what is a good buy today will become an even better buy tomorrow. Color will be a new way of life.

My question is, are we really doing something to prepare for the next 10 years when all these new innovations will take place? We can talk in terms of dollar figures for 1965, but I think we are missing the point if we don't go well beyond that.

Rifkin: You're not going to get advertisers to pay for the color cost at this point. Our experience has shown that we can't even get the networks to pay for color. You won't get this from an advertiser, and that's the man who in the final analysis is going to be paying the tab for what you're doing.

Geismar: I'll go along with Bud on that. My own reaction would be that the agencies are still going to be buying cost-per-thousand, not cost-per-black-and-white-thousand and cost-per-color-thousand. When a station goes out to sell time, it is not going to be able to charge a premium for running the spot in color. I just don't see it. I think the competition is going to force it back to a cost-per-thousand basis.

Rifkin: You take what NBC is currently doing on the color films, for example. They aren't getting any premium rates because they have bought this fabulous package of feature films. We didn't get any additional dollars for the color films we sold to ABC for *Sunday Night at the Movies.* They can't get this money back from any advertiser whether he has color commercials or not.

Grulich: I really don't see what the value is. When you say a 3-1 ratio the implication is that given the same commercial in color vs. black-and-white, you are going to have a 3-1 response ratio. I can see clearly the advantage of color in programing because if you have a color set you're going to tend to look for color shows. It's unclear to me why color would be a blanket advantage. It seems to me a very selective one. There are many ways you can do an advertisement today. A commercial can use many elements—humor, layout, various things to get attention and perhaps color is a way of getting attention. However, I think that unless whatever you use to secure that attention is very germane to the product or the idea you're selling, you might as well forget it. Now you may get a higher attention. You may have a 3-1 audience response in remembering, or whatever, the commercial. It doesn't necessarily mean you're going to get 3-1 sales ratio which, of course, is the thing it really has to boil down to.

Nierman: What we were talking about when we opened this up was where would you go to get this additional

If I have a successful advertising program in television that costs me $10 a thousand, I don't give a damn if I'm pulling a profit.
NORMAN GRULICH

My own reaction would be that the agencies are still going to be buying cost-per-thousand, not cost-per-color-thousand.
RICHARD GEISMAR

revenue? Where would it come from? We were talking about magazines, and I submitted to you the thought that color on television would open up new categories that heretofore had not used the medium. We know that right now carpeting companies, for example, are using television, but are not getting the full impact of their product. When color comes in they will be able to show the shades and hues of carpeting, which for decorative purposes is of utmost importance to a woman. Fabrics, clothes—anything in *Vogue,* for example—would become susceptible to television. There are lawnmowers that are bought because of colors. I remember 10 years ago, trying to sell a television schedule to a lawnmower account. He said that "When color comes in, I'll be interested. The only difference between my lawnmowers and someone else's is color." Response would be immediate.

Geismar: I agree with you that color will generate new advertising dollars for television. But television revenues are elastic to demand. As demand goes up—and the supply, as we all know, is relatively limited—overall rates will go up. Not because of color, but because there are new advertisers available to the medium, which will push up the general level of rates.

Blank: Let me go back to a point Dick Geisman raised. He was talking about cost-per-thousand. The trouble is, cost-per-thousand what? We are dealing with probably the primary unresolved question in the whole field of advertising. That is, how do you evaluate the effectiveness of advertising? You put in so many dollars. What does an advertiser get out of it? We really don't know in as precise and quantitative terms as we'd like to know, and the advertiser more so than anyone else, precisely what the return is per dollar of investment among the various media that now exist, before we even get into the question of color. There are large advertisers working very hard on this question, and hopefully they will be coming to grips with it. But they really cannot say at this moment that the effectiveness per dollar of advertising in television is X per cent higher or lower than in magazines. Personally, I'm completely persuaded that even though we can't put quantitative terms on this that the reason that television has been growing so rapidly in the recent past is not because our cost-per-thousand by some standard is lower than other media, but because we are a more effective media per dollar of investment. That is, the advertiser knows intuitively that basically we are still a cheap medium in terms of the amount of investment he has to put in and the dollars he has to get out of it.

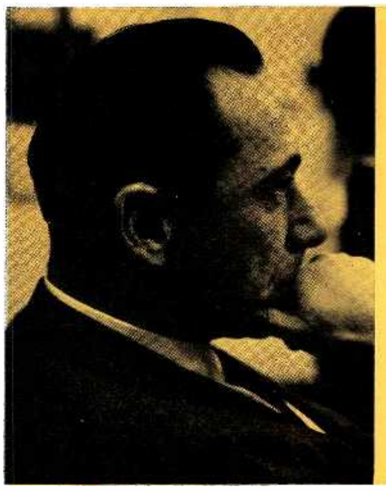
The real question about color, and it is an unresolved question because we can't really solve it yet even in black-and-white, is that there will be some additional impact. How much, we don't know. And how much more, therefore, will the hour on television in color be worth to an advertiser than in black-and-white. Because if it isn't worth any more, at some point he's going to leave television and go to some other medium.

Isn't there a precedent here in the fact that print media charge more for color? Cannot television then charge more?

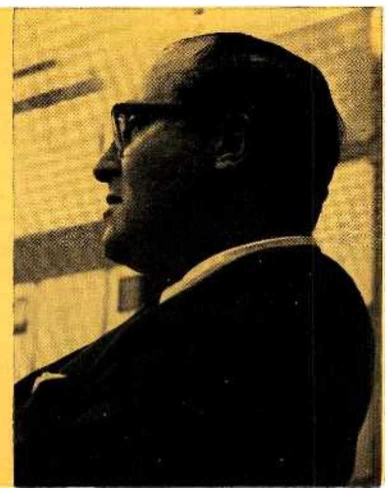
Rifkin: Well, we can't get it from an advertiser when we sell a series to a network. They may decide to give us $8,000-$10,000 additionally for a half-hour in color, but they can't get that $8,000-$10,000 back from General Foods. When we're talking five years hence, then you've got a point. I think all it does is become a sales gimmick for today. I don't think it has that much more effectiveness.

I remember in the early days when the food people would say "When you get color, boy, we'll be in it all the way!" So we came out with color and they wouldn't go to color. They were buying cost-per-thousand. And to your point, Dr. Blank, cost-per-thousand what? Is it viewers or is it sales? Well, it depends on who you're talking to. If you talk to a sales-oriented guy he wants cost-per-thousand in sales as opposed to the advertising department, which looks at it in a completely different way.

Grulich: I wonder if you're looking for an area of increased revenue or increased volume for television stations and networks? It seems to me that there's a bigger area and a more productive one than unsold time or the time that's sold at the last minute. It's in the area of programing and organization of what's on the air. I think that if you put color into television, you're not adding an element—excepting for a period of time as a curiosity thing that will even itself out—unless you have good programing again. Right now it is difficult to buy the best programs. We don't have a medium with a hell of a lot of time available. When you actually go out buying for a client you may scratch around and end up with something you're satisfied with, or you're lucky or you're skillful or you're powerful and you get it first. Right now you have a problem in the area of what is desirable programing, what is desirable commercial time. I don't think the addition of color will make it particularly



This booming economy you're talking about; I can give you the names of about 60 different people who had pilots last year who don't think it was so booming.
BUD RIFKIN



Speaking from a national spot field, you have to discount the national sweeps . . . The story in Atlanta is completely different than it is nationally.
MARTY NIERMAN

more desirable except, perhaps, for a limited span of time.

You may have more people knocking on the door, but I'm not sure that more people can get in that door. And if you introduce the carpet makers or the stylists or whatever, I don't really see how it can result in huge increases in volume, or even significant increases in volume, unless you get it from the premium that you charge, which may or may not be possible, because it's simply unavailable.

Nierman: Rifkin, this is the opening of your lifetime. Go ahead.

Rifkin: I hold that if *Bewitched* were in color, it couldn't be more sold than it currently is. If *Wagon Train* were in color you still wouldn't be able to sell it. Why don't we produce more programs? Well, if you fellows will just open up more time periods for us to produce programs for, we're in.

What I'd like to get is a consensus on the effect of color in calendar 1965. Do you think there is going to be a measurable impact of color in 1965? There are a lot of heads shaking "no" around the table.

Blank: Except under set manufacturing. Then you get to the other side of the question. But certainly not on the broadcasting side.

Do you think that by 1968 color will be having a measurable effect? The consensus seems to be "yes" to that question. Now we're talking about a three-year bracket, so those who are interested in color can look, say from January 1, 1965, to 1968 as a time to get ready for color because this is the period in which these gentlemen seem to think it's going to be coming.

Rifkin: Can someone answer that on feature film? I think color for feature film five years from now is shot. You are not getting enough product back in the marketplace and no one is paying the additional dollars for color. It costs an awful lot of money to break out color through release prints costing $400 or $500 apiece. They're not getting that, and by the time all this product is exposed, you're into third, fourth, fifth, sixth runs and I think then coming back into color, where you've got to get maybe $5,000 for a print, based on release print and breaking down from negative to print, I think that market is shot. Do you agree?

Grulich: No. I think there are some problems in the growth of color other than the problem of simply getting a set in someone's home. I think the more you have of it the less its effect. You also have a problem in distribution of film, et cetera, and if you approach the subject from the standpoint of getting the advertiser to pay, or help pay for the premium, you have to remember that a lot of advertisers still have a difficult time trying to make a decision on whether they ought to have this much in television now, or this much somewhere else?

But even when the decision is for television, before you get that first shot on the air, the cost of production, right now, is terribly high. A minor advertiser has a real problem, because to justify a relatively minor expenditure in a medium with a high production cost can get real sticky. If you talk about a major one, they still have a problem, because they've got to go on the air with commericals that cost two or three or four times what it costs to make them.

Blank: Are you suggesting that maybe we'll see the day when programing will be predominantly color and the commercials might be lagging behind in black-and-white?

Grulich: I think you'll see that before you'll see the opposite. I think that has to come first.

Geismar: Are you saying that someplace down the road is nirvana where everything on television will be color from test pattern sign-on to test pattern sign-off?

Grulich: Am I saying that it will be someday? Yes, but a very long way off.

Geismar: I don't see it, because I look at motion pictures where you still have a considerable amount of product in black-and-white. . . .

Gerard: I think the ratios will be similar to what they are in motion pictures. I'd guess that if you took "A" pictures, I'll bet you're 3-1 in color today. Now that isn't the average picture because you've got a lot of low-budget stuff coming off. But there are some pictures that just don't lend themselves to color. They're worse in color because the subject matter doesn't lend itself to color.

Mr. Rifkin, you opened up a point before that's an interesting one. It's the whole problem, it seems to me, more basic than simply leasing of film, of the vacuum developing in film for television. One of the saving graces from the station operator's viewpoint, it seems to us, has been the fundamental weakness of the suppliers in this regard. Time and again. . . .

Rifkin: Change that. There is no fundamental weakness on the part of the supplier. There never has been. You're bringing up a supposition here that isn't true.

Gerard: Well, I think we can point to specific instances where films are sold for one of two reasons: for cash which

To page 50

One of the reasons I'm looking for a fairly good growth from network is that ABC is having a good season now, and I think some of the money which might otherwise have gone into other areas will be going into ABC at somewhat higher prices.

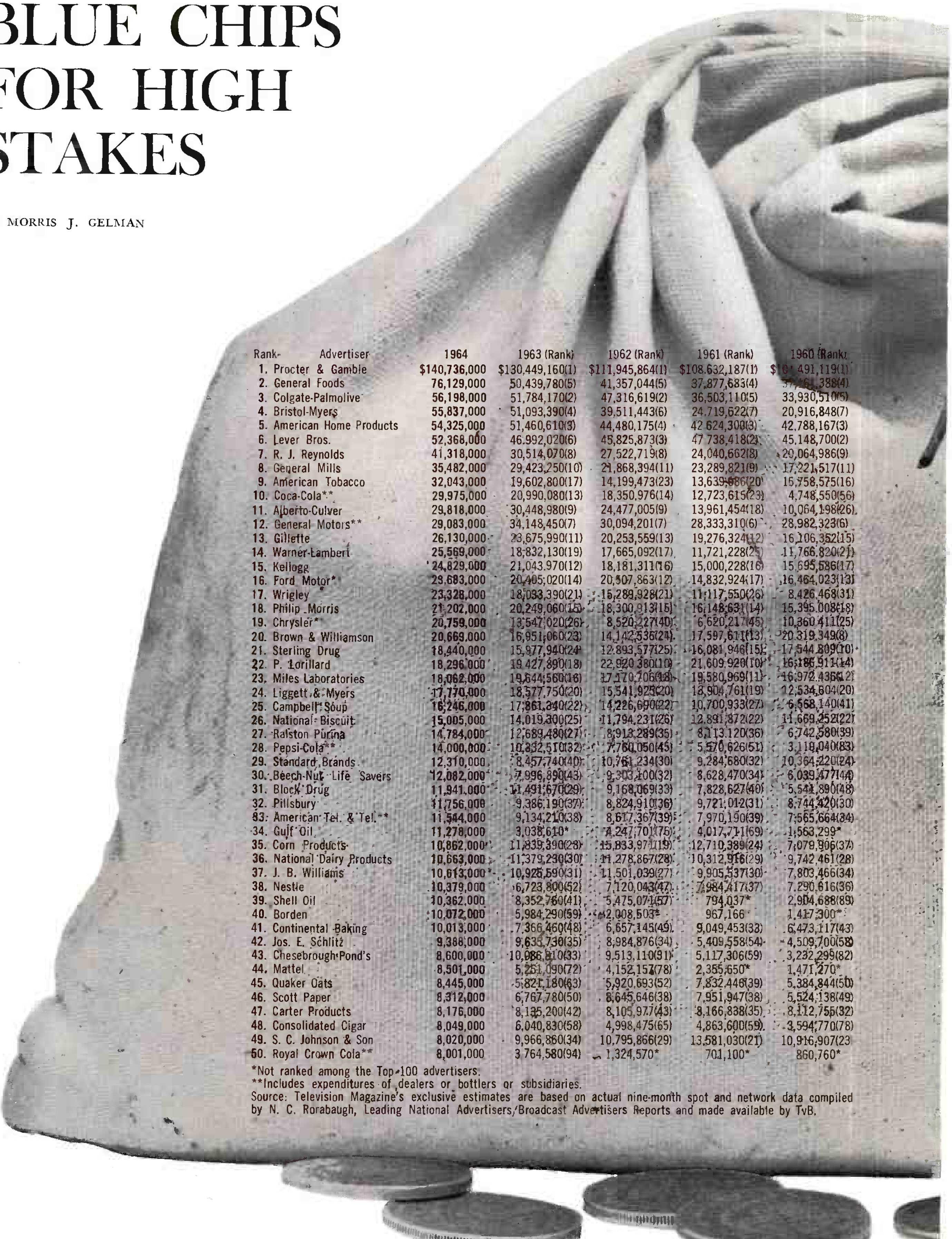
TOMIO SAITO

The maximization of dollars [for a program supplier] might well be to hold off your color films for another four or five years. Just don't sell them to television now, sit on them.

MANNY GERARD

BLUE CHIPS FOR HIGH STAKES

BY MORRIS J. GELMAN



Rank	Advertiser	1964	1963 (Rank)	1962 (Rank)	1961 (Rank)	1960 (Rank)
1.	Procter & Gamble	$140,736,000	$130,449,160(1)	$111,945,864(1)	$108.632,187(1)	$1[illegible]491,119(1)
2.	General Foods	76,129,000	50,439,780(5)	41,357,044(5)	37,877,683(4)	37,[illegible]388(4)
3.	Colgate-Palmolive	56,198,000	51,784,170(2)	47,316,619(2)	36,503,110(5)	33,930,510(5)
4.	Bristol-Myers	55,837,000	51,093,390(4)	39,511,443(6)	24,719,622(7)	20,916,848(7)
5.	American Home Products	54,325,000	51,460,610(3)	44,480,175(4)	42 624,300(3)	42,788,167(3)
6.	Lever Bros.	52,368,000	46.992,020(6)	45,825,873(3)	47 738,418(2)	45,148,700(2)
7.	R. J. Reynolds	41,318,000	30,514,070(8)	27,522,719(8)	24,040,662(8)	20,064,986(9)
8.	General Mills	35,482,000	29,423,250(10)	21,868,394(11)	23,289,821(9)	17,221,517(11)
9.	American Tobacco	32,043,000	19,602,800(17)	14,199,473(23)	13,639,[illegible](20)	15,758,575(16)
10.	Coca-Cola**	29,975,000	20,990,080(13)	18,350,976(14)	12,723,615(23)	4,748,550(56)
11.	Alberto-Culver	29,818,000	30,448,980(9)	24,477,005(9)	13,961,454(18)	10,064,198(26)
12.	General Motors**	29,083,000	34,148,450(7)	30,094,201(7)	28,333,310(6)	28,982,323(6)
13.	Gillette	26,130,000	23,675,990(11)	20,253,559(13)	19,276,324(12)	16,106,352(15)
14.	Warner-Lambert	25,569,000	18,832,130(19)	17,665,092(17)	11,721,228(25)	11,766,820(21)
15.	Kellogg	24,829,000	21,043.970(12)	18,181,311(16)	15,000,228(16)	15,695,586(17)
16.	Ford Motor*	23,683,000	20,405,020(14)	20,507,863(12)	14,832,924(17)	16,464,023(13)
17.	Wrigley	23,328,000	18,033,390(21)	15,289,928(21)	11,117,550(26)	8,426,468(31)
18.	Philip Morris	21,202,000	20,249,060(15)	18,300,913(15)	16,148,631(14)	15,395.008(18)
19.	Chrysler*	20,759,000	13,547,020(26)	8,520,227(40)	6,620,217(45)	10,360,411(25)
20.	Brown & Williamson	20,669,000	16,951,060(23)	14,142,536(24)	17,597,611(13)	20,319,349(8)
21.	Sterling Drug	18,440,000	15,977,940(24)	12,893,577(25)	16,081,946(15)	17,544,809(10)
22.	P. Lorillard	18,296,000	19 427,890(18)	22,920,380(10)	21,609,920(10)	16,186,911(14)
23.	Miles Laboratories	18,062,000	19,644,560(16)	17,170,706(18)	19,580,969(11)	16,972.435(12)
24.	Liggett & Myers	17,770,000	18,577,750(20)	15,541,925(20)	13,904,761(19)	12,534,604(20)
25.	Campbell Soup	16,246,000	17,861,340(22)	14,226,690(22)	10,700,933(27)	6,568,140(41)
26.	National Biscuit	15,005,000	14,019,300(25)	11,794,231(26)	12,891,872(22)	11,669,252(22)
27.	Ralston Purina	14,784,000	12,689,480(27)	8,913,289(35)	8,113,120(36)	6,742,580(39)
28.	Pepsi-Cola**	14,000,000	10,832,510(32)	7,760,050(45)	5,570,626(51)	3,118,040(83)
29.	Standard Brands	12,310,000	8,457,740(40)	10,761,234(30)	9,284,680(32)	10,364,220(24)
30.	Beech-Nut Life Savers	12,082,000	7,996,890(43)	9,303,100(32)	8,628,470(34)	6,039,477(44)
31.	Block Drug	11,941,000	11,491,670(29)	9,168,069(33)	7,828,627(40)	5,541,890(48)
32.	Pillsbury	11,756,000	9,386,190(37)	8,824,910(36)	9,721,012(31)	8,744,420(30)
33.	American Tel. & Tel.**	11,544,000	9,134,210(38)	8,617,367(39)	7,970,190(39)	7,565,664(34)
34.	Gulf Oil	11,278,000	3,038,610*	4,247,701(75)	4,017,711(69)	1,563,299*
35.	Corn Products	10,862,000	11,839,390(28)	15,833,971(19)	12,710,389(24)	7,079,906(37)
36.	National Dairy Products	10,663,000	11,379,230(30)	11,278,867(28)	10,312,916(29)	9,742,461(28)
37.	J. B. Williams	10,613,000	10,925,590(31)	11,501,039(27)	9,905,537(30)	7,803,466(34)
38.	Nestle	10,379,000	6,723,800(52)	7,120,043(47)	7,984,417(37)	7.290,616(36)
39.	Shell Oil	10,362,000	8,352,760(41)	5,475,071(57)	794,037*	2,904,688(89)
40.	Borden	10,072,000	5,984,290(59)	2,008,503*	967,166	1,417,300*
41.	Continental Baking	10,013,000	7,366,460(48)	6,657,145(49)	9,049,453(33)	6,473,117(43)
42.	Jos. E. Schlitz	9,388,000	9,635,730(35)	8,984,876(34)	5,409,558(54)	4,509,700(58)
43.	Chesebrough-Pond's	8,600,000	10,086,810(33)	9,513,110(31)	5,117,306(59)	3,232,299(82)
44.	Mattel	8,501,000	5,251,090(72)	4,152,157(78)	2,355,650*	1,471,270*
45.	Quaker Oats	8,445,000	5,821,180(63)	5,920,693(52)	7,832,446(39)	5,384,844(50)
46.	Scott Paper	8,312,000	6,767,780(50)	8,645,646(38)	7,951,947(38)	5,524,138(49)
47.	Carter Products	8,176,000	8,135,200(42)	8,105,977(43)	8,166,838(35)	8,112,755(32)
48.	Consolidated Cigar	8,049,000	6,040,830(58)	4,998,475(65)	4,863,600(59)	3,594,770(78)
49.	S. C. Johnson & Son	8,020,000	9,966,860(34)	10,795,866(29)	13,581,030(21)	10,916,907(23
50.	Royal Crown Cola**	8,001,000	3 764,580(94)	1,324,570*	701,100*	860,760*

*Not ranked among the Top-100 advertisers.
**Includes expenditures of dealers or bottlers or subsidiaries.
Source: Television Magazine's exclusive estimates are based on actual nine-month spot and network data compiled by N. C. Rorabaugh, Leading National Advertisers/Broadcast Advertisers Reports and made available by TvB.

THE FIRST FIFTY: AS THEY ARE AND USED TO BE

TELEVISION has just chalked up its biggest sales year in history. In 1964, television stations and networks sold more than $1.9 billion worth of gross time to national and regional advertisers, 14.3% more than they did in 1963. Spot was up a soaring 26.7%; network was up a solid 9.4%. It was the first year in which the value of gross time sold by the spot medium alone exceeded $1 billion.

Of the $1,946,624,000 in gross billing poured into television in 1964, $1,171,451,000 (60.2%) was spent by the Top 50 TV advertisers. The biggest TV dollar increases were registered by General Foods Corp., $25.7 million; American Tobacco Co., $12.4 million, and R. J. Reynolds Tobacco Co., $10.8 million. Newcomers to the Top 50 list were Gulf Oil Corp., The Borden Co., Royal Crown Cola Co. and bottlers, Consolidated Cigar Co., Mattel Inc., The Nestle Co. and The Quaker Oats Co. For all but the last two it was the first time ever in the select circle of TV advertising giants.

On the negative side, International Latex Corp., Armour & Co., E. I. du Pont de Nemours & Co., Johnson & Johnson, General Electric Co., Helene Curtis Industries and Menley & James Labs all fell off the Top 50 list in 1964 after previous stays that varied from one to more than five years. In addition, S. C. Johnson & Son Inc., with a 19.5% cutback in its TV expenditures, led a group of 12 advertisers who, though they remained among the Top 50 ranks, spent less money in television in 1964 than they did in 1963.

These are the highlights of TELEVISION MAGAZINE's third annual exclusive estimates of full-year spending by the Top 50 TV advertisers. The estimates are computed in terms of gross billings and projected from actual nine-month spot and network data compiled by N. C. Rorabaugh, Leading National Advertisers/Broadcast Advertisers Reports and made available by the Television Bureau of Advertising. TELEVISION applied its own estimates of fourth quarter spending, advertiser-by-advertiser, to come up with its Top 50 list.

According to TELEVISION's estimates, the Top 50 TV advertisers of 1964 spent 14.2% more in the medium than

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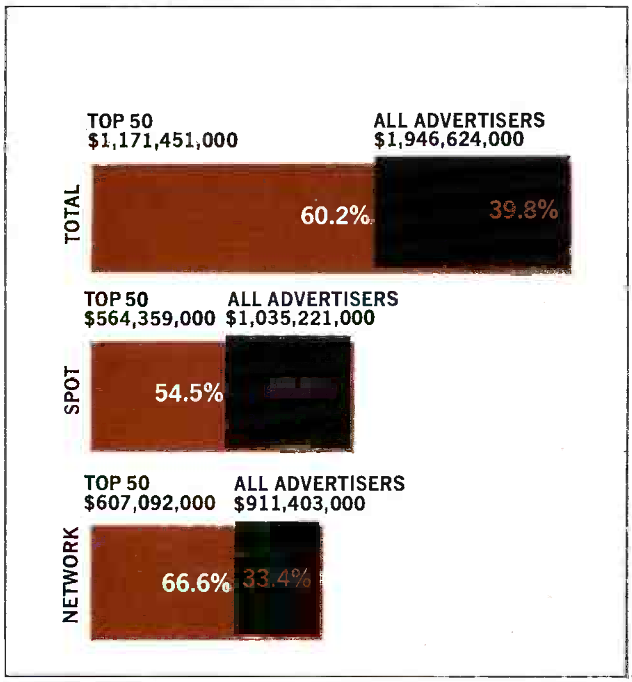

THE TOP FIFTY: WHO AND HOW MUCH

RANK		SPOT TV	NETWORK TV	TOTAL TV
1	**The Procter & Gamble Co.** Agencies: Leo Burnett (Chi.); Tatham-Laird (Chi.); Benton & Bowles (N. Y.); Compton Advertising (N. Y.); Dancer-Fitzgerald-Sample (N. Y.); Grey Advertising (N. Y.); Young & Rubicam (N. Y.); Honig-Cooper & Harrington (S. F.).	$74,276,000	$66,460,000	$140,736,000
2	**General Foods Corp.** Agencies: Benton & Bowles (N. Y.); Foote, Cone & Belding (N. Y.); Young & Rubicam (N. Y.); Ogilvy, Benson & Mather (N. Y.).	48,049,000	28,080,000	76,129,000
3	**Colgate-Palmolive Co.** Agencies: Ted Bates & Co. (N. Y.); D'Arcy Advertising (N. Y.); Lennen & Newell (N. Y.); McCann-Erickson (N. Y.); Norman, Craig & Kummel (N. Y.); William Esty Co. (N. Y.); Street & Finney (N. Y.); Stern, Walters & Simmons (Chi.).	33,244,000	22,954,000	56,198,000
4	**Bristol-Myers Co.** Agencies: Doherty, Clifford, Steers & Shenfield (N. Y.); Doyle Dane Bernbach (N. Y.); Foote, Cone & Belding (N. Y.); Grey Advertising (N. Y.); Ogilvy, Benson & Mather (N. Y.); Gardner Advertising (St. Louis); Young & Rubicam (N. Y.).	21,811,000	34,026,000	55,837,000
5	**American Home Products** Agencies: Ted Bates & Co. (N. Y.); Cunningham & Walsh (N. Y.); William Esty (N. Y.); Grey Advertising (N. Y.); Gumbinner-North (N. Y.); Richard K. Manoff (N. Y.); Sullivan, Stauffer, Colwell & Bayles (N. Y.); Tatham-Laird (N. Y.); Young & Rubicam (N. Y.).	19,050,000	32,275,000	54,325,000
6	**Lever Brothers Co.** Agencies: Batten, Barton, Durstine & Osborn (N. Y.); Doyle Dane Bernbach (N. Y.); Edward H. Weiss (Chi.); J. Walter Thompson (N. Y.); Ogilvy, Benson & Mather (N. Y.); Sullivan, Stauffer, Colwell & Bayles (N. Y.); Young & Rubicam (N. Y.).	23,747,000	28,621,000	52,368,000
7	**R. J. Reynolds Tobacco Co.** Agencies: William Esty (N. Y.).	18,048,000	23,270,000	41,318,000
8	**General Mills Inc.** Agencies: Needham, Louis & Brorby (Chi.); Tatham-Laird (Chi.); Knox Reeves Advertising (Mpls.); Dancer-Fitzgerald-Sample (N. Y. & S. F.); Doyle Dane Bernbach (N. Y.).	21,354,000	14,128,000	35,482,000
9	**The American Tobacco Co.** Agencies: Batten, Barton, Durstine & Osborn (N. Y.); Gardner Advertising (N. Y.); Sullivan, Stauffer, Colwell & Bayles (N. Y.).	11,728,000	20,315,000	32,043,000
10	**The Coca-Cola Co./Bottlers** Agencies: William Esty (N. Y.); McCann-Erickson (N. Y.).	26,500,000	3,475,000	29,975,000
11	**Alberto-Culver Co.** Agencies: Batten, Barton, Durstine & Osborn (Chi.); Compton Advertising (Chi.); J. Walter Thompson (Chi. & N. Y.).	12.873,000	16,945,000	29,818,000
12	**General Motors Corp./Dealers** Agencies: D. P. Brother (Det.); Campbell-Ewald (Det.); MacManus, John & Adams (Det.); McCann-Erickson (Det.); Dancer-Fitzgerald-Sample (N. Y.).	9,255,000	19,828,000	29,083,000
13	**The Gillette Co.** Agencies: Foote, Cone & Belding (Chi.); Clinton E. Frank (Chi.); North Advertising (Chi.); Wade Advertising (Chi.); Kenyon & Eckhardt (N. Y.); Maxon Inc. (N. Y.).	$ 6,973,000	$19,157,000	$ 26,130,000
14	**Warner-Lambert** Agencies: Ted Bates & Co. (N. Y.); Batten, Barton, Durstine & Osborn (N. Y.); Glenn Advertising (Dallas); Lambert & Feasley (N. Y.); Lennen & Newell (N. Y.); J. Walter Thompson (N. Y.).	14,747,000	10,822,000	25,569,000
15	**Kellogg Co.** Agencies: Leo Burnett (Chi.).	11,752,000	13,077,000	24,829,000
16	**Ford Motor Co./Dealers** Agencies: Kenyon & Eckhardt (Det.); J. Walter Thompson (Det.).	13,631,000	10,052,000	23,683,000
17	**William Wrigley Jr. Co.** Agencies: Arthur Meyerhoff (Chi.).	22,618,000	710,000	23,328,000
18	**Philip Morris Inc.** Agencies: Leo Burnett (Chi.); Benton & Bowles (N. Y.).	2,298,000	18,904,000	21,202,000
19	**Chrysler Corp./Dealers** Agencies: Batten, Barton, Durstine & Osborn (Det.); Young & Rubicam (Det.); N. W. Ayer & Son (Phila.).	7,669,000	13,090,000	20,759,000
20	**Brown & Williamson Tobacco** Agencies: Post-Keyes-Gardner (Chi.); Ted Bates & Co. (N. Y.); Compton Advertising (N. Y.).	5,542,000	15,127,000	20,669,000
21	**Sterling Drug Inc.** Agencies: Benton & Bowles (N. Y.); Compton Advertising (N. Y.); Cunningham & Walsh (N. Y.); Dancer-Fitzgerald-Sample (N. Y.); Thompson-Koch Co. (N. Y.); N. W. Ayer & Son (Phila.).	5,846,000	12,594,000	18,440,000
22	**P. Lorillard Co.** Agencies: Grey Advertising (N. Y.); Lennen & Newell (N. Y.).	5,113,000	13,183,000	18,296,000
23	**Miles Laboratories Inc.** Agencies: Wade Advertising (Chi.); Jack Tinker & Partners (N. Y.).	5,934,000	12,128,000	18,062,000
24	**Liggett & Myers Tobacco Co.** Agencies: J. Walter Thompson (N. Y.).	6,697,000	11,073,000	17,770,000

RANK		SPOT TV	NETWORK TV	TOTAL TV
25	**Campbell Soup Co.** Agencies: Leo Burnett (Chi.); Needham, Louis & Brorby (Chi.); Batten, Barton, Durstine & Osborn (N. Y.).	$ 6,022,000	$10,224,000	$ 16,246,000
26	**National Biscuit Co.** Agencies: Ted Bates & Co. (N. Y.); Kenyon & Eckhardt (N. Y.); McCann-Erickson (N. Y.).	5,720,000	9,285,000	15,005,000
27	**Ralston Purina Co.** Agencies: Guild, Bascom & Bonfigli (S. F.); Gardner Advertising (St. Louis).	8,159,000	6,625,000	14,784,000
28	**Pepsi-Cola Co./Bottlers** Agencies: Batten, Barton, Durstine & Osborn (N. Y.).	11,334,000	2,666,000	14,000,000
29	**Standard Brands Inc.** Agencies: Ted Bates & Co. (N. Y.); J. Walter Thompson (N. Y.).	6,573,000	5,737,000	12,310,000
30	**Beech-Nut Life Savers Inc.** Agencies: Benton & Bowles (N. Y.); Charles W. Hoyt Co. (N. Y.); Ogilvy, Benson & Mather (N. Y.).	9,066,000	3,016,000	12,082,000
31	**Block Drug Co.** Agencies: Cunningham & Walsh (N. Y.); Daniel & Charles (N. Y.); Grey Advertising (N. Y.); Gumbinner-North (N. Y.); Sullivan, Stauffer, Colwell & Bayles (N. Y.).	920,000	11,021,000	11,941,000
32	**Pillsbury Co.** Agencies: Leo Burnett (Chi.); Campbell-Mithun (Mpls.).	2,992,000	8,764,000	11,756,000
33	**AT&T/Subsidiaries** Agencies: Cunningham & Walsh (N. Y.); N. W. Ayer & Son (Phila.) and various regional agencies for affiliated Bell System Companies.	7,547,000	3,997,000	11,544,000
34	**Gulf Oil Corp.** Agencies: Young & Rubicam (N. Y.); Ketchum, MacLeod & Grove (N. Y.); Erwin Wasey (Pitt. & Houston).	1,694,000	9,584,000	11,278,000
35	**Corn Products Co.** Agencies: Dancer-Fitzgerald-Sample (N. Y.); Guild, Bascom & Bonfigli (N. Y.); McCann-Erickson (N. Y.); Lennen & Newell (N. Y.); Sullivan, Stauffer, Colwell & Bayles (N. Y.).	6,166,000	4,696,000	10,862,000
36	**National Dairy Products Corp.** Agencies: Clinton E. Frank (Chi.); Foote, Cone & Belding (Chi.); Needham, Louis & Brorby (Chi.); J. Walter Thompson (Chi.); N. W. Ayer & Son (N. Y.); Papert, Koenig, Lois (N. Y.).	3,146,000	7,517,000	10,663,000
37	**J. B. Williams Co.** Agencies: Parkson Advertising (N. Y.).	364,000	10,249,000	10,613,000
38	**The Nestle Co.** Agencies: Van Sant, Dugdale & Co. (Balti.); Leo Burnett (Chi.); McCann-Erickson (N. Y.); Warwick & Legler (N. Y.).	$ 2,222,000	$ 8,157,000	$ 10,379,000
39	**Shell Oil Co.** Agencies: Ogilvy, Benson & Mather (N. Y.).	9,019,000	1,343,000	10,362,000
40	**The Borden Co.** Agencies: Campbell-Mithun (Chi.); Lynn Baker Inc. (N. Y.); Doherty, Clifford, Steers & Shenfield (N. Y.); Dancer-Fitzgerald-Sample (N. Y.); The Rumrill Co. (N. Y.); Young & Rubicam (N. Y.).	5,657,000	4,415,000	10,072,000
41	**Continental Baking Co.** Agencies: Ted Bates & Co. (N. Y.).	9,691,000	322,000	10,013,000
42	**Jos. Schlitz Brewing Co.** Agencies: Leo Burnett (Chi.); Post-Keyes-Gardner (Chi.).	7,015,000	2,373,000	9,388,000
43	**Chesebrough-Pond's Inc.** Agencies: William Esty (N. Y.); Norman, Craig & Kummel (N. Y.); J. Walter Thompson (N. Y.).	5,351,000	3,249,000	8,600,000
44	**Mattel Inc.** Agencies: Carson/Roberts (L. A.).	3,675,000	4,826,000	8,501,000
45	**The Quaker Oats Co.** Agencies: Compton Advertising (Chi.); John W. Shaw Advertising (Chi.); J. Walter Thompson (Chi.); Glenn Advertising (Houston); Clay Stephenson Assoc. (Houston); Lynn Baker Inc. (N. Y.); Doyle Dane Bernbach (N. Y.); Papert, Koenig, Lois (N. Y.); Weightman Inc. (Phila.).	3,662,000	4,783,000	8,445,000
46	**Scott Paper Co.** Agencies: Ted Bates & Co. (N. Y.); J. Walter Thompson (N. Y.).	6,504,000	1,808,000	8,312,000
47	**Carter Products Inc.** Agencies: Tatham-Laird (Chi.); Ted Bates & Co. (N. Y.); Kastor, Hilton Chesley, Clifford & Atherton (N. Y.); Sullivan, Stauffer, Colwell & Bayles (N. Y.); Pritchard, Wood Inc. (N. Y.).	3,448,000	4,728,000	8,176,000
48	**Consolidated Cigar Co.** Agencies: Compton Advertising (N. Y.); Lennen & Newell (N. Y.).	1,388,000	6,661,000	8,049,000
49	**S. C. Johnson & Son Inc.** Agencies: Foote, Cone & Belding (Chi.); Needham, Louis & Brorby (Chi.); Benton & Bowles (N. Y.).	268,000	7,752,000	8,020,000
50	**Royal Crown Cola Co./Bottlers** Agencies: D'Arcy Advertising (N. Y.).	8,001,000		8,001,000

THE TOP 50: WHO, WHAT AND WHERE

did their 1963 counterparts. For television it was another escalating step in this direction. By comparison, 1962's Top 50 advertisers spent 11.06% more than the Top 50 of 1961, and 1963's Top 50, in turn, outspent 1962's group by 13.4%. Overall, Top 50 expenditures last year ranged between $140,736,000 (Procter & Gamble) and $8,001,000 (Royal Crown Cola Co. and bottlers). It was the first time the cutoff point for the list reached as high as the $8 million mark. The previous high, in 1963, was some $1.2 million below that level.

TELEVISION's study also reveals (see charts) that 38 of the TV giants increased their TV budgets—one by an eye-popping 271.2%, another by a fat 112.5% and seven by 50% or more—while only 12 decreased expenditures. The TV Top 50 showed 25 advertisers climbing up in the rankings, 21 falling off and four remaining constant. Among the big gainers in the Top 50 competition, Gulf Oil moved up at least 66 places (it didn't make the Top 100 list in 1963), Royal Crown Cola and bottlers was up 44 spots and Mattel Inc. jumped 28 paces ahead. Among the big losers, S. C. Johnson dropped down 16 pegs and Chesebrough-Pond's was off 11 places.

Despite the ups and downs of individual advertiser investments, the TV Top 50, as a group, continued making heavy commitments to both spot and network TV. Spot television for the second time in succession—and second time in TV history—exceeded network billing for the year. Spot, at $1,035,221,000 in TELEVISION's gross estimates, accounted for 53.2% of the all-advertiser total, while network, at an estimated gross of $911,403,000, accounted for 46.8% of the same total.

The percentages are somewhat reversed, however, when the expenditures of the Top 50 advertisers alone are considered. In this instance they tend to show that while spot is dominant overall, network hangs on as the prime medium of use for the select group of top advertisers.

Documenting this, TELEVISION's study discloses that network TV drew considerable interest from the Top 50 advertisers, receiving 31.2% of all its dollars from them. Spot TV, by comparison, received only 29.0% of its total revenues from the Top 50. The Top 50 spent 51.8% of their total budgets for network time and 48.2% for spot time.

Analysis of the 1964 estimates yields these further highlights:

- Procter & Gamble, the acknowledged master of selling in a mass market and the perennial leading TV advertiser, employed eight advertising agencies to spread the word of its 54 brands, upped its TV budget to $140.7 million and now accounts for 12% of the Top 50's aggregate expenditures and 7.2% of the all-advertiser total.
- 41 of the Top 50 advertisers are over a $10 million yearly rate in national TV spending, compared with 32 in 1963, 30 in 1962, 29 in 1961 and 25 in 1960.
- The Top 10 TV advertisers, fairly constant in rank for the last five years, had a volatile year, with General Foods moving up three places to become the nation's second-ranking TV advertiser, Alberto-Culver and General Motors Corp. and dealers departing for the 10 to 20 echelon of advertisers and R. J. Reynolds Tobacco and Coca-Cola Co. and bottlers moving in to take their places.
- Overall the Top 50 advertisers used a total of 64 different national advertising agencies—with branches spread

TOP 50 MAP

1 **NEW YORK (Metropolitan) $602,848,000**
American Home Products (5th)
AT&T/Subsidiaries (33rd)
American Tobacco (9th)
Beech-Nut Life Savers (30th)
Block Drug (31st)
Borden (40th)
Bristol-Myers (4th)
Carter Products (47th)
Chesebrough-Pond's (43rd)
Colgate-Palmolive (3rd)
Consolidated Cigar (48th)
Continental Baking (41st)
Corn Products (35th)
General Foods (2nd)
Lever Bros. (6th)
Liggett & Myers Tobacco (24th)
P. Lorillard (22nd)
Philip Morris (18th)
National Biscuit (26th)
National Dairy Products (36th)
Nestle (38th)
Pepsi-Cola/Bottlers (28th)
Shell Oil (39th)
Standard Brands (29th)
Sterling Drug (21st)
Warner-Lambert (14th)
J. B. Williams (37th)

2 **CINCINNATI $140,736,000**
Procter & Gamble (1st)

3 **DETROIT (Metropolitan) $73,525,000**
Chrysler/Dealers (19th)
Ford Motor/Dealers (16th)
General Motors/Dealers (12th)

4 **CHICAGO (Metropolitan) $61,591,000**
Alberto-Culver (11th)
Quaker Oats (45th)
Wrigley (17th)

5 **MINNEAPOLIS $47,238,000**
General Mills (8th)
Pillsbury (32nd)

6 **WINSTON-SALEM $41,318,000**
R. J. Reynolds (7th)

7 **ATLANTA $29,975,000**
Coca-Cola/Bottlers (10th)

8 **BOSTON $26,130,000**
Gillette (13th)

9 **BATTLE CREEK $24,829,000**
Kellogg (15th)

10 **LOUISVILLE $20,669,000**
Brown & Williamson (20th)

11 **ELKHART $18,062,000**
Miles Laboratories (23rd)

12 **CAMDEN $16,246,000**
Campbell Soup (25th)

13 **ST. LOUIS $14,784,000**
Ralston Purina (27th)

14 **PITTSBURGH $11,278,000**
Gulf Oil (34th)

15 **MILWAUKEE $9,388,000**
Jos. E. Schlitz (42nd)

16 **HAWTHORNE $8,501,000**
Mattel (44th)

17 **PHILADELPHIA $8,312,000**
Scott Paper (46th)

18 **RACINE $8,020,000**
S. C. Johnson & Son (49th)

19 **COLUMBUS $8,001,000**
Royal Crown Cola/Bottlers (50th)

from New York to San Francisco, from Atlanta to Dallas—to tell their ad messages on television.

• Among those missing from 1964's Top 50 list, International Latex Corp.—ranked 36th in 1963—reduced its TV spending an estimated $7.3 million; Menley & James Labs (a subsidiary of Smith, Kline & French Labs)—was 38th—cut back $1.3 million; Armour & Co.—was 43rd—cut back $600,000; E. I. du Pont de Nemours & Co.—was 44th—cut back $650,000; Johnson & Johnson—was 45th—cut back $1.3 million, and General Electric Co.—was 46th—cut back $2.8 million. Helene Curtis Industries—was 49th—actually increased its TV spending by more than $550,000, but still couldn't hold on to a Top 50 ranking.

(There was at least one affirmative note among the cutbacks. At least three of the companies which reduced their TV expenditures most in 1964—General Electric, General Motors and E. I. du Pont de Nemours & Co.—have indicated that the action was taken to help defray the costs of their exhibits at the New York World's Fair. With next season's stay at the fair requiring only routine maintenance and minor refurbishing of existing displays, the three major advertisers are planning a resumption of heavy TV sponsorship in 1965.)

The most exciting advertising news for the television medium, however, was provided by companies which either undertook high-pressure new campaigns in the medium or reinforced ones that already were crackling. General Foods Corp., increasing its TV budget last year by more than $25 million and 50% over its 1963 commitment to become runner-up advertiser to Procter & Gamble, was perhaps the year's top TV advertiser story. The GF ad increase was fairly well divided between spot and network. At the three-quarters mark for 1964, for example, the food advertiser had given network almost $5 million more billings than it had for a comparable period in 1963, and spot had received an $11 million increase. This is roughly the proportionate way GF, of late, has been dividing its expenditures between the two TV mediums. In all, General Foods promoted 43 different brands via television advertising. (Offsetting GF's added endorsement of television somewhat was Alberto-Culver's move to divert some of its ad budget to magazines, thus pushing that advertiser out of TV's Top 10 ranks for the first time in three years.)

Tobacco advertisers, an area of considerable concern for TV time salesmen ever since last January's U. S. Surgeon General report which linked smoking and health hazards, came up with mixed performances. Three of the big six cigarette producers went on healthy spending sprees, one pretty much held the line and two definitely slipped back. R. J. Reynolds invested $10.8 million more in TV in 1964, equal to a 35.4% increase, and held on to its number seven ranking. American Tobacco cracked the Top 10 sanctum with a $12.4 million, or a whopping 63.5% increase. Brown & Williamson jumped up three pegs on the Top 50 list with some $3.7 million in added expenditures, representing a 21.9% increase. Philip Morris fell back three paces while showing a slight $950,000, or 4.7%, increase in its TV budget, and P. Lorillard and Liggett & Myers slumped off four spots each as a result of 5.8% and 4.3% cutbacks, respectively.

Gulf Oil made the most dramatic entry to the Top 50 list. It shot up from beyond the Top 100 advertisers of 1963 to a prominent 34th ranking in 1964 on the strength of an outpouring of $8.2 million in additional revenues to its budget, an incredible expansion of 271.2%. Breaking Gulf's performance down, it spent 244.3% more in network and 564.3% more in spot. By the nine-month mark of '64 Gulf had spent almost $5 million more for network time than it did for all of '63 and $1.1 million more for spot.

The oil company's amazing spurt can be pegged to one outstanding feature of the 1964 television year: election coverage. Gulf Oil paid about $4 million to sponsor NBC-TV election night coverage alone. In previous months it spent upwards of $6 million to cover the Republican and Democratic conventions.

Second only to Gulf in the authoritative way it surged onto the Top 50 list was Mattel Inc., one of the country's leading toy manufacturers. According to the *Wall Street Journal*, part of the approach helping Mattel become "a toy colossus with sales approaching $100 million a year" is "high brand recognition" coming from "heavy TV advertising that bypasses middlemen . . . to appeal directly to the kids. . . ."

Starting in TV in 1954 as a relatively meek $50,000-a-year advertiser, Mattel has been increasing its TV ad budget steadily since that time. In 1963 it was the 72nd ranked TV advertiser with expenditures of nearly $5.3 million. Last year, thanks to its intense promotion of a new product—a mock motor for bicycles and tricycles called V-rroom!—and sponsorship of *Flipper*, a prime time, half-hour program on NBC-TV, the company jumped its gross TV spending about $3.2 million, or 61.9%, good enough for a 44th spot on the Top 50 list.

Royal Crown Cola Co. and bottlers, the third largest soft drink producer, was another surprising newcomer to the Top 50 list, just edging into the 50th position from a 94th ranking in 1963. It hiked its advertising investment an

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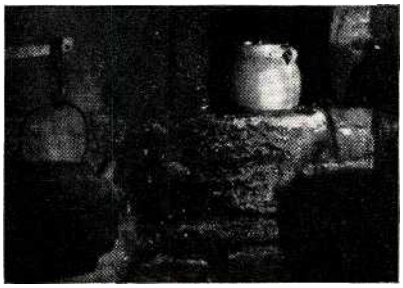
2ND IN A SERIES ABOUT THE CREATION OF TV COMMERCIALS

FRIEND'S BEANS: A QUEST FOR 17TH CENTURY

The Friend's commercial opens high in the rigging of a sailing vessel, the camera looking out on an old New England seaport. The camera descends as a seaman would, and moves away from the ship. Sound carries the creaking of rigging, water lapping against the hull, gulls, wind. Humanity is absent, but felt.

A church bell tolls and wagon wheels sound on a cobbled street. People are heard in parting conversation. "Good bye. See you on the morrow." A door swings open as if to receive a visitor and the camera looks out. The narrator says, "The men are heading home for the traditional Saturday night supper."

Embers glow in a fireplace and the camera pans to a bean pot baking in a brick oven. Narration picks up: "Since early the night before mother has been preparing fragrant New England style baked beans." The voices of children are heard singing an old folksong, "Oats, peas, beans and barley groats. Oats, peas, beans . . ." A table is seen laid for supper.



In tradition-bound New England they take their baked beans seriously, prepare them with pride, eat them with gusto and trace their ancestry back to the Pilgrims. For the baked bean companies proliferating in the New England market, this aura of the past is a much-worked sales strategy. But advertising historic ties with legitimacy, and authenticity, isn't easy. It can, however, be effective.

Fourteen months ago Hicks, Greist & O'Brien, Boston office of New York-based Hicks & Greist, took on Friend Bros. Inc., a Melrose, Mass., canned baked bean company that had just become a subsidiary of La Touraine Coffee, a long-time H&G Boston account. Friend was an old, recognized brand name in New England, but it was doing little more than marking time while national competition like Campbell, H. J. Heinz and B&M beans were marching. Drawing up a set of new advertising objectives for Friend, H&G's Boston V.P. Bob O'Brien decided that history offered Friend its best leverage.

The Friend name traces back to 1649 when Jonathan Friend arrived in New England. Friend's wife, Hester, had her own baked bean receipe, probably much the same as receipes her neighbors had, but this one was handed down through the family, eventually becoming a commercial product.

With this built-in advantage of historical fact—and history implying old-fashioned quality, a theme working well for such grocery brands as Pepperidge Farm, Milani's 1890 and Yuban—O'Brien recommended a new copy strategy for Friend: emphasis on the date "1649" for a quality-value appeal, and authentic-looking advertising that would make the ads for other (younger) brands appear superficial.

The job of creating a TV and print approach for Friend was turned over to H&G's creative group in New York, headed by V.P. creative director Art Mayer and V.P. executive art director Eli Tulman.

Friend's vague copy foundation, "brick oven baked beans," was discarded. Brick oven implied age but the new theme, "1649 style baked beans," was more specific in conveying colonial lineage, a start 315 years ago.

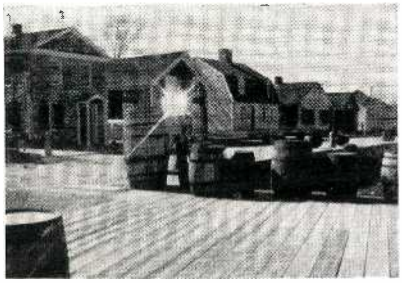
The direction print advertising was to take almost dictated itself: long explanatory copy set in a simulated colonial type face, the antique appearance of a woodcut. But how do you get the same mood in a TV commercial?

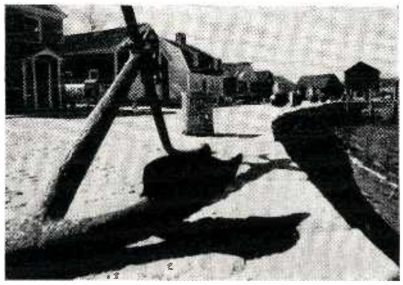
Tulman and Mayer wanted to evoke the feeling of nostalgia, something stark and simple, the cold austerity of 17th century New England contrasted with the warmth of a period kitchen—the Friend's kitchen, the family gathered for supper, beans simmering in a pot over a brick oven.

They decided their commercial should be shot on location in New England, perhaps Salem, Mass., where the setting would be authentic. A rough story board was drawn involving a long shot of a village, a move down to "Jonathan Friend's house," movement into the house where Saturday night supper is being prepared. Voice over narration and sound effects would convey the idea of people without showing them—a live cast might destroy the mood being set as well as create additional problems of costume and casting.

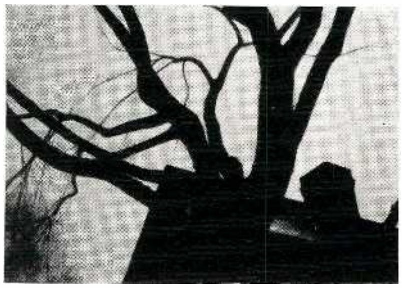
After hiring VPI Productions to pro-

AUTHENTICITY FOR A PRESENT-DAY PRODUCT





The narrator takes up the story as the camera moves along the dock, picking up window reflections, moody, late afternoon sun and shadow on the houses. "The year is 1649 . . . New England . . . Saturday afternoon."



Heavy-booted footsteps sound on gravel as the camera pans from treetops to house. The backlighting is strong, silhouettes sharp. The camera enters through a window and runs over the rough interior of a 17th century New England cottage. Sound carries the rocking of a cradle, a baby gurgling.

Mother calls, "Children." The children stop singing and break into laughter. Chairs scrape in the noise of movement and the narrator resumes, "The recipe created in 1649 by Hester Friend is still in use today . . ." The camera zooms close in on the top of the bean pot. ". . . by Friend's, the people who know their beans." A full shot of today's Friend's can in front of the fire is the closing.

duce the commercial, and researching 17th century New England architecture and artifacts, the H&G team, which now included agency producer Joe Felice and VPI director Dick Feldman, drove to Massachusetts to select a shooting site. The visual possibilities in Salem were limited. Nearby Stowbridge looked good but its oldest house was built in 1725. The old seaport at Mystic, Conn., however, was perfect.

Arrangements were made with the officials of Mystic Seaport and a 14-man H&G-VPI crew arrived on location one cold, windy morning early last April. Exterior shooting occupied the first day, interior work the second. A properly ancient cottage was found and furnished with period artifacts gathered from local museums.

One of the rules of location shooting came into play immediately. The story board is a guide but the location governs use of the camera. The rigging of an old sailing ship docked at Mystic offered height for the long shots of the village—and the opening concept became a view from the crow's nest of a ship tying up.

But VPI cameraman Leonard Hirschfield (who filmed the award-winning movie "David and Lisa"), didn't want to play stunt man in the high wind. The problem was solved by lashing the camera to a boatswain's chair, setting it to run automatically and hoisting the rig up the mast. (In the commercial this film was reversed to give the effect of a seaman descending the mast.)

The problems after this were minor. The weather kept tourists away—and out of camera range. Scenes were filmed into the sun, the backlighting heightening the feeling of stark realism, loneliness and simplicity.

Soundman Taby Andrello kept his tape recorder busy catching the important audio effects: creaking rigging, bird sounds, footsteps, a crackling fire, oven door clanks, chair sounds.

One plot element, children singing an old folk song as supper is being readied, was accomplished by enlisting four Mystic school children for the group voices. H&G didn't want the mood of the commercial jarred by using a "recognized" TV voice, so the narration job went to an unknown, folk singer Robert Harter.

The total effect of the finished commercial, which has been running in 60, 20 and 8 second versions on Boston stations—and which won a top award in the product demonstration category at a recent International Film Festival judging—is the feeling of authentic 17th century New England. The film's documentary quality is so intense, the pace so rapid, 60 seconds seem too few and the viewer is left wanting more.

For Friend's, which budgeted $18,000 for the commercial, the new campaign approach seems to be paying off. Its sales curve has been on the rise since the campaign opened last summer.

Says H&G creative director Mayer, "Our economy, and much of the advertising reflecting it, is built on the concept of dynamic obsolescence, old products making way for new. It's great for General Motors and General Foods, but for the small company like Friend's, it frequently doesn't work. Some things can't become obsolete, like revolutionary farmhouses, antiques and Volkswagens. Logically, we think, we have used this nostalgia for the status quo, or even the traditional, to promote Friend's business in New England." END


NELSON MORRIS PRODUCTIONS
BEN GREENE
FILM PRODUCTIONS
ROBERT H. KLAEGER
PRESIDENT
GORDON M. DAY, INC.
Advertisers' Broadcasting Co.
117 WEST 46TH STREET
NEW YORK CITY
ROBERT BERGMANN
FILMEX, INC.
CHUCK GOLDSTEIN PRODUCTIONS INC
HOWARD HENKIN
HENKIN-FAILLA
PRODUCTIONS
HUBERT V. CHAI
KLAEGER ASS
NORTON T. GRETZLER
film productions, inc.
TN 7-7135
Depicto Film
CAROUSEL
Radio and Television Pack
GUB
GUB
LTD.
6 East 46th Street
New York 17, N
TN 7-8544
tm
TURTLETAU
145 EAST 49
PLaza 2-26
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VAVIN INCORPORATED
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VIDEO PICTURES INC
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PRODUCTIONS
Dynamic
DYNAMIC FILMS INC
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cinema-vue corp.
CV
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CHARLES TICHO
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MPO
MPO VIDEOTRONICS INC
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JIM ROSE
247 West 46th Street
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VICTOR KAYFETZ
Victor Kayfetz Productions, Inc

MANY CALL BUT FEW ARE CHOSEN

Or, all that glitters often turns to red ink for today's numerous commercial film makers. An accounting of how come.

BY DEBORAH HABER

It doesn't take much to get started as a film commercial producer—a telephone, some personal contacts at an advertising agency, some rented equipment and—Shazaam—you're in business. But unless you have an extra heavy supply of talent, bulwarked by a thick strain of good luck and the stamina to fight off some of the most cutthroat competition this side of a Delancy Street pushcart, forget it.

While production companies throughout the land decry the fact that most of the commercial business falls to their big city competition in New York, the grass isn't as green as out-of-town producers would like to believe. Some of their tears are there with reason. It is true that the New York based film companies get the bulk of commercial dollars: one estimate holds that New York gets 75% of the $70 million business done yearly in film commercial production. Another 20% finds its way to the West Coast, primarily Hollywood, and the remainder is spread among Chicago and other points.

But if Manhattan's film production colony is getting most of the agency dollars spent in TV commercial making, the advantage pales when the New York commercial producer realizes that he shares it with over 200 other production companies out to get the same business.

Though the history of commercial production companies is not long, the list of once flourishing companies that have folded their New York film production tents and faded out of business is. Gone from the roles of Manhattan's commercial suppliers are Transfilm-Caraval, Robert Lawrence Productions, the New York operations for Sarra Studios, Filmways, Sutherland Productions. Those with short memories should be reminded that in its hey day, before its demise in 1961, Transfilm-Caraval grossed some $4 million a year.

Although almost all of the more than 250 film producers in New York claim to be in the business of making commercials, only about 45 are doing 90% of the business in New York. Of these, about 15 get the bulk of the business. And of these, three can claim to lead the field: MPO Videotronics, the largest in the field in both production schedules and total billings ($8 million for 1963); VPI Productions, the commercial making division of Video Pictures Inc., and Elliot, Unger & Elliot, the commercial division of Screen Gems Inc. The last two share second billing with an estimated $6 million each. The combined billings of these three companies are believed to account for one-third of the total commercial business.

The rest of ad agency film budgets go most frequently to this group: Pelican Productions, Audio Productions, Filmex, TeleVideo Productions, Rose-Magwood, TV Film Graphics, Van Praag Productions, Robert H. Klaeger Productions, WCD Productions, Elektra Films, Fred E. Niles Communications Inc., Wylde Films, Farkas-Films, Henkin-Faillace, Gerald Productions, Illustra Films, James Love Productions and Colodzin Productions.

Among them, the 21 named above account for 75% of New York's film commercial business. The rest is spread out over the other 250 or so. Those are long odds in anybody's ball game.

An exact count of all others nationwide is hard to arrive at. Estimates range upward from 450. What makes exact figures hard to determine is the tendency of men with little equity other than a desk and a telephone to set up shop as commercial producers. A producer or director of an established firm decides to go into business for himself and another competitor is added to an already highly competitive scene. What lures the new face is the low initial investment required to enter the field. Studios, space and cameras can all be rented, talent can be contracted for. "All you need," says one producer, "are some friends at an agency and you're in business." But if getting started is easy, staying in business is another story.

The commercial production film business today is strictly a buyers' market. The production companies are myriad, the prime sources for their wares limited. The big buyers are agency producers, the most important, those from the biggest agencies controlling the biggest commercial budgets. For the film maker life revolves around this elite corps, a decision-making list including such as J. Walter Thompson's Storrs Haynes, McCann-Erickson's William Muyskens, BBDO's Larry Berger, Benton & Bowles' Gordon Webber, Ted Bates' Robert Margulies, Young & Rubicam's Frederick W. Frost and Doyle Dane Bernbach's Don Trevor. These are the savvy spenders, guardians of the clients' dollars. Their job is to get the best work at the best price. In getting it, feel the commercial film makers, the deck is somewhat stacked in the advertiser's favor.

The means by which most agencies select the house that will finally produce its commercials involves the bid system. It's customary for the agency producer to ask several production companies (usually three) to submit estimates of how much they can bring a proposed commercial job in for. The lowest bidder usually—but not always—gets the job.

Both agencies and suppliers see flaws in the bid system. George Tompkins, president of VPI Productions and of the

TV production companies aim for cost plus 50%–but rarely get near it in real life

Film Producers Association of New York, explains some of bidding's shortcomings. "In print, the still men are called in by the agencies and asked for their thinking on any given problem. Once that's accomplished, there's discussion to determine how long it will take to shoot the photograph properly, what's needed, etc. After all the details are determined, then the agency asks for the price. And whatever the still man's price is it's not to be bid against anyone else." The rules of the game are different for the film maker, Tompkins continues: "We, on the other hand, are called in and first asked for a cold flat price or bid. If we're fortunate enough to give the right figure then we get the job. We can talk over the problems of the commercial in rehearsal." It's this system that Tompkins feels perpetrates "price first and thinking last."

Tompkins believes—and the majority of commercial producers agree with him—that the system gets in the way of the best end results. As Tompkins points out, "The director is wrapped in a little box and told that he has only a restricted budget for a given assignment. He has to gear his thinking to that budget. His ideas have to be secondary to that budget."

And it's the budget that's king. Once the production company submits its bid and it's agency-accepted it must bring the commercial in within the contracted price, or pay the difference out of what would otherwise be profit. Generally the production company fee is cost plus 50%. (More frequently, some say, it's less than that, often nearer to between 35 and 40%). That markup has to cover all unforeseen circumstances. An unprepared actor, mechanical difficulties, bad weather—any one of these or a hundred other contingencies that the producer is heir to—can throw his schedule out of kilter and his profit out the window. In making commercials very few extenuating circumstances are picked up by the client.

(Complicating this problem further is the fact that some operators will do anything to get a job—often to the point of bidding so low that they will take a financial loss—simply to get the commercial for their sample reels.)

Few agencies are unreservedly in favor of the bid system. But the bid does offer concrete proof to the agency's client that he's getting the best price for his proposed commercial. Bids provide a continued measure of checks and balances against production companies—they "keep them honest," as the saying goes. One agency producer, not a particular partisan of the system, says that every so often he has to admit there's something to be said for bidding. "Just recently I asked for bids from three companies of equal standing and ability. The difference between the highest and lowest bid was $5,000. Now that's an awfully big difference and a pretty good reason for keeping the bid system."

But the better agency producers don't make price the sole criterion for picking a production company—or at least say they don't. At Benton & Bowles, Gordon Webber, vice president & director of broadcast commercial production, says his judgments involve three factors. First he is interested in the creative talent behind the camera. "The difference between an average commercial and a great commercial is the talent involved in making it. A good director and a good cameraman are most essential," says Webber. In addition he looks for a solid organization that will give "service in depth, from planning the commercial through its creation to the finishing and on to the end." The third element is a "good price."

Harold Klein, executive director of the Film Producers Association of New York, feels that the bid system is not the main trouble spot for the commercial production industry. Rather, he says the problem is that the amount of commercials has remained static over the past three or four years—at about 40,000 units—and that dollar volume has remained static.

"The business of television commercials," Klein says, "is unique in the respect that the inventory goes in and out of the premises every night and every morning (a statement often made of the advertising agency business as well). The inventory is the staff—the cameraman, the director, the editor, etc. Cameras lights are always available. In no other business are people as invaluable as they are in this one, especially the cameraman and the director. Agencies shift their business from one place to another following the talent around. A partner or director or cameraman moves to another company. This increases costs.

"Here we've got a static dollar or unit volume. It's the same pie as far as size but it's now being fought over by X amount of producers in the field." That, Klein concludes, is the major problem of the industry.

It's one of them. While budgets for television commercials have remained basically the same, talent costs have skyrocketed. Helping to jack up the producer's high cost of living is the practice of pirating talent from one company to another. Company A may have a much-in-demand cameraman on staff at $30,000 salary. Company B wants to lure him away, may offer $40,000 and a piece of the business. Company A then raises the ante to $50,000. Etc., etc., etc. The vicious cycle often continues until prices are jacked up to such an unrealistic level that somebody folds.

Yet with all the somebodies going out of business, somebody new always seems to come in. The talent left over from a company explosion regroups, calls itself by a new name and re-enters the field. One agency producer pointed to five calling cards mounted on his bulletin board. "These five cards represent five new companies that have gone into business this week. There must be some money in it."

Getting the money that's hopefully in the field isn't always a routine matter. Because many of the new companies enter the field with no more capital than high hopes, they're in a precarious position from the start. Underfinanced, they're often forced to factors to obtain operating capital—at 1% and 1½% interest per month. Although standard operating procedures dictate that advertising agencies are to pay one-third of the agreed price on signing of the contract, one-third when the principal photography is completed and one-third after the final answer prints have been delivered, it doesn't always work out that smoothly. Advertising agencies often are slow to pay because of cumbersome agency-client liaisons and bookkeeping techniques. While the agency awaits an O.K. from the client, the producer must generally pay his crews at the end of each job. If the production company isn't prepared to meet these crises at the start, it's unlikely to survive for the finish.

Not the least of the industry's problems is that most film production company heads are creative types with heavy backgrounds as agency producers, cameramen, directors, even film editors. One industry figure cites this very crea-

All of the elements that go into the making of TV commercials are costly. Together they can be treacherous for the producer who's trying to keep his price low in a competitive market. Here a Westinghouse commercial, through McCann-Erickson, shot at MPO.

tivity as a source for the field's frequent business failures—"Creative people don't make the best businessmen," he says.

But one highly creative and highly successful film producer, Steve Elliot of Elliot, Unger & Elliot, says it isn't so. Both Elliot and his brother Mike, who run their own business, as a division of Screen Gems, are producers, directors and cameramen. Elliot's philosophy is, "The people who run the business should be the principals who work in it. Mike and I are producers, directors and cameramen. When somebody comes in with a job we know if we can do it." In Elliot's view commercial production "isn't really a business, it's an art form." And he points out, "Creative people are doing successful work. You can always get an accountant or a bookkeeper to run things for you. But it's your talent that makes agencies want you." Elliot apparently has little trouble making agencies want him. In addition to a thriving New York and Hollywood branch, EUE has recently opened a London studio called Signal Films.

But even the in-demand production house falls victim to the last minute cancellation. The agency books the supplier's cameraman, his studio, his facilities for a specific shooting date. It's firm in the supplier's mind but at the last minute the agency is forced to cancel out. It submits its apologies but no money. The producer, who may have turned away another job thinking this one was secure, is out of luck. His loss goes uncompensated.

But of all the miseries that production companies fall victim to, the most treacherous is the seasonal tempo of the business. For several periods a year there is a hectic, never-a-free-moment pace that has facilities working at top capacity, companies booked to the brim with business. Then suddenly the commercials slack off. Work is hard to come by, facilities go dark and the long wait for another commercial press begins.

In the interim the production house goes in search of the industrial film, the sales meeting presentation, the documentary, anything to get its studio humming again. It is at these low moments when the film house submits the desperation bid—too low for a profit but still enough to get the crews working, facilities humming. Facilities, it seems, may be quiet but bill collectors aren't.

What makes the seasonal nature of the business even more difficult is that there is no set time for it to occur. Although the busiest times are during the summer (getting ready for new fall campaigns) and the fall (for the Christmas rush), one producer says he's never really sure exactly when the peaks and the valleys will come round.

There have been attempts to stabilize this seasonality of the business. The latest, by J. Walter Thompson, combines an effort to do away with both the bidding system and the up-and-down nature of the traffic pattern.

It's Thompson's contention that bidding is a basically unhealthy device. In order to make up his bid, the producer must figure out what his competition is bidding and try to get under that figure, even if it means cutting his own profit and overhead figure. Thompson reasons that, by and large, the basic expenses of a job are the same for most companies. They will use the same number of grips, cameramen, props, etc., and all will get basically the same rates.

Since the basic costs are the same, the producer can only

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FOCUS ON DESIGN

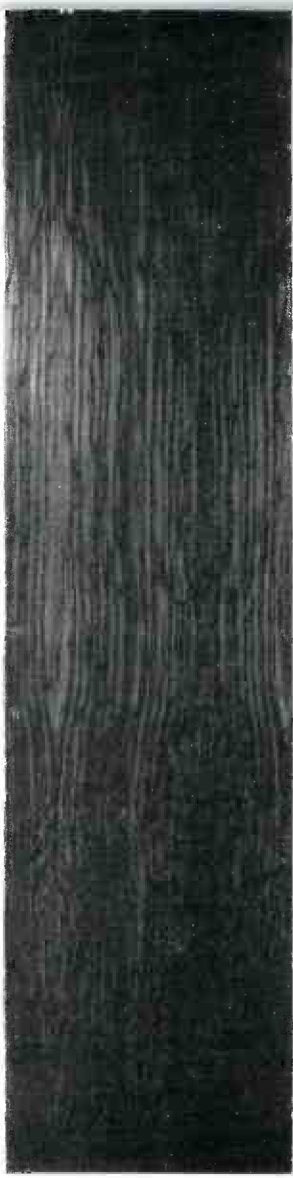
They put television right into the middle of things in designing PGW's new offices on New York's Park Avenue. It's now the star of the show.

If, in the modern view, houses are machines for living, then offices are machines for working. To a representative firm like Peters, Griffin, Woodward, the work is very specific: sell television and radio. In PGW's new mid-Manhattan headquarters form has followed function. The result is a shining tool now being put to work on behalf of client stations.

To make this possible in the most efficient and tasteful way involved 18 months of planning, the talents of architect J. Gordon Carr, the interior design firm Designs for Business, communications system specialists at Jerome Menell Co. and PGW's own determined top brass.

The most conspicuous example of their efforts is the audio-visual center. Here in 29 by 25 feet of space is a room designed exactly to the daily requirements of a station representative. All the presentations he may be required to make are possible for him here—films, slides, tapes, live TV and, through RCA's new TR-3, even video tape. It's an investment into which PGW has already put more than $75,000, and may cost six figures before all its refinements are completed.

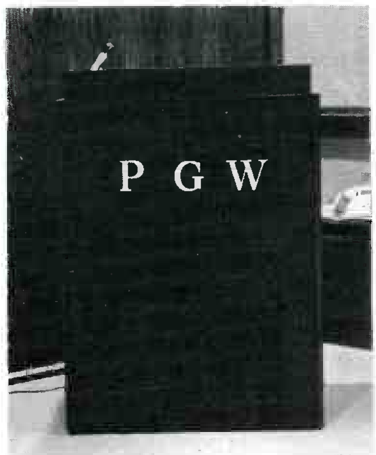
The room is keynoted by its adaptability. It can be converted from business lecture setting to luncheon meeting with ease. Even colors fit into the theme of flexibility—beige walls and "old gold" carpet supply tones that keep

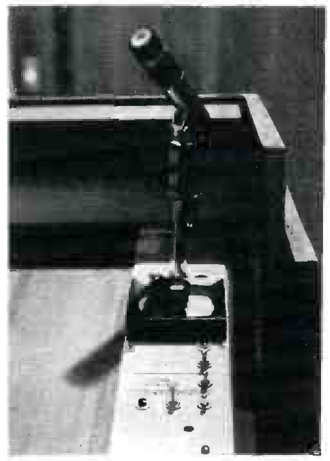


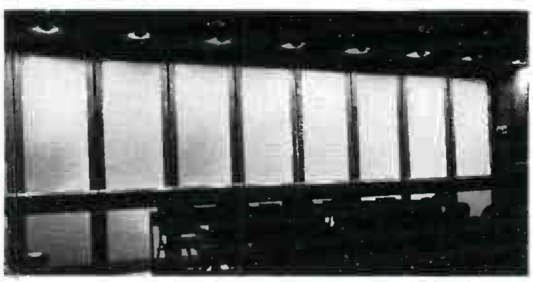
Behind this panel are tools that help a rep sell television. It's the visual part of Peters, Griffin, Woodward's audio-visual room. At the press of a button the handsome English brown oak wall slides back to reveal two screens, one to show TV tapes or on-air signals, the other for filmed shows and slides.

Versatility is one highlight of PGW's audio-visual room. Here the blue upholstered chairs are set up in auditorium fashion. They may also be arranged in a variety of different ways: with tables for luncheons, banquets, etc. The room may also be cleared completely for cocktail parties.

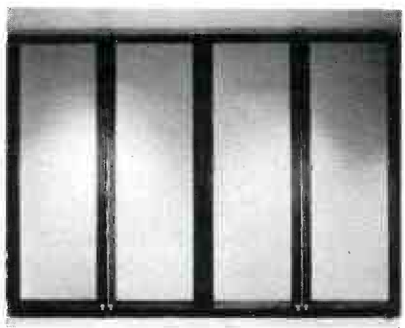
At far right is a close-up of the lectern control panel designed for PGW by Jerome Menell & Co. It helps the speaker control sound, lights and slides without moving from his platform. The middle photo is a long shot of the teakwood lectern. On the left is the star of the show: RCA's TR 3, a transistorized tape machine that permits PGW to play back client stations' tapes.



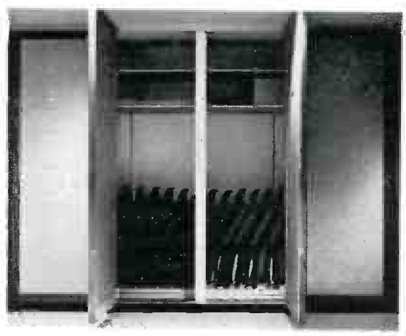




Even the walls talk at PGW—or at least they're designed to help a rep talk his way into new sales in the best possible way. The audio-visual room's house lights dim to reveal a wall covered in fabric, equipped with aluminum chart rails. This section is specifically designed to allow a speaker to pin chart, graph and other illustrative material directly to the wall. Lights can be controlled to highlight those sections of the wall in use.



Another dual purpose wall is bordered in English brown oak. The wood is used as a unifying theme throughout PGW's offices. The panels open at a touch to reveal storage space that houses conference room tables and chairs when not in use. Material may also be stored in the shelves at the top of the closets. The absence of knobs gives a cleaner line and a more spacious feeling to the room, as well as disguising all the storage space.



Elegance and taste make PGW president H. Preston Peters' office a standout. The focal point of the room is the huge desk, modern in design but classical in line. The rich sculptured rug is olive and blends with tones in partner Griffin's office and the north conference room.

The effect in television president Lloyd Griffin's office is that of a warm and livable studio. There's a spacious feeling to the room, plenty of shelf space on the walls for Griffin's mementos. To keep the room informal, the desk has been confined to an inconspicuous work unit.

FOCUS ON DESIGN *continued*

the room completely neutral when it's empty. And even the walls are designed to help the rep sell. One wall is fabric, covered in tack board with aluminum chart rails. Designed for visual presentations, it helps the speaker make his point by enabling him to pin charts and graphs to it, while highlighting specific items with individually controlled banks of light.

Another wall conceals the room's storage space. Behind this long wall (made of doors that snap open at a touch) are formica topped tables and conference chairs. When taken from their storage place, the tables (there are a dozen 3 by 5) and the chairs, upholstered in blue spill-resistant fabric, make possible infinite room arrangements. When the chairs are linked together, the room becomes a standard auditorium. For small luncheons the tables can be set up in groupings of five and six. Or, if the occasion demands, they can be arranged for a formal banquet.

The third wall houses the firm's heavy calibre tools. The English brown oak wood paneling slides back to reveal the focal point of the entire audio-visual room, a standard 21-inch screen for off-air and taped television and a 5 ft. by 5 ft. rear projection screen for motion pictures and slides.

Behind this wall is the control room that provides the on-screen presentations. The star item is the RCA TR 3, a 5 ft. tall, 2 ft. wide, 2 ft. deep, completely transistorized video tape machine. Despite its unobstrusive dimensions, the TR 3 fits the standard sized station tape for playback to PGW's clients. PGW executives proudly point out that their TR 3 is the first out of RCA—serial number 1001.

Also in the PGW equipment room: the silvered mirror that's the key to the rear projection screening. (Rear projection allows the conference room audience to move about

The north conference room is the scene of informal, small luncheons and meetings. The teak table is boat shaped, Peters' idea because he found rectangular tables prevent people seated shoulder to shoulder from seeing each other and inhibit talk.

A north conference room English brown oak panel slides back to show a color TV set. After a lunch PGW finds this is one way to show clients what television's about. The black leather chairs swivel to ease getting in and out of the limited space.

One of two up-to-the-minute galleys that service the two conference rooms. Although the facilities would make any housewife happy, PGW keeps the kitchens primarily for heating catered meals. This galley is for servicing the north conference room.

freely without interfering with the picture on the screen.) A Spindler & Sauppe slide projector with a drum for 96 slides; a Conrac TV monitor and tuner; an Altec hi-fi speaker in one unit; an Ampex audio tape recorder and playback for radio station tapes and sound presentation tapes; a Reko-Kut turntable for disks from stations (the audio tape and the recording machine handle the two basic sources of radio presentation material), and a 16 mm. Bell & Howell motion picture projector. A 35 mm. Leitz projector for slides joins the other slide projectors, the TV tape machine and the movie projector to give a complete visual presentation equipment picture.

A further asset is the fact that many of the backstage areas can be controlled by the speaker in the conference room. This feat is made possible by a lectern designed by Jerome Menell & Co. The speaker at his teakwood stand can control the room's lights, adjust the tone and height of his microphone, and stop, start and adjust the slide projector. Tape or film playback, however, require an aide in the control room.

The audio-visual room at PGW was designed to take into account all the ways television and radio can be sold. The rest of the office space fits into that concept.

Two modern kitchens are on hand to service the catering needs of agency-advertiser entertaining. A north conference room, complete with black leather chairs and teak table, serves smaller, more informal meetings. Warm, earth tones are used in the executive offices of PGW president H. Preston Peters and television president Lloyd Griffin. These colors are carried through the rest of the offices, which consolidate the radio and television departments of PGW on one floor.

At Peters, Griffin, Woodward the idea is to sell. The office helps. END

One TV dilemma: The larger markets are getting an even larger share of revenues

is needed or for the income statement which needs some income pretty damn quick. Literally, I think that if you follow it, you could tell how negotiations are going to go, and at just what point film suppliers are going to break down, because they just have to have the money. For example, the price at which feature film is going now. I'll bet you could add $50,000 to $100,000 if nobody were under pressure to get the money and/or the income, right now, on the network deal. Because there aren't many houses in this town. That's the wonderful part from the supplier's point of view. Yet in every case the network manages to negotiate itself into a position where they've played one off against the other. And were they not able to do that —and I think you're probably well aware of this—then I think they'd really catch it on the price side. Forgetting philosophically what you think of film as a network programing form, if you accept it as a basic form of network programing, they're cheap buys for the network, and I think they could get a lot more expensive, and will, and I think at the station level they're going to get a lot more expensive.

Rifkin: Because of diminishing supply.

Gerard: If you have the complete flexibility, it seems to me, the maximization of dollars might well be to hold off your color films for another four or five years. Just don't sell them to television now, sit on them.

Rifkin: I doubt that you can make that deal with NBC.

Gerard: What I'm saying would apply to a syndicator. Just sit on the film, don't release it, refuse to release your color film for five years.

Blank: This raises another question. Whether you hold off for four or five years or you don't, it's perfectly obvious that we're consuming feature film much more rapidly than it's being produced and we're not that far from the end of the road. Depending on the particular entity, that end of the road will be somewhat different in time from some other entities, but surely we can look forward to the time when feature film supply cannot be the major program supplier it has been. I'm very curious to know what kind of product is going to come on to fill the late nights and early evenings.

Rifkin: You are going to have a problem with that. The film industry has gone upward in the last two or three years, as we all know. But it has gone upward with the kind of product that the networks will not take in prime time. This, of course, will have a diminishing effect. I don't see how we'll get our James Bond stuff on.

Saito: Coming back to the near term prospects of color. I think that color sales have been growing orderly but very slowly. It's taken many years to get up to this level. I think color set sales will be about 1.3 million or so for 1964, about 2 million in 1965. I believe there are about 2½ million sets in use now, and maybe by the end of 1965 you might get up close to 5 million. This will be about 10% of the total sets in use, and from the advertisers' standpoint, if they have to pay extra for making commercials and programs, color may not be sufficient to take up, except for specialized advertisers like auto companies, Eastman Kodak and similar advertisers.

And getting back to Dr. Blank's projection of growth in 1965. Industry people tend to be more optimistic about their own industry than outsiders so perhaps my own projections will be of some value. Looking in terms of McCann-Erickson's figures, we find that from 1962 to 1963 there was a growth of 7.1%—network 5.1%, spot 11.1%, local 5.6%. In 1964, based on first half and other figures available, I'm looking for about 8% growth in network, 10% in spot and a little over 15% in local —10% overall. For 1965 I'm projecting 8%, with all areas participating about equally. One of the reasons I'm looking for a fairly good growth from network is that ABC is having a good season now, and I think some of the money which might otherwise have gone into other areas, will be going to ABC at somewhat higher prices. I'm sort of spreading it even. But it doesn't differ too much from Dr. Blank's projection.

You don't see greater growth in local?

Saito: It is greater in 1964 than it was the previous year.

Can we pin down the reason for that growth in local in 1964?

Geismar: I think we may have one semantic problem here, and that is a definition of what is a local advertiser. The FCC's definition of a local advertiser I don't really think is germane to our thinking. I realize that is the way they report, but I assume that E. J. Korvette would be considered a local advertiser because he's principally in New York City, yet Korvette has stores in markets beyond New York. I prefer to look at spot as spot, national and local, because I think the dividing line is so narrow you can't. . . .

Blank: Historically the distinction has been that part of it is competitive with network and part of it isn't.

Nierman: I think that there is another area we cannot afford to overlook. In the 1963 FCC figures national spot did about $600 million worth of business. In 1964 it should be up around $660 million. In 1965, I agree with Mr. Saito, it should be well over $700 million. But here is one percentage figure that I think none of us can overlook—and it may possibly be the explanation of why this local figure is growing. Of the $600 million in 1963, almost 80%—79.6%, I believe—went into the top 50 markets. Now, roughly, let's use the 80% figure for arithmetic. That means $480 million of the $600 million was limited to 50 markets. What happens to those other markets beyond the 50? They have to get revenue, they're looking toward revenue, and their emphasis on local is so much greater when the national business is not available. And if you look back over the last five years, you will see that 80% figure was 75%.

Blank: This is a fascinating phenomenon that I don't understand. We can even narrow it down to the top 30 markets, which do about 68% or 70% of all national spot business. In the last five or six years that proportion has grown by almost 10 percentage points. Not only is it concentrated, but it is getting increasingly concentrated in the top markets. I'm not clear why.

Nierman: What happens to those markets beyond the 50? What happens to the people? Don't they buy? I hate to be obvious, but they buy soap, eat corn flakes, drive automobiles and they still represent a tremendous percentage of the buying power of the U. S. Do we just ignore them?

Grulich: No. You may be in some other medium in that area. Obviously you have more than one medium.

Nierman: Isn't this then another potential for television? If these figures are allowed to go unchallenged and allowed to grow, I suggest that there could be a major problem coming up.

Grulich: You have two currents working in your buy. In terms of the smaller market, the 50 beyond the first hundred, let's say, in terms of those markets you have certain advantages in that you start moving into network buys and you are picking up a lot of the markets at reduced costs. Which is a plus. On the other hand, if I have to be careful of how I spend my advertising dollar—and even the very rich clients do—I've got to pay attention to those first 50 markets. You may say, what about those last 50? They're half as important as the first 50.

Blank: Is the cost-per-thousand lower on the first 50 markets?

Grulich: It depends on what you're buying. If you're buying a list of stations in terms of network, the cost drops off

There are five new films from Eastman Kodak

(The first has highest acutance)

New breakthroughs in emulsion technology make XT pan superior in sharpness and apparent grain structure than previous Eastman films. And besides, here's an *exterior* film for shooting at *slower speeds* (E.I. 25). Shoot at optimum lens setting—no need to stop down or use dust-trapping filters. New XT pan gives you everything a fine-grain release positive can take . . . no special handling required. Want to know more? Contact our nearest office.

Motion Picture Products Sales Department
EASTMAN KODAK COMPANY
Rochester, N.Y. New York, N.Y.
Chicago, Ill. Hollywood, Calif.

EASTMAN FILM

The agency view: When changing budgets either up or down, major markets come first

tremendously. If you're buying in spot the cost generally goes up.

Nierman: In other words, New York would be the cheapest buy you could make.

Grulich: I wouldn't say New York is the cheapest buy, but if you take a 50 market buy vs. a 150 market buy, it gets to be too big an amount. What happens is if you have $3 million on an account to spend in television, and you want to make a significant move—either a cutback or an advance in terms of spending —it's always got to be in your basic markets. It can't be in the little markets. It doesn't mean anything.

Geismar: Isn't what you're saying, Norman, is that your efficiency of buying, your incremental cost, doesn't bring you in the sales to justify spending that extra $5 or $10 or $15, when you get down to the 150th market?

Grulich: You also have an additional problem in the ability of the advertiser to support the advertising. He doesn't have a sales force working out there in a little market.

Gerard: It seems to me that there are two things working here. One, from the agency's standpoint, it's inefficient, difficult and expensive to buy the smaller market if you're doing it unit by unit. The bigger markets, on the other hand, are probably the most professional, best financed, probably the best promoted markets in the country to the advertising agency. The agency is more aware of them.

Nierman: I don't buy that.

Rifkin: I think there's one other factor. You take the top markets, and if you check rate card against rate card I think you'll find increased rates in the top 50 markets that exceeded the increased rates, percentagewise, in the lower echelon markets, the bottom 50 and the 100 in between. I don't think there are fewer spots being used in markets 50 to 150. I think it's that their rates have not gone up commensurate with the rates in the first 50 markets.

Gerard: The top 50 are better sold.

Geismar: No, they're better bought. This was the point I was trying to make earlier. The advertisers feel they must be represented in the top 50 markets, so there is pressure from a larger number of advertisers for a limited amount of air time. This, therefore, pushes up the rates that you were talking about, Bud. The rates have increased—I haven't check this, but I'm sure it is true—at a faster rate in the major market just because of the pressure of supply and demand. It's as simple as that.

Nierman: I think it's more sophisticated and I think you're still delivering a good buy in the larger markets.

Geismar: I'm not disputing that.

Nierman: No. Even with the increased price, you're still delivering a bigger audience, you're delivering it at a very efficient rate.

Geismar: Forget your costs. In terms of cases of goods moved per dollar expended, you're moving more in your major markets that you can in an Ashtabula.

Nierman: What do you do about those secondary markets. Really, where is the responsibility of the advertiser? Let me put it in another way. Is there then room for that second large concern that has not been able to overcome the number one cigarette or soap or automobile account, to really make a mark and take a position in the total economy of the U. S. in some of these markets?

Geismar: Isn't this where your regional product comes in as opposed to your national product?

Nierman: All right. The regional product will, by its own strength, take effect in some of these markets. But what about the national accounts here?

Grulich: I don't think there is an opportunity here.

Nierman: Why not?

Rifkin: We have dealt with many of them over the last 15 or 16 years, and there isn't a regional advertiser who isn't in the top 50 markets and can't spend his money. Name the client, and he's either got Cincinnati and Dayton —plus the Evansvilles and all the rest of it—or he's got Los Angeles and San Francisco, but he's also got Chico, and so forth. So the regional advertiser you just have to cross out of that bit. We have had many conversations with heads of regional plants, breweries, et cetera, who have told us that they just refuse to spend their money in television. They buy when they have to, and that's primarily when their competitor is in it and they feel they must be in it a little bit. But they've gone into regional magazines because they can't buy their major market in their region. We've run into a dozen of these clients, and they can't go that bottom 50. There's no regional that I know of—oh, there may be one or two somewhere in the South, who only buy regionally in just the small markets. But basically they don't.

Blank: Does anyone know what fraction of the more rapid growth in magazine revenues in this last year and a half or so, comes from this regional opportunity which they have only in the very recent past been offering to advertisers? It would seem to me that this is one particular area of competition that we must have been feeling in the television industry, although I haven't seen anything on it. Magazines have been doing relatively well in the last year and a half. Their rate of growth is good. And within that I'm sure regional editions have been growing very rapidly.

Grulich: There are some specific businesses where it's been of great advantage. We've used regional advertising in a very large way, very large buys, four or five years ago for Seagrams. And I think that we had really one of the largest purchases of it at that time, simply because the liquor advertiser is contained to certain media. It was a great opportunity if you had a Ron Rico rum that had two or three areas in the country where it was strong, had good distribution, good wholesalers and distributors, and the other areas you couldn't care less about. Well, you have a choice then of going to newspapers or, when it came along, the regional magazine. Actually this was a good deal of money.

Rifkin: You're talking about the regional advertiser who couldn't be in television *per se*. I'm talking about the regional advertiser who was in television, who used about 50% to 60% of his total budget in regional television, and is no longer in, on a program basis.

Gentlemen, let me mention that by Television Magazine's figures there are over 250 markets, so it's not just a top 50 and a bottom 50. There are 150 in between the top 50 and the bottom 50. As a matter of fact, there are 266 markets by our count.

Blank: On the other hand, the top 50 encompasses the bulk of the population. Let's not forget that. It's well in excess of 50% of the country.

Rifkin: I don't think you have 266 saleable markets in the country. There's a lot of coverage.

If you're talking about unduplicated coverage, that's something else again. The first five markets account for over 25% of the country. The second five markets add another 10% or so. By the time you get to the top 50, you are over 60%, perhaps 75%. And I think by the time you get the top 100 markets you're over 90%. To get that other 10% you've got to buy 166 markets. Now what this says, as far as a national advertiser is concerned, is that some of these markets are going to be forever out of his reach, except through network. What does this mean to the medium, which we think is going into a period of growth, not of decay, in the number of outlets? We're talking about UHF coming in, proliferating. How does this affect the competition? If the V's can't make it in a small market, what are the U's going to do?

Gerard: I guess the FCC believes in it.

There are five new films from Eastman Kodak

(The second is fastest)

Anyone can make a fast film. But not like new Eastman 4X pan. It's fast all right . . . E.I. 500! But with no more grain than you would expect from some medium-speed emulsions. New 4X pan combines the characteristics of speed, resolution, acutance and a long, brilliant tonal response. And, it has an extended forced-processing range. That combination means quality even under the toughest newsreel conditions. Interested? Contact our nearest office.

Motion Picture Products Sales Department
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Rochester, N.Y. New York, N.Y.
Chicago, Ill. Hollywood, Calif.

EASTMAN FILM

All eyes are on CATV, but there's still no consensus on what's in store for its future

But that's not really the place of the U in the real world. If you're going to have successful UHF competition, I think its place is in the major markets, to provide more outlets in major markets. We're not talking about providing outlets for every small town. And the fact of the matter is that nobody can make it in some of these small towns because they're just not economic for television. And that has no implication for the growth of the business. I don't think that the business has to make them economic in every small town in Amerca. Why should it? It can't. And there's really no point in discussing it. There's no reason why this business should bear that burden.

Blank: The fact that a market doesn't get a large fraction of national spot advertising doesn't make it uneconomic. There are other sources of revenue, local revenue for one. And you have to go way below that before you get to the point that you just can't make any money at all.

Nierman: In the FCC report for television 1963, if you look under Honolulu, you will see that local business in Honolulu represents $2.5 million. National business represents $1.1 million. The point here is that Honolulu, with a $2.5 million figure, would come in as the 22nd market in the U. S. for local business! Now try to analyze that. Obviously, there is something wrong. The business is not local. It is national placed on a local basis. It's a problem of definition. So when you start looking at these local figures, sometimes they're not all what they seem.

Geismar: This is a reporting problem, one of the problems of the present FCC reporting form. I would prefer to think of spot as spot and I would just as soon not try and break it down for purposes of where television is going. In Peoria, Ill., where Metromedia has a station, sure, the local advertiser is very much more important percentagewise—Joe's Camera Store, Fred's Pharmacy—there's no question about it. The rates in Peoria are scaled to the point where Fred's Pharmacy can afford to buy local television, and he can reach all his market because everybody in Peoria knows Fred. But if Fred were on 46th Street and Lexington Ave. in New York, it really wouldn't make very much sense for him to advertise.

Blank: You're worrying what's going to happen to smaller markets. Let's not forget CATV, which is rapidly proliferating. I think that CATV's growth is a response to a lack of multiplicity of signals in small markets. You were worrying about how you can support stations in the very small markets? The answer is that where enough stations cannot be supported to satisfy the public, entrepreneurs are coming in with CATV.

Saito: It is difficult to discuss CATV at this point, awaiting government action to put CATV under FCC regulation. In many communities they are postponing the granting of franchises until this thing is settled at the national level. I would think that whatever we discuss here would be pretty much on a guesswork basis.

Do you expect to see some government action during 1965?

Saito: Yes, I do.

What course do you think the action is going to take?

Saito: That's difficult to say. I think the whole industry would put down the FCC regulations. I don't know whether finally it will come to a point of deciding whether the CATV's can originate programs and commercials, which I think is important in terms of commercial broadcasters. If these people are granted permission to originate programs and commercials, it could develop into something else again. It's hard to evaluate the long term prospects. But almost every week you see almost 50 or 100 CATV applications filed all over the country.

Rifkin: Do you think the FCC can regulate a CATV system that isn't on a microwave?

Saito: That's what Congress will be deciding. It requires the law to do it.

Dr. Blank, when do you expect the networks to throw their weight, I presume, against CATV?

Blank: In the last month or two both CBS and NBC announced to the Board of Estimate here in New York, where there are a number of applications for CATV, that networks have rights in their programs, and they have not yet released those rights to any of the applicants. And the Board of Estimate had better be cognizant of this fact before it decides to give any franchises. [**Editor's Note:** After the date of this interview, CBS filed suit against TelePrompter Corp. seeking to protect its property right from CATV pickup. See "The Month in Focus," page 7.]

Gerard: There have been rumblings that at least some of the networks are about to impose some very nominal charges on anybody taking their programs anywhere. They want to establish the concept here.

Saito: According to the operator of a fairly large CATV system, this is not really a problem with him because he can pay whatever fee a network or program supplier decides to charge and pass it on to the subscriber.

Geismar: In all due respect to the CATV owner, I'd like to submit he's probably talking through his hat, because I can think in terms of one owner of a CATV system that's picking up one of our signals and transmitting it to another area. We could be subject to some very considerable union assessments for talent charges, which if he wants to pick up and pay, I wish him Godspeed. I'm not sure what it will do to his P&L. And I'm just talking about one small segment of AFTRA talent. I won't talk about Bud's field of film rights and copyrights and that area. Nobody knows.

Nierman: I'd be interested in knowing from an advertiser's standpoint whether they anticipate additional moneys becoming available for television in 1965?

Grulich: You have to have a little more to sell, before you can raise prices, for example, and that's one source of volume. I think there's an area of inflexibility built into television. I suspect networks are more concerned about it—selling the unsold time or raising the price of the low priced time. And I think that if there were some good answers for that, it could be a higher source of revenue than practically any other area. There's a limit as to what can be sold. On the local level, I assume there's a little more potential available. But I really think that on a network basis it's a real problem.

Blank: It's obviously easier to convert a time that's difficult to sell into a time that's easier to sell and that's what we all like to do. The problem is that you don't win all the games. Another point is that prices have been going up in advertising media far longer than I've been in this industry and they'll continue to go up. People are going to complain about this, and rightly so. If I were buying I'd be complaining every day too. The fact that people are complaining doesn't disturb me. The real question is, will we arrive at a point one of these days at which rises in prices will result in substantial diversion to other media? I don't think we've seen this yet. But on the whole television is still growing more rapidly than the other media, and it's still in a better position because it gives you more per dollar of investment than other media. The day in which this advantage disappears will be the day in which people start leaving us and going to other media. And on that day we'll have to watch very carefully what we do.

Grulich: I don't really think it's a matter of efficiency. The cost efficiency has no real limit as long as it keeps working. What you really want to end up with is

The day to get out of the business is when you start to pay the star 105% of the gross

sales. If I have a successful advertising program in television that costs me $10 a thousand, I don't give a damn if I'm pulling a profit. But I think what may happen is that if the price gets high enough, my budget will buy less and what I can buy simply will not give me enough vitality to move my product.

Gerard: This is all semantics. There is no measure. To define efficiency as the cost to effect the consumer buying decision, to get somebody to buy something, let's forget cost-per-thousand anything. You can't measure that. The key point is that television is underpriced relative to other media. How do you go about proving that? You don't, except that you sit down and look at every major advertiser in America. And you make the startling discovery that he puts more of his advertising dollars into television as the years pass. This has been a basic trend among the major advertisers. And Mr. Papert [Frederic Papert, president of Papert, Koenig, Lois], just three weeks ago, said that in his opinion, in terms of the cost to affect a buying decision, this was the most underpriced medium he knew. As far as he could see, for the foreseeable future, it would remain so, and the critical point is that as long as it remains so, this is going to be a growing business. On the other side of the equation we can talk about the marginal time periods, but the supply is fixed, and the demand is not fixed. The demand is going to keep moving ahead and I think that, in general terms, defines the attractiveness of the economics of this business. It's a fixed supply, it's in effect an oligarchy by fiat. The government has set the supply side of the equation, nobody's touched the demand side of the equation, and nobody's told you how to regulate price. And, in our view, this is a unique set of circumstances in American industry.

Grulich: That sounds like an explanation for a bull market that will go on forever. I believe you say that this will continue to be an underpriced situation.

Gerard: Forever is a long time. Three to five years certainly. If you're talking about 20 years from now, I can't answer that question. Let me answer another way. If there were never another share of stock in the world, and you can define for me the needs of pension funds and the rest, I could probably define a bull market that's going to go on forever. In the near term, defined as three or five years, this may be just what we're looking at in this business. There are going to be dislocations in the general economy. And there's one side of the equation, if we're going to talk earnings for the television industry, we haven't looked at: the cost of programing. What I think we may get in temporary periods, is the point at which the cost of programing is going to start to move up faster that you can get those price increases. This is your serious problem, if you are going to look at an economic problem that is near term.

What about that, Bud?

Rifkin: Well there's no way to keep these prices down, unfortunately. The same thing happened in the motion picture industry many, many years ago. There was a very wise old man named Nick Schenck who used to run Metro-Goldwyn-Mayer. He said the day he decided that he wanted to get out of this business was when he was paying the star 105% of the gross—domestically. He said to me seven or eight years ago, "You know, strangely enough, your business is going to do the same thing." And I kind of laughed at it, but, basically, this is beginning to happen. You get a name star, he wants a percentage. You get a name writer who creates for you, he wants a percentage. Talk about the networks, they like percentage. They got stockholders. They like return. So you're in this ever spiraling cost. I remember the days when we produced a thing called *Cisco Kid.* I think this was probably the first television film show on the market. I'd hate to tell you the cost of that show as compared to any outdoor half-hour show today. It's like six times what it used to be. We didn't have residuals to pay, we didn't have the stars to cut in, we didn't have networks participating. All of these things begin to factor up your costs. And I really don't know where it's going to end. I wish we could put a tag on it.

Doesn't it go back to supply and demand?

Gerard: It's not that easy. We've been dealing in kind of "the best of all economic worlds" as a practical matter, in 1964. Business was great. From a local standpoint, forgetting the networks for a minute, it was plus business. It was a great year. So you ride out your cost equation and you get it back on the price side, and you breath a sign of relief, and it doesn't really start to hurt until business isn't so good, and you're hung into the cost side of the equation. Now the squeeze at the network level, it seems to me, can happen fairly rapidly. If we're talking stations, they're reasonably well insulated from this kind of thing, because the networks are going to bear the brunt.

Blank: The margins are much larger.

Rifkin: I think station inventories are pretty high.

Gerard: You're talking now of film and off-network programs.

Rifkin: It's the way they stay on the air. They've got to have product.

Geismar: I'm a firm believer that trees do not grow to heaven, at least on a straight line. They take zigs and zags. Depending on the station's amortization procedures on their film. . . .

Rifkin: Well, they have two sets of those. One that they tell us when we're selling, and one that's for real.

Geismar: Well, there's a third one that's a government imposed one. Speaking for our own stations, were things to fall out of bed tomorrow, I think we'd be in pretty good shape, because we'd take a real rap for our own internal bookkeeping on the early runs of product, so instead of buying some new product for next season, we would just rerun the reruns. And we're not alone in this procedure. There are many other broadcasters that do this, there are some that don't. There are some that straight line their costs over either the number of years or the number of runs. These are the boys that are going to be hit a little harder, because they will have to live with it.

Rifkin: This booming economy you're talking about; I can give you the names of about 60 different people who had pilots last year who don't think it was so booming.

Is there a change going on in the network competition? A change because of ABC's new position. Is this realigning TV's competitive posture?

Gerard: I don't know. It's certainly realigning ABC's posture. I'm not really sure that it's realigning the basic posture of the business. We still haven't in our own minds come to grips with the degree to which the change in ABC's rating has been a change in audience reception or a change in what we're measuring. We're convinced we're measuring something new this year at the national level. And we're not sure exactly what that means. What we think—and Nielsen denies it—is that there have been shifts in the measurement system, or at least part of what has been going on at the national level. But the basics are going to stay there. Obviously, ABC is going to do a heck of a lot better. It seems to me that on the basis of one season's ratings, you don't change the fundamental structure of an industry.

Nierman: That's not going to affect the economy, the fact that all three of them are strong. All three of them are attracting an audience.

Gerard: One thing has happened with the rating that's going to affect this industry. The ratings tell us we're get-

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One pleasant surprise of this TV season: A jump in sets-in-use of 12 minutes a day

ting a 5% increase in sets-in-use all of a sudden—and that's a *very* big thing. Advertisers are going to pay for that sooner or later.

Blank: This is interesting because I've been living with an immutable law of nature for a number of years now that the average American family is going to spend 5.1 hours per day, forever, with the set. And it's fluctuated within very narrow limits. Now this last year, the figures as they come out—how accurate they are may be some problem—show something like 5.3. While it's only two-tenths of an hour, it's a big jump in terms of what had been very stable relationships over the last years.

Did the presidential campaign have anything to do with that?

Blank: I can't believe that political events raise ratings very much.

Nierman: No. Just the reverse. Erwin Wasey, Ruthrauff & Ryan, which handled the Republicans, came to the conclusion that the next time out they would strongly recommend staying away from programs and staying with spots, because the programs lost their audience where the spots attracted the audience. They had it by the osmosis of staying with the network shows, having spots adjacent to or in the shows. The half-hour shows or 15-minute programs, they felt, were not as efficient for them. The people just tuned out. They've learned something this year that will stand them in good stead four years from now.

But back to the matter of ratings. I've taken a dim view of the national sweeps lately. Everyone makes an argument of the ratings for the last few weeks. As they come out they are showing fluctuations and today it's supposed to change from what it was last week. Speaking from a national spot field, and this is the one I do know, you have to discount the national sweeps. They give you a clue, but the majority of the money going into television is spot right now, and the story in Atlanta is completely different than it is nationally. The story of Houston and the story of Kansas City—and Los Angeles and Minneapolis—are all separate. Each one of them reflects conditions in their own market which have absolutely nothing to do with the national trend. And the fluctuations are quite large. They don't run to one percent as you show it in the national trends where it says 29.8 and 27.5. It runs like 42 and 33 and 25, depending on which network it is. You have to look deeply into each of these markets and the regional areas to get a true picture of what is happening to the television audience. The program you may consider a complete failure in New York is terribly successful someplace else. Bud certainly can prove that point, because he can see fluctuations where he starts syndicating his shows, and the variations on that theme. They don't hold up consistently in every market.

Grulich: You must remember that your audience is not going to be the same five years from now. You'll have new sets of people of all ages.

Rifkin: I hope those cars change in the pictures.

Blank: Some of those pictures are not going to be here five years from now.

Grulich: Well, boy, I hope you get rid of some of those 1930 ones.

Gerard: Let me answer that. Dick, you must know this from the second time around on the packages where a guy comes in with 800 pre-48's. He sold them once and he got them back after seven years. Then he got them down to 250 and he's selling them the second time. They're just throwing the other 550 out in many cases; they're just not trying to sell them. On the third time around they'll get him down to 100. The junk is just out of the market.

Blank: This just means that we're not going to have a very big supply three or four years from now.

Geismar: That I'm not sure about—and maybe I get a little philosophical when I say this—but I've got to feel that in the economy in which we live, when there is a demand for something, somebody will step in and create a supply.

Blank: Yes, but it won't be in feature film.

Geismar: Well, I'm not sure now. We started to see in the last season one or two features made for television which I believe NBC is using. It's a beginning, and I can see more product being created, because, let's face it, when you're shooting for wide screen, it may not be a suitable product to show on a 23-inch box. I think that there certainly is enough talent available—actors and writers would have you think that it's not being used nearly to its fullest—and this may be your cost leveling factor where you get unknown talent producing at a cost which is commensurate with the revenues that can be brought in. I think the time will be filled, and well filled.

Rifkin: If UHF stations become dominant. We have an offer, for example, from a UHF station in a top 10 market that offered us $35 an hour for reruns of reruns of reruns. Well, this is an impossible situation. We obviously could not accept it, would not accept it, and we'd rather shelve it, as I'm sure many of the feature film companies would rather shelve even the bottom 500, because there will come a time when the UHF market does become important. And I think that this is the reason most of the industry is fighting CATV.

Gerard: That to me is an old saw—this business about we're going to dig everything off the shelf from time immemorial and the U's are going to bail us out. I don't buy it.

Rifkin: You better believe it. They're going to have to build with something or go off the air.

Saito: I'd like to go back to a point I wanted to make before on the network competition. If the three networks think in terms of competing on an equal basis, and not fight over a few percentage points, then it's possible that they could sufficiently control the costs. Let's say that ABC, now being equal, might be willing to diversify its programing a little. They have shown signs that they might do this. If this is true, then they might be able to control it. In addition, all these companies are under pressure to show profits. I think that with ABC this is definitely true. And I think the word has come down from the top at RCA in the form of a directive to NBC to show profits. CBS's situation is the same. If this is the case, they could have a fairly good control over costs. On the other hand, if they are going to continue to fight over a few percentage points, maybe it could get out of hand. It is somewhat dependent on the personalities involved and it is very difficult to determine at this point what will happen.

My impression is that there can be control to a reasonable extent so that they can keep on showing profits.

Gerard: I don't think there was any implication that this thing is going to gallop away from them. I honestly think that it is a little naive to think that ABC has now said "We're happy just to be competitive." I just don't think it is in the nature of the networks, or the whole system, for anybody to sit back and say, "I'm satisfied with what I've got now." The inflation is a very slow thing. It's not a dramatic thing. Where the networks have gone for expedient programing, where even this year they've renewed a show because, you know, "O.K., we'll renew," it has hurt them, and hurt them badly. In the final analysis, the real point to me is that nobody buys averages. You don't buy the network average. Who cares? It interests us a lot more on Wall Street than it interests the networks. But in economic terms, nobody buys averages.

Grulich: But it does create an image.

Gerard: Well, let me ask a question. The nature of ratings is something that we don't get into. Specifically, for instance,

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The industry's fascinated with averages, but there's no agreement about their worth

NBC's ratings tend to be more concentrated. The fabric of the ratings structure at NBC is more concentrated in a few time periods. In other words, if you knock off two or three shows, the whole fabric tends to disintegrate to a greater extent than is true this year at ABC or at CBS. And the advertisers just can't buy the averages, that's the problem. He owns a show, and that in itself, I think, defines the problem at the competitive level. If you run a network, you've got to make every time period strong as you can ratingswise—unless you get a particularly cheap show where you don't need the rating because the advertisers settles, where he says, "O.K., the show didn't get much rating, but it didn't cost me very much." But now you get into another problem which is, "Forgetting cost for a minute, I want to reach as broad an audience as possible." And you can't just write off a piece of the audience from the advertiser's standpoint.

Grulich: I think that in a peculiar way the viewer does tend to buy averages. There are certain shows that will break this pattern. But you still have in television a situation where people will watch certain channels more, and given kind of a standoff pair of shows, they'll tend to watch the major network. I'm not sure that ABC's position this year is a permanent one. It's not clear to me that they're very stable in this area of programing. These things go up and down. As a general rule you negotiate with all networks and you may well end up at ABC. We end up there because we very often get the best buy. But why do we get the best buys? Because they are a little more flexible than the other networks. And it's one of the ways they're doing business. They happen to have some good shows, and all. But they do not have quite the track record. They haven't built that, and I think that still is something to be resolved.

I was just talking to our media director who was out looking at pilots for next year, and we're really not sure as to what kind of shows to look for. The gimmick thing, if you will, the *Bewitched* and a number of other shows, have been worked over, and it's gone. Now, where do you go from here? I guess the situation comedy looks kind of all right. There's no real pattern emerging. Usually you get a sense of it about now. You begin to see what things are going to be available and what things might have some appeal, etc. But there's no real pattern, nothing really to carry forward from this year. I don't know what new program form it will be in 1965-66. I'd guess that it will not be terribly, terribly good.

Gerard: What is good?

Grulich: Well, good in terms of commercial value, in terms of what gets an audience. What I think will happen is that as more gimmicky programs go in, they're going to drop out real fast. They're not going to hold up.

Turning to another area, I'd like to go into the subject of stocks, the attractiveness or the unattractiveness of broadcast issues. Is the outlook bullish or bearish?

Gerard: Well, there's an argument about whether the broadcast stock situation is bullish or bearish. It probably continues to be bullish in the sense that this is just on average a better business than the market realizes.

Are you coming off a very good year? You indicated that we are. The best year ever, would you say?

Gerard: It's been one helluva year. Let's put it this way. If you go across the board, first of all, there were more companies last year than there were in 1963, and almost without exception they've had damn good years.

Saito: Well, Scripps-Howard had a static year for the first half, but they've improved.

Gerard: Okay, but Scripps had a down year in 1963. It's just been a great year and I don't care what anybody says about 60 scrapped pilots, this was a hell of a year economically. The only thing that bothers us is that people are going to pick up every third quarter earnings report and expect to see everybody up 35%. I'm afraid they're going to be a little unhappy one of these days. On balance, though, I would expect that you're going to have increasing earnings, varying rates. I think that the rate of earnings increase this year—for the stations, not the networks—has been higher than is going to be sustainable because it's been across the board. Just every place you turn it's been pretty spectacular.

I'm not an economist, so this is not a projection, but if you get in any kind of a downturn in the economy in 1965, you're going to feel it. It doesn't mean that your earnings are going to go out of bed, it's your growth that's going to be a lot more moderate. This is not a disaster, but I wonder to what extent the market is prepared for the reality of a business situation in this group as they slowly are coming into favor. There's always a tendency to either hate it or love it too much in the stock market.

Saito: If investors in general are looking for 30% compounded growth, these stocks will be selling at 30 times earnings, not 15 times earnings. I personally have been going along in terms of a 10% growth in earnings. I try, in our clients' cases, to indicate that this is what one should expect, and just in terms of that fairly conservative assumption I think you can make a case for these stocks selling at higher margins.

Gerard: The problem now, Tom, is that when we get down to specifics the market in some cases obviously is expecting a lot more than 10%. In others cases it will be quite satisfied with 10%, might even be happy if it gets 10%.

Saito: And they'll get more than 10%.

Gerard: I think they will. I agree with you.

Grulich: I expect you'll have some more money in some areas. For one thing, the World's Fair has taken some budgets and kind of strapped them in terms of some major advertisers—General Motors, General Electric, DuPont. Now the dollars that a World's Fair takes I don't think is a significant factor in terms of General Motors. But it easily can be a significant factor in terms of a network. I suspect that the advertising dollar from General Electric or General Motors or U. S. Steel or AT&T, or whatever, put into television, is a more profitable dollar than in package goods.

Gerard: It's probably a program buy.

Grulich: Well, they're not looking for the same thing. When we buy for Xerox, we're not buying on a cost efficiency basis. We may look at that, but we're not. We have good reason to buy for other things. So this kind of advertiser who's going to be in with the corporate budget is going to be a little less selective than the package goods advertiser. As a matter of fact, he even *desires* status. So what happens is really a plus, because to the network it means that it is going to get money in an area where it's been a little tough to sell. And it's not going to get added competition for the very easily sold spots in highly rated shows that the other guy doesn't particularly want, it doesn't add anything to his image. I think it's a more significant dollar than just one dollar.

Gerard: You really talk about two separate things when you talk about network economics and station economics. You're talking about two businesses with two fundamentally different sets of economic characteristics.

Grulich: The local is not going to profit particularly by this. I wonder even if some of the drop off or change or ratio in the last year or two hasn't been due to some of these lowerings in corporate expenditures? I think also in the past year or two that there's been some tendency on the part of companies to press their corporate budgets a bit hard in order to juice up their earnings. Eventually you pay for that.

Diversification's a particularly acute problem for agencies that begin to make money

Gerard: That can happen. The other thing, if you're talking about the station operator, these are, in the stock market's terms, small companies. They are today's small companies. The largest one —Storer—is roughly $100 million of equity in market. The significant trend may well be—if we go five, six, seven, eight years, down the road—the Metromedia experience, which I believe will be duplicated in many cases, not specifically duplicated, but broadcasters will move out into allied areas—the Rollins-Orkin kind of thing. You will get bigger and bigger companies, and you'll get them away from an image of being in the entertainment business, show business, which is an image that stinks, an image a station shouldn't have, but they're thrown in that category anyway. But as the companies get bigger, you will open up the securities to new classes of buyers, and that could have a big impact. They're just too small for many investors right now.

Saito: I'd like to mention one thing. In the case of Metromedia, at least, a larger proportion of its shares are held by institutions than even in the case of CBS or ABC.

Gerard: I'm aware of that but it's misleading. That's one institution [Axe-Houghton] with a gigantic position. It weights that whole figure.

Saito: All right. Seventeen per cent of Capital Cities is owned by institutions, 15% of Storer, 4% of Taft, 30% of Metromedia. In the last year all the seven group broadcasting stocks, plus ABC and CBS, have had holdings increases by institutions. The only thing I'm pointing out here is that there is a farily significant reception by institutions and the reception is increasing.

Gerard: I couldn't agree with you more. Let me make a point. Seventeen per cent of Capital Cities is a number. We're talking about a capitalization of roughly 1,400,000 shares. About 230,000 shares makes 17%; 230,000 shares times $35. O.K., that's $7 million. What are we talking about? Do you see what I'm getting at? I would venture a quick opinion that some individual holdings of CBS are probably equal to all the holdings of all the station groups.

Saito: That's not the point I'm making. I'm pointing out that there is increasing acceptance. This helps the market for these stocks.

Gerard: Well, it makes the stock go up. I'm not sure it helps the market because some of these stocks are incredibly thin.

What about the publicly-owned advertising agency as opposed to the station group?

Grulich: If the station group is just beginning to be recognized, I suspect that we're way the hell back there.

Gerard: If we're talking from the institutional standpoint, I would characterize it as total lack of recognition. There just is no recognition.

Is that because they're so closely held?

Gerard: Part of it is. You don't have one with enough stock to make a dent at all.

You're dealing in a different earnings area. Earnings for advertising agencies are notoriously low, aren't they?

Grulich: As an average of all agencies that's a deceptive figure. There's nobody *that* low in the group that's public. I think the lowest is something over 1%, which I believe is Foote, Cone & Belding. The average for all agencies is slightly over 0.5%. That doesn't mean anything; some things are more meaningful. First of all, I don't think agencies really know clearly why they *are* public. They know why they *went* public. I think that's one of the things that has to be determined. People in the investing business have to build much more confidence than they currently do with these stocks. And I think that in time it will be built. I think, though, that it's not clear to anyone yet, including myself, exactly what an agency stock represents. Let's assume for the moment that we don't care how much business they lose, as long as they maintain and increase their business overall. That is our only responsibility. Now, if you do that over a period of time, what are we going to represent? Are we going to represent the kind of a stock that you buy for growth or one you're going to buy for income or what? I suspect that until agencies find a way to properly diversify, which they haven't found as yet, probably the best reason to own an agency stock will be income, which means you're going to have a low multiple. I don't think that that's established today, because I don't think the agencies that are public today really notice this in themselves yet. I've been saying this for two years but I'm not sure that anybody's been listening.

Once you start making money in an agency, start getting cash, you really end up not knowing quite what to do with it. So what's the logical thing to do? If you're a public company you give a good return. I would suspect that you're always going to find that an agency is going to be a certain price. And if it stays at that 4% return and 4% yield, it's going to stay at that price. I think that the market has detected this but the agencies haven't. I don't think that Foote, Cone today pays a sufficient dividend. I don't know why they're holding back. PKL is paying a higher dividend than is normal for companies because I think that that's the proper thing to do until we find a way to diversify.

Is this problem made more acute by the matter of conflict of interests? The problem of what you're going to diversify into?

Grulich: I think that's a minor problem which I can eliminate any time I want to. If I'm in the furniture business I won't take a furniture account. The problem is really that in the agency business you have people working who have to know a lot of things about a lot of things, very much the same as people in the investment business. You have to glance at a lot of things and make a lot of decisions based on just essential information. So we have some ability to deal with the many possibilities of diversification that come along. However, to find something that fits in with our management temperament is quite another thing. We really wouldn't be any good at going out and taking over a $500,000 electronic parts company, working at it, raising its volume—we wouldn't be good at it. It's not our business, and it's not why we're in this business.

What would you more likely do? Diversify by acquiring other agencies?

Grulich: That's one possibility. I've looked at other agencies, and I've had talks with their principals. But I think that most agency mergers are fake, they're really kind of meaningless, because they haven't turned out well in general. I think as a private company there may be reasons to join forces because you join talents. I've seen situations which from a financial standpoint have been desirable for merger, to buy them out or something. But those people are those people and we're different. The reason we're successful is because we're different from them. And maybe the reason they're successful is that they're different from us. How can you merge them?

Gerard: This may raise your hackles a bit but as public vehicles I think the agencies are good private companies. This is part of the problem.

Grulich: It wouldn't raise my hackles because I think you're essentially right. I don't think it will necessarly continue that way. We're looking at things and we're going to have to find out some things.

Do you expect to find more agencies going public in 1965?

Grulich: Yes. No question about it.

Gerard: I would guess that these are going to be income vehicles for a long time and there is going to be a long, slow row to hoe before they are ever institutional vehicles. And I am not talking about the ones that are public. I would think that this is going to be a market that is a long time in coming, if ever.

Grulich: We look with suspicion on any company that pays a good yield. It's a lousy investment. There are reasons for it. It's really funny, and you see this again and again. There must be something wrong, there is no growth in it because it pays the interest. But there is room for a dividend-paying company.

Gerard: You've hit on a classic problem. Your alternative is if you don't pay out the dividend you generate the cash flow. The capital builds up and, you hit it before, if you want to go into the furniture business, well, you just won't take a furniture account. But that's not the point. The point is your temperament isn't right for the furniture business. And when you get it back to the kinds of businesses you are likely to be good at temperamentally, you'll probably start running right back into conflict problems.

Grulich: I can give you a list of six areas that we have no conflicts with that are major areas of advertising we're not in. And we're still in business and we're still relatively healthy. I can eliminate areas of business and still be a healthy agency. The way you eliminate a conflict problem, if you want to do *this* as an owner, you simply don't accept anything that conflicts with it.

Gerard: That was not my point. If you're talking of diversification, where you get into areas you're temperamentally suited for, you're probably also getting into conflict areas and they're tough to eliminate. That's my point.

Grulich: No, I had something else on my mind. For instance, an area where you get into promotion—advertising, merchandising, packaging, whatever it may be—does not necessarily mean that you have a conflict problem. It's difficult to get into that area, I'll admit, but I think it's possible to do. I'm not sure, however, that all agencies might do this. It's unclear to me, from the standpoint of being a public stock owner, as to why I would own a stock of a very large agency that goes public as opposed to a smaller agency. It may have some kind of growth possibility on top of this because the income is not going to vary very much. Your cash flow relative to your billing is the same.

If we were talking about January 1, 1966, what would we be saying about TV-associated stocks? What would their situation be? How would it differ from the present?

Gerard: You could only talk relative to the market. I would say that relatively they'll probably be higher. In other words, they will do better than the market does—whatever it is the market's going to do, which we don't know right now.

Saito: I agree with you that these stocks will outperform the market, and basically there's no reason why they shouldn't sell at a higher multiple than the market average, whatever it is. It may be 19 times now but I don't know what it will be a year from now.

Gerard: The multiples should tend to increase relative to the market and I think the earnings are going to do a lot better than the average of market earnings. With that combination you should have a relatively better performance. That's exactly what's been going on and I think that's what's going to continue to go on. END

The bid system may be the villain in the piece, but the industry can't seem to shake it

only cut from his overhead and profit figure. At JWT the three-bid system is rarely invoked except in cases when the client specifically requests it.

What JWT uses instead is a cost analysis system of its own, worked out between an outside production company, one of the Thompson producers and the agency's cost analyst, David S. Parlour. The method was tested for a year in 1963 and put into effect in 1964. Thompson turned to the cost analysis method in part because of its concern over the general health of film companies—"We felt they were entitled to a fair price for a fair job." Another influence was the agency's feeling that it was spreading its work all over the landscape rather than concentrating on a relatively few producers. JWT was convinced that the three-bid system also was detrimental to the agency, in that too much time was being spent in pre-production conferences explaining what it was after three different times, in addition to the time consuming process of narrowing the field to a single low bid.

Additionally, JWT has entered into a volume production deal with MPO Videotronics. JWT clients who participate in the plan get a discount in markup based on the agency's anticipated total annual production volume with MPO. MPO costs out all JWT work in advance. These costs are submitted for comparison with Thompson's cost analysis and a price for each unit is settled as a result of the comparison. MPO provides the agency with the actual production costs after completion of each job with a detailed accounting of how each dime was spent. When actual costs fall below estimate, MPO refunds on the basis of a year's experience.

Although Thompson has agreed to give a certain percent of its business—the broad run of its work—to MPO, the agency does use other production companies. And MPO has not cut itself off from other agencies. The firm estimates that while the Thompson deal provides a hefty hunk of its business, it amounts to only 15% of the total. MPO also has entered into a similar agreement with Lennen & Newell.

Outsiders to the pact, frequently competitors, are quick to seize on what they consider the shortcomings of the MPO-Thompson arrangement. "Why," say the system's detractors, "would MPO give its star directors or cameramen to the company whose business they've already got?" Or, on the other hand, "Won't agencies whose business is not committed be forced to take a back seat to J. Walter Thompson, MPO's biggest customer?" MPO heatedly denies both sides of the charge. The company insists that all facilities and talent are booked on a first come, first served basis, no matter who the client is.

Previous attempts in this direction have failed. At one time Ted Bates had an informal arrangement with MPO but it dissolved after a time—according to Marvin Rothenberg, vice president, secretary and director of MPO—because the commitment was only a verbal one and hence not as binding as the current MPO-Thompson, MPO-L&N deals.

(While the MPO-JWT-L&N arrangement is the most publicized, many advertisers and agencies rely on—if not one major supplier—at least a few production companies. Colgate-Palmolive, for example, is understood to limit its business to eight production companies.)

High overhead has been the undoing of more production companies than they'd like to admit. As one supplier phrased the problem to TELEVISION, "Some tremendous companies have gone down the drain because of fantastic overheads, high salary demands from unions and talent. At the same time they've had to bid even more competitive prices. They had to shave and shave those profits until there were none."

VOICE OF EXPERIENCE

One who can give an educated appraisal of the dangers of over-expansion is William Newton, president of the now Chicago-based Sarra Studio. Newton explains that Sarra's New York branch was doing very well until it overextended itself. "They opened a mammoth Fifth Street studio and there just wasn't enough business to match the upkeep. The Chicago operation, itself in the red, couldn't support the New York operation. We decided to close the New York shop before it got so bad that we'd have to close both."

For Newton and other commercial production companies there's a valuable lesson to be learned from what happened to Sarra-New York. Says Newton, "The film producer's greatest enemy is his own ego. It's a natural desire to want to grow to be the largest, the biggest, the greatest. But in the commercial production business you have to fight that trend every day. You have to put the same effort into keeping an efficient, flexible company with a nucleus of a half-dozen talented people. You've got to keep everything to the minimum to keep everybody happy and working." And, Newton adds strongly, "You've got to keep it this way even to the point of turning down business."

Yet there have been conspicuous success among high-overhead shops. At large companies like MPO, VPI and EUE the high overhead is a fact of their business lives. They are selling on-staff talent, up-to-the-minute facilities, all-comprehensive service.

Marv Rothenberg, vice president and director of MPO, relates that his company's root in the commercial business started in 1946 with a nucleus of film makers who'd gotten their experience shooting footage during the war. They found that documentary film techniques could be put to industrial use. The industrial films put out by MPO soon found their way to television showing. In its earliest days the medium had far more time than programing and industrials were welcome fare at many stations. In 1948 television commercials started coming into their own, and with them such commercial production companies as MPO, Elliot, Unger & Elliot, Audio Productions and the now defunct Transfilm Caraval.

In the beginning, Rothenberg relates, both talent and facilities came free-lance. A cameraman like Gerald Hirschfeld would work for companies A, B, C or D. The same companies drew on the same pool of free lance talent. Then MPO switched philosophies. "We found the key people in the business, those who were most in demand, and signed them to contracts that had them work exclusively for MPO." The philosophy continues today at MPO: "When you see a star behind a commercial, sign it."

In addition, says Rothenberg, "we started building facilities." Today MPO has nine air-conditioned film studios, complete with all necessary recording and electronic equipment, headquartered in the MPO Videotronics Center in Manhattan. The center includes three screening rooms, an editing department with 15 individual editing rooms. Two freight elevators deliver cars or trucks to every studio. Studio area corridors are a minimum 10 ft. wide to insure the easy movement of cars, heavy equipment and sets. Mobile kitchen units, with cooking, storage and refrigeration equipment built in, prepare food within steps of the camera area. One studio can be super-cooled for ice cream or other highly difficult food projects.

Rothenberg sees MPO's overhead and basic set-up as a cost that's figured in the business. "We are fortunate in that we are the most stable element in an unstable business. Television commercials are here to stay. Television needs commercials. We've seen scores of competitors come and go. We've faced competition from big movie companies who have gone into the commercial business and then out of it again. We've faced price competition from little companies as well as the majors. There's always somebody trying to prove a point by undercutting. But eventually there's a day of reckoning."

As Rothenberg sees it, "Getting there is easy; staying there is the tough battle. It's not just price competition—we're fortunate in having clients like Gillette and Lever Bros. who fight the temptation to buy on price alone. It's maintaining and offering creativity. We have to add something special. We keep individual creative artists on staff who can do any job and who work with agency personnel to bring something different off. These are shrewd buyers. They know where something exists."

THE LOW-OVERHEAD SCHOOL

Other successful commercial producers have taken an opposite tack, endeavoring to keep overhead at absolute minimum. One such is Robert H. Klaeger Assoc., whose V.P. in charge of sales, Mickey Dubin, explains that "We watch overhead costs without sacrificing quality and without trying to compromise. We watch every penny and nickel and the profit is very small. Production hasn't increased as much as costs—talent, music, are sky high. More is being demanded of us and they're not letting us increase our prices. We use a talent pool. Klaeger himself directs a lot, Chris Herfel is an on-staff director, the rest of the directors and cameramen are a talent pool. Certain people shoot certain things better than others. We've taken the best men in the city who are available to do commericals. If an agency wants James Wong Howe we can arrange to get James Wong Howe. Or Boris Kaufman (whose movie credits include "On the Waterfront"). If they were on staff we'd have to pay them whether they were working or not. This way we can offer the agency two or three cameramen who are the best in the business. It's the same with the directors."

For Fred Levenson, president of busy and independent Wylde Films Co., keeping the company small has more than just profit advantages. "This is a small business," he says. "You have to sell a lot of units to keep up a big volume, and it's very hazardous. You must handle each unit like it was a $100,000 picture. There are no set standards for a commercial. The people who make them must be involved from beginning to end. You musn't lose control. When men lose control of the picture they lose customers. It's a personal service business. People are buying your talent."

The Wylde "philosophy," according to Levenson is "staying on top of the job from top to bottom. People want me," he continues, "because I'm the best man to handle the job, not because of the size of the sound stage or any mechanical facilities."

Whether the tendency is to grow big or stay small the industry realizes that many problems have to be ironed out if it is to stay at all. Peter Mooney, whose Audio Productions is one of the oldest firms in the field, sees a hopeful trend. "Agencies more and more realize the need to deal with creative, organized companies. They realize the value of dealing with honest, ethical and reliable firms. For an agency producer to stay in business he has to be creative and diligent on behalf of his client. And the commercial producer must do the same for him. Everybody's got to measure up. There are no more amateurs in the agency business. They know how money should be spent on a project and why. The knowledgeable producer works with the knowledgeable film company. One complements the other." Mooney doesn't worry about competition from "the guy with his office in his hat."

Hypoing the now-not-too-healthy commercial making industry is the subject of much inside and outside production company speculation. George Tompkins, as president of the Film Producers Assn. and VPI Productions, campaigns vigorously on behalf of New York's commercial makers. In Tompkins view the cure has to do with changing the system. He says the agencies call for new results but insist on obtaining them with the old formulas, citing, for example, the aforementioned difference in treating still photography vs. TV film photography.

Tompkins says the elimination of the competitive bid is the first step to a healthy industry. "Now the business is based on a price competition and that's wrong. As far as commercials themselves are concerned the client is talking about a very small portion of his television budget. He uses TV programs as a platform for millions and millions of his dollars and then quibbles over the minutest part of the budget. It seems to me that this is a case of the tail really wagging the dog."

For Pelican Productions' V.P. in charge of sales Eli Feldman, the decision of which production company should be used should be "based on relative merits of the production company in the bid relative to the needs of a particular commercial." Or, as Sam Magdoff, president of Elektra Film Productions, says, "The client won't remember your commercial just because you do it cheaper than anyone else. He'll remember it if it's good."

As William Van Praag of Van Praag Productions sees it, the problem lies more with the agencies than with the production companies. "Years ago," he relates, "you worked with one person in the agency. Now there are three, five, ten. There's no telling how many experts they may have on the job. Although each individual is qualified in a particular field it's like anything else—too many cooks spoil the broth. It makes for complex and costly production in which film producers can very well lose because they just can't satisfy everyone."

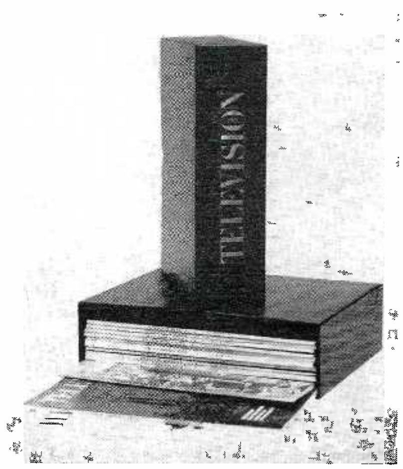
Complicating the matter further, says Filmex president Robert Bergmann, are those rising costs. Since 1959 the East Coast scale cost has gone, for a cameraman, from $113.95 to $131.05 daily, and an assistant cameraman's scale from $47 to $55 today. (Generally, however, you pay more than scale, cameramen getting at least $150 a day, his assistant up to $75.) Directors got $125 daily scale in 1959, now get $145. And again, top directors may get $200 a day and "stars" may cost their production companies over $1,000 a week, working or not.

All in all, says Bergmann, it's gotten so that "You get up every morning and realize it's a brand new ball game. We have to compete every single day."

What is the future for today's film makers? The prospects aren't looked on too optimistically by many suppliers. One who gave the bleakest view said, "Companies can't continue to go out of business for lack of profit. We may see the time when agencies produce their own commercials. In that case production companies may have to go directly to agency clients to see if they can't do work directly. Some of the film producers will turn away from the creative area and become suppliers offering nothing more than their technical facilities."

But most producers consider this view much too bleak. There is a consensus, however, that in one form or another consolidations will take place, and in the end the production field will be whittled down to the strongest few rather than the diluted many.

Still, brave new faces will continue to come on the film scene to challenge the headaches of the business. It is, after all, almost an instinctive drive for a man to want to go into business for himself. And if most of the comers won't make it, some will. Enough, one can guess, to encourage still others. And on the cycle will go. END



Want your own library case to keep TELEVISION *close at hand? An order blank is on page 68.*

TV'S TOP 50 *from page 39*

estimated 112.5% from $3.8 million to a little more than $8 million. The company's big push was behind Diet-Rite, its entry in the fermenting low-calorie cola field. Since domestically Royal Crown sells its concentrated beverage flavors only to some 460 franchised bottlers across the country, it has no need for network time and puts all its TV budget into spot.

Coca-Cola and Pepsi-Cola, Royal Crown's two major competitors, also had big years in television, probably as a reflection of market-to-market battles with each other. Coca-Cola increased its TV advertising investment by 42.8%, as a result moving into the Top 10 rankings for the first time. Pepsi-Cola, keeping comparative pace, boosted a record $14 million, up 35.5% from 1963. For television it was a genuine bonanza with bottled and canned soft drink advertisers' TV time billings reaching all-time highs.

IT'S AN ALL-AROUND BOOM

But then the boom isn't only in soft drink expenditures. TELEVISION's estimates indicate strongly—and the nation's record profits and robust-appearing economy seem to bear it out—that despite rising costs and rates and stronger competition from other media, American advertisers still are strongly disposed to spend more than ever each year to impress their advertising messages on the public via television.

The year's activity of the Top 50 TV advertisers is capsuled in its essentials below:

No. 1 Procter & Gamble. Rank remains the same. Expenditures increased an estimated $10.3 million (7.9%).

No. 2 General Foods. Up from fifth. Expenditures increased an estimated $25.7 million (50.9%).

No. 3 Colgate-Palmolive. Down from second. Expenditures increased an estimated $4.4 million (8.5%).

No. 4 Bristol-Myers. Rank remains the same. Expenditures increased an estimated $4.7 million (9.3%).

No. 5 American Home Products. Down from third. Expenditures increased an estimated $2.9 million (5.6%).

No. 6 Lever Brothers. Rank remains the same. Expenditures increased an estimated $5.4 million (11.4%).

No. 7 R. J. Reynolds Tobacco. Up from eighth. Expenditures increased an estimated $10.8 million (35.4%).

No. 8 General Mills. Up from 10th. Expenditures increased an estimated $6.1 million (20.6%).

No. 9 American Tobacco. Up from 17th. Expenditures increased an estimated $12.4 million (63.5%).

No. 10 Coca-Cola Co./Bottlers. Up from 13th. Expenditures increased an estimated $9.0 million (42.8%).

No. 11 Alberto-Culver. Down from ninth. Expenditures decreased an estimated $631,000 (minus 2.1%).

No. 12 General Motors Corp./Dealers. Down from seventh. Expenditures decreased an estimated $5.1 million (minus 14.8%).

No. 13 Gillette. Down from 11th. Expenditures increased an estimated $2.5 million (10.4%).

No. 14 Warner-Lambert Pharmaceutical. Up from 19th. Expenditures increased an estimated $6.7 million (35.8%).

No. 15 Kellogg. Down from 12th. Expenditures increased an estimated $3.8 million (18.0%).

No. 16 Ford Motor Co./Dealers. Down from 14th. Expenditures increased an estimated $3.3 million (16.1%).

No. 17 William Wrigley Jr. Up from 21st. Expenditures increased an estimated $5.3 million (29.4%).

No. 18 Philip Morris. Down from 15th. Expenditures increased an estimated $953,000 (4.7%).

No. 19 Chrysler Corp./Dealers. Up from 26th. Expenditures increased an estimated $7.2 million (53.2%).

No. 20 Brown & Williamson Tobacco. Up from 23rd. Expenditures increased an estimated $3.7 million (21.9%).

No. 21 Sterling Drug. Up from 24th. Expenditures increased an estimated $2.5 million (15.4%).

No. 22 P. Lorillard. Down from 18th. Expenditures decreased an estimated $1.1 million (minus 5.8%).

No. 23 Miles Laboratories. Down from 16th. Expenditures decreased an estimated $1.6 million (minus 8.1%).

No. 24 Liggett & Myers Tobacco. Down from 20th. Expenditures decreased an estimated $808,000 (minus 4.3%).

No. 25 Campbell Soup. Down from 22nd. Expenditures decreased an estimated $1.6 million (9.0%).

No. 26 National Biscuit. Down from 25th. Expenditures increased an estimated $986,000 (7.0%).

No. 27 Ralston Purina. Rank remains the same. Expenditures increased an estimated $2.1 million (16.5%).

No. 28 Pepsi-Cola Co./Bottlers. Up from 32nd. Expenditures increased an estimated $3.7 million (35.5%).

No. 29 Standard Brands. Up from 40th. Expenditures increased an estimated $3.9 million (45.5%).

No. 30 Beech-Nut Life Savers. Up from 43rd. Expenditures increased an estimated $4.1 million (51.1%).

No. 31 Block Drug. Down from 29th. Expenditures increased an estimated $449,000 (3.9%).

No. 32 Pillsbury. Up from 37th. Expenditures increased an estimated $2.4 million (25.2%).

No. 33 American Telephone & Telegraph Co./Subsidiaries. Up from 38th. Expenditures increased an estimated $2.4 million (26.4%).

No. 34 Gulf Oil Corp. Up from an unranked position. Expenditures increased an estimated $8.2 million (271.2%).

No. 35 Corn Products. Down from 28th. Expenditures decreased an estimated $977,000 (minus 8.3%).

No. 36 National Dairy Products Corp. Down from 30th. Expenditures decreased an estimated $716,000 (minus 6.3%).

No. 37 J. B. Williams. Down from 31st. Expenditures decreased an estimated $313,000 (minus 2.9%).

No. 38 Nestle Co. Up from 52nd. Expenditures increased an estimated $3.7 million (54.4%).

No. 39 Shell Oil. Up from 41st. Expenditures increased an estimated $2.0 million (24.0%).

No. 40 Borden. Up from 59th. Expenditures increased an estimated $4.1 million (68.3%).

No. 41 Continental Baking. Up from 48th. Expenditures increased an estimated $2.6 million (35.9%).

No. 42 Jos. Schlitz Brewing. Down from 35th. Expenditures decreased an estimated $248,000 (minus 2.6%).

No. 43 Chesebrough-Pond's. Down from 33rd. Expenditures decreased an estimated $1.5 million (minus 14.7%).

No. 44 Mattel. Up from 72nd. Expenditures increased an estimated $3.2 million (61.9%).

No. 45 Quaker Oats. Up from 63rd. Expenditures increased an estimated $2.6 million (45.1%).

No. 46 Scott Paper. Up from 50th. Expenditures increased an estimated $1.5 million (22.8%).

No. 47 Carter Products. Down from 42nd. Expenditures increased an estimated $41,000 (.5%).

No. 48 Consolidated Cigar. Up from 65th. Expenditures increased an estimated $2.0 million (33.2%).

No. 49 S. C. Johnson & Son. Down from 34th. Expenditures decreased an estimated $1.9 million (minus 19.5%).

No. 50 Royal Crown Cola/Bottlers. Up from 94th. Expenditures increased estimated $4.2 million (112.5%). END

TELEVISION MAGAZINE'S
TELESTATUS

How things stand in television markets and coverage as of January 1965

U.S. households now number	U.S. TV households now number	U.S. TV penetration is
56,950,000	51,990,000	91%

THE three statements above constitute the first set of facts about U. S. television presented each month in "Telestatus." There are 266 other sets, all having to do with the 266 television markets into which TELEVISION MAGAZINE has divided the commercial TV universe. The most important fact about each market: the number of television households credited to it. The second ranking fact: the percentage of penetration credited to the market. Both facts have been arrived at by the magazine's research department using a rigid set of criteria. It is important to the use of this data that the reader understand, at least generally, the criteria used.

First: TV households are credited to each market on a county-by-county basis. All the TV households in a county are credited to a market if one-quarter of those households view the dominant station in that market at least one night a week. This is referred to as a "25% cutoff." If less than 25% view the dominant station, no homes in the county are credited to the market.

Second: This total of television households changes each month, based on the magazine's continuing projections of TV penetration and household growth.

Third: Many individual markets have been combined into dual- or multi-market listings. This has been done wherever there is almost complete duplication of the TV coverage area and no major difference in TV households.

There are a number of symbols used throughout "Telestatus" (they are listed on each page). Each has an important meaning. For example, a square (■) beside the TV households total for a market indicates there has been a major facilities change in that market which might have significantly changed coverage areas since the latest available survey. A double asterisk (**) in a market listing means that the circulation of a satellite has been included in the market total, whereas a triple asterisk (***) means satellite circulation is not included. The important point for readers is to be aware of the symbols where they occur and to take into account the effect they have on the particular market totals involved.

The preparation of TV coverage totals and market patterns is a complex task. It is complicated by the fact that coverage patterns are constantly shifting as the industry grows. TELEVISION MAGAZINE's formula for market evaluation has been reached after years of careful study and research. The criteria it uses, while in some cases arbitrary—using a 25% cutoff rather than a 5% cutoff or a 50% cutoff, for example—are accepted and, most importantly, are constant. They have been applied carefully and rigorously to each market in the country, assuring the reader a standard guide to an ever-increasing industry.

Market & Stations % Penetration	TV Households
A	
Aberdeen, S. D.—89 KXAB-TV (N,A)	■26,900
Abilene, Tex.—88 KRBC-TV (N,A) (KRBC-TV operates satellite KACB-TV San Angelo, Tex.)	***81,400
Ada, Okla.—85 KTEN (A,N,C)	81,000
Agana, Guam KUAM-TV (N,C,A)	•
Aguadilla, P. R. WOLE	‡
Akron, Ohio—45 WAKR-TV† (A)	†75,200
Albany, Ga.—76 WALB-TV (N,A,C)	154,800
Albany-Schenectady-Troy, N.Y.—93 WAST (A) WRGB (N) WTEN (C) (WTEN operates satellite WCDC Adams Mass.)	**436,900
Albuquerque, N. M.—82 KGGM-TV (C) KOAT-TV (A) KOB-TV (N)	169,200
Alexandria, La.—80 KALB-TV (N,A,C)	108,400
Alexandria, Minn.—85 KCMT (N,A) (Operates satellite KNMT Walker, Minn.)	***111,600
Alpine, Tex. KVLF-TV (A)	‡
Altoona, Pa.—91 WFBG-TV (C,A)	317,300
Amarillo, Tex.—89 KFDA-TV (C) KGNC-TV (N) KVII-TV (A) (KFDA-TV operates satellite KFDW-TV Clovis, N. M.)	**136,700
Ames-Des Moines, Iowa—93 WOI-TV (A) KRNT-TV (C) WHO-TV (N)	294,900
Anchorage, Alaska—69 KENI-TV (N,A) KTVA (C)	24,200
Anderson, S. C. WAIM-TV (A,C)	•
Ardmore, Okla.—83 KXII (N,A,C)	68,500
Asheville, N. C.-Greenville-Spartanburg, S. C.—86 WFBC-TV (N) WISE-TV† (N) WLOS-TV (A) WSPA-TV (C)	453,500 †•
Atlanta, Ga.—88 WAGA-TV (C) WAII-TV (A) WSB-TV (N)	620,900
Augusta, Ga.—80 WJBF-TV (N,A) WRDW-TV (C,A,N)	■196,200
Austin, Minn.—91 KMMT (A)	189,100
Austin, Tex.—84 KTBC-TV (C,N,A,)	149,000
B	
Bakersfield, Calif.—78 KBAK-TV† (C) KERO-TV† (N) KLYD-TV† (A)	■†124,500
Baltimore, Md.—93 WBAL-TV (N) WJZ-TV (A) WMAR-TV (C)	■775,200
Bangor, Me.—92 WABI-TV (C,A) WLBZ-TV (N,A) (Includes CATV homes)	107,200
Baton Rouge, La.—84 WAFB-TV (C,A) WBRZ (N,A)	251,800
Bay City-Saginaw-Flint, Mich.—94 WJRT (A) WKNX-TV† (C) WNEM-TV (N)	419,600 †64,500
Beaumont-Port Arthur, Tex.—89 KBMT-TV (A) KFDM-TV (C) KPAC-TV (N)	175,000
Bellingham, Wash.—91 KVOS-TV (C)	*52,000
Big Spring, Tex.—91 KWAB-TV (C,A)	21,700
Billings, Mont.—83 KOOK-TV (C,A) KULR-TV (N)	62,500
Biloxi, Miss.—89 WLOX-TV (A)	48,100
Binghamton, N. Y.—91 WBJA-TV† (A) WINR-TV† (N) WNBF-TV (C)	244,600 †50,600
Birmingham, Ala.—85 WAPI-TV (N) WBRC-TV (A)	481,100

■ Major facility change in market subsequent to latest county survey measurement date.
† U.H.F.
• Incomplete data.
†• U.H.F. incomplete data.
‡ New station; coverage study not completed.
†‡ U.H.F new station; coverage study not completed.
* U.S. Coverage only.
** Includes circulation of satellite (or booster).
*** Does not include circulation of satellite

Market & Stations % Penetration	TV Households
Bismarck, N. D.—87 KFYR-TV (N) KXMB-TV (A,C) (KFYR-TV operates satellites KUMV-TV Williston, N. D., and KMOT Minot, N. D.)	■***49,100
Bloomington, Ind.—93 WTTV (See also Indianapolis, Ind.)	713,400
Bluefield, W. Va.—84 WHIS-TV (N,A)	133,500
Boise, Idaho—89 KBOI-TV (C,A) KTVB (N,A) (KTVB operates satellite KTVR-TV La Grande, Ore.)	***85,800
Boston, Mass.—95 WBZ-TV (N) WHDH-TV (C) WIHS-TV† WNAC-TV (A)	1,845,100 †‡
Bowling Green, Ky. WLTV	‡
Bristol, Va.-Johnson City-Kingsport, Tenn.—80 WCYB-TV (N,A) WJHL-TV (C,A)	188,800
Bryan, Tex.—77 KBTX-TV (A,C) (KBTX-TV is a satellite of KWTX-TV Waco, Tex.)	42,000
Buffalo, N. Y.—95 WBEN-TV (C) WGR-TV (N) WKBW-TV (A)	*603,300
Burlington, Vt.—92 WCAX-TV (C)	*171,900
Butte, Mont.—85 KXLF-TV (C,N,A)	58,500
C	
Cadillac-Traverse City, Mich.—89 WPBN-TV (N,A) WWTV (C,A) (WWTV operates satellite WWUP-TV Sault Ste. Marie, Mich.; WPBN-TV operates satellite WTOM-TV Cheboygan, Mich.)	**147,400
Caguas, P. R. WKBM-TV	•
Cape Girardeau, Mo.—86 KFVS-TV (C)	247,800
Carlsbad, N. M.—90 KAVE-TV (C,A)	13,900
Carthage-Watertown, N. Y.—93 WCNY-TV (C,A) (Includes CATV homes)	*71,200
Casper, Wyo.—84 KTWO-TV (N,C,A)	■45,700
Cedar Rapids-Waterloo, Iowa—92 KCRG-TV (A) KWWL-TV (N) WMT-TV (C)	317,900
Champaign, Ill.—91 WCHU† (N) WCIA (C) (WCHU† is a satellite to WICS† Springfield, Ill.)	341,000
Charleston, S. C.—79 WCIV (N) WCSC-TV (C,N) WUSN-TV (A,C)	141,500
Charleston-Huntington, W. Va.—85 WCHS-TV (C); WHTN-TV (A) WSAZ-TV (N)	428,700
Charlotte, N. C.—87 WBTV (C,A) WCCB-TV† WSOC-TV (N,A)	628,800 †‡
Chattanooga, Tenn.—86 WDEF-TV (C) WRCB-TV (N) WTVC (A)	220,200
Cheyenne, Wyo.—87 KFBC-TV (C,N,A) (Operates satellites KSTF Scottsbluff, Neb., and KTVS Sterling, Colo.)	**93,600
Chicago, Ill.—94 WBBM-TV (C) WBKB (A) WCIU† WGN-TV WMAQ-TV (N)	2,360,500 †‡
Chico-Redding, Calif.—90 KHSL-TV (C) KRCR-TV (A,N)	134,600
Cincinnati, Ohio—93 WCPO-TV (C) WKRC-TV (A) WLWT (N)	■802,300
Clarksburg, W. Va.—85 WBOY-TV (N,C)	90,500
Cleveland, Ohio—95 KYW-TV (N) WEWS (A) WJW-TV (C)	1,361,200
Colorado Springs-Pueblo, Colo.—90 KKTV (C) KOAA-TV (N) KRDO-TV (A)	109,100
Columbia-Jefferson City, Mo.—87 KRCG-TV (C,A) KOMU-TV (N,A) (KRCG-TV operates satellite KMOS-TV Sedalia, Mo.)	**135,500
Columbia, S. C.—81 WOLO-TV† (A) WIS-TV (N) WNOK-TV† (C)	■229,200 †40,400
Columbus, Ga.—81 WRBL-TV (C,N) WTVM (A,N)	233,200
Columbus, Miss.—75 WCBI-TV (C,A,N)	70,000
Columbus, Ohio—94 WBNS-TV (C) WLWC (N) WTVN-TV (A)	512,700
Coos Bay, Ore.—80 KCBY (N)	15,000
Corpus Christi, Tex.—86 KRIS-TV (N) KZTV (C) KIII (A)	■116,400
D	
Dallas-Ft. Worth, Tex.—90 KRLD-TV (C) KTVT WBAP-TV (N) WFAA-TV (A)	801,800
Davenport, Iowa-Rock Island-Moline, Ill.—93 WHBF-TV (C) WOC-TV (N) WQAD-TV (A)	320,700
Dayton, Ohio—94 WHIO-TV (C,N) WKEF-TV† (N,A,C) WLWD (N,A)	532,600 †‡
Daytona Beach-Orlando, Fla.—88 WDBO-TV (C) WESH-TV (N) WFTV (A)	320,300
Decatur, Ala.—51 WMSL-TV† (N,C)	†46,500
Decatur, Ill.—83 WTVP† (A)	†129,500
Denver, Colo.—92 KBTV (A) KCTO KLZ-TV (C) KOA-TV (N)	401,200
Des Moines-Ames, Iowa—93 KRNT (C) WHO-TV (N) WOI-TV (A)	294,900
Detroit, Mich.—95 WJBK-TV (C) WWJ-TV (N) WXYZ-TV (A) CKLW-TV (Windsor, Ont.)	*1,624,400
Dickinson, N. D.—84 KDIX-TV (C,A)	19,800
Dothan, Ala.—78 WTVY (C,A)	110,900
Duluth, Minn.-Superior, Wis.—89 KDAL-TV (C,A) WDSM-TV (N,A)	166,500
Durham-Raleigh, N. C.—84 WRAL-TV (A,N,C) WTVD (C,N)	353,300
E	
Eau Claire, Wis.—91 WEAU-TV (N,C,A)	94,200
El Dorado, Ark.-Monroe, La.—78 KNOE-TV (C,A) KTVE (N,A)	161,800
Elk City, Okla. KSWB	‡
Elkhart-South Bend, Ind.—70 WNDU-TV† (N) WSBT-TV† (C) WSJV-TV† (A)	†168,300
El Paso, Tex.—90 KELP-TV (A) KROD-TV (C) KTSM-TV (N)	*114,700
Ensign, Kan.—87 KTVC (C)	41,500
Erie, Pa.—93 WICU-TV (N,A) WSEE-TV† (C,A) (Includes CATV homes)	181,900 †63,200
Eugene, Ore.—87 KEZI-TV (A) KVAL-TV (N)	101,600
Eureka, Calif.—86 KIEM-TV (C,N) KVIQ-TV (A,N)	55,700
Evansville, Ind.-Henderson, Ky.—86 WEHT-TV† (C) WFIE-TV† (N) WTVW (A)	224,900 †117,900
F	
Fairbanks, Alaska—72 KFAR-TV (N,A) KTVF (C)	11,300
Fargo-Valley City, N. D.—87 KTHI-TV (A) KXJB-TV (C) WDAY-TV (N)	159,800
Flint-Bay City-Saginaw, Mich.—94 WJRT (A) WKNX-TV† (C) WNEM (N)	419,600 †64,500
Florence, Ala.—72 WOWL-TV† (N,C,A)	†22,900
Florence, S. C.—78 WBTW (C,A,N)	153,400
Ft. Dodge, Iowa—67 KQTV† (N)	†30,400
Ft. Myers, Fla.—83 WINK-TV (A,C)	35,000
Ft. Smith, Ark.—82 KFSA-TV (C,N,A)	76,000
Ft. Wayne, Ind.—82 WANE-TV† (C) WKJG-TV† (N) WPTA-TV† (A)	†183,800

■ Major facility change in market subsequent to latest county survey measurement date.
† U.H.F.
• Incomplete data.
†• U.H.F. incomplete data.
‡ New station; coverage study not completed.
†‡ U.H.F. new station; coverage study not completed.
* U.S. Coverage only.
** Includes circulation of satellite (or booster).
*** Does not include circulation of satellite

Market & Stations % Penetration — TV Households

Ft. Worth-Dallas, Tex.—90 801,800
KRLD-TV (C) KTVT WBAP-TV (N) WFAA-TV (A)

Fresno, Calif.—87 ■†199,800
KAIL-TV† KDAS† (Hanford) KFRE-TV† (C) KICU-TV† (Visalia) KJEO-TV† (A) KMJ-TV† (N)

G

Glendive, Mont.—80 4,000
KXGN-TV (C)

Grand Junction, Colo.—84 **30,300
KREX-TV (C,N,A)
(Operates satellite KREY-TV Montrose, Colo.)

Grand Rapids-Kalamazoo, Mich.—93 ■584,500
WKZO-TV (C) WOOD-TV (N) WZZM-TV (A)

Great Falls, Mont.—86 61,400
KFBB-TV (C,A) KRTV (N)
(Includes CATV homes)

Green Bay, Wis.—94 333,100
WBAY-TV (C) WFRV (N) WLUK-TV (A)

Greensboro-High Point-Winston-Salem, N. C.—87 ■404,500
WFMY-TV (C) WGHP-TV (A) WSJS-TV (N)

Greenville-Spartanburg, S. C.-Asheville, N. C.—86 453,500 †•
WFBC-TV (N) WISE-TV† (N) WLOS-TV (A) WSPA-TV (C)

Greenville-Washington-New Bern, N. C.—83 ■219,600
WITN (N) WNBE-TV (A) WNCT (C)

Greenwood, Miss.—65 61,700
WABG-TV (C,A,N)

H

Hannibal, Mo.-Quincy, Ill.—91 167,200
KHQA (C,A) WGEM-TV (N,A)

Harlingen-Weslaco, Tex.—78 *70,200
KGBT-TV (C,A) KRGV-TV (N,A)

Harrisburg, Ill.—87 ***200,200
WSIL-TV (A)
(WSIL-TV operates satellite KPOB-TV† Poplar Bluff, Mo.)

Harrisburg, Pa.—84 †136,000
WHP-TV† (C) WTPA† (A)

Harrisonburg, Va.—81 68,400
WSVA-TV (C,N,A)

Hartford-New Haven-New Britain, Conn.—94 745,000 †345,300
WHCT† WHNB-TV† WNHC-TV (A) WTIC-TV (C)

- ■ Major facility change in market subsequent to latest county survey measurement date.
- † U.H.F.
- • Incomplete data.
- †• U.H.F. incomplete data.
- ‡ New station; coverage study not completed.
- †‡ U.H.F. new station; coverage study not completed.
- * U.S. Coverage only.
- ** Includes circulation of satellite (or booster).
- *** Does not include circulation of satellite

Market & Stations % Penetration — TV Households

Hastings, Neb.—89 100,900
KHAS-TV (N)

Hattiesburg, Miss.—79 ■51,700
WDAM-TV (N,A)

Hays, Kan.—87 **65,100
KAYS-TV (C)
(Operates satellite KLOE-TV Goodland, Kan.)

Helena, Mont.—84 8,000
KBLL-TV (C,A,N)

Henderson, Ky.-Evansville, Ind.—86 224,900 †117,900
WEHT-TV† (C) WFIE-TV† (N) WTVW (A)

Henderson-Las Vegas, Nev.—91 58,700
KLAS-TV (C) KORK-TV (N) KSHO-TV (A)

High Point-Greensboro-Winston Salem, N. C.—87 ■404,500
WFMY-TV (C) WGHP-TV (A) WSJS-TV (N)

Holyoke-Springfield, Mass.—90 ■**†184,100
WHYN-TV† (A) WWLP† (N)
(WWLP† operates satellite WRLP† Greenfield, Mass.)

Honolulu, Hawaii—87 **147,600
KGMB-TV (C) KHVH-TV (A) KONA-TV (N) KTRG-TV
(Satellites: KHBC-TV Hilo and KMAU-TV Wailuku to KGMB-TV. KMVI-TV Wailuku and KHVO-TV Hilo to KHVH; KALU-TV Hilo and KALA-TV Wailuku to KONA-TV.)

Houston, Tex.—90 550,800
KHOU-TV (C) KPRC-TV (N) KTRK-TV (A)

Huntington-Charleston, W. Va.—85 428,700
WCHS-TV (C) WHTN-TV (A) WSAZ-TV (N)

Huntsville, Ala.—45 ■†21,600
WAAY-TV† (A) WHNT-TV† (C)

Hutchinson-Wichita, Kan.—90 ■**364,500
KAKE-TV (A) KARD-TV (N) KTVH (C)
(KGLD-TV Garden City, KCKT-TV Great Bend, and KOMC-TV Oberlin-McCook, satellites to KARD-TV; KUPK-TV Garden City is satellite to KAKE-TV)

I

Idaho Falls, Idaho—89 69,200
KID-TV (C,A) KIFI-TV (N)

Indianapolis, Ind.—93 737,500
WFBM-TV (N) WISH-TV (C) WLWI (A)
(See also Bloomington, Ind.)

J

Jackson, Miss.—75 ■242,300
WJTV (C,A) WLBT (N,A)

Jackson, Tenn.—80 66,000
WDXI-TV (C,A)

Jacksonville, Fla.—84 271,700
WFGA-TV (N,A) WJXT (C,A)

Jefferson City-Columbia, Mo.—87 **135,500
KRCG-TV (C,A) KOMU-TV (N,A)
(KRCG-TV operates satellite KMOS-TV Sedalia, Mo.)

Johnson City-Kingsport, Tenn.-Bristol, Va.—80 188,800
WCYB-TV (N,A) WJHL-TV (C,A)

Market & Stations % Penetration — TV Households

Johnstown, Pa.—93 590,500 †•
WARD-TV† (C,A) WJAC-TV (N,A)

Jonesboro, Ark. ‡
KAIT-TV

Joplin, Mo.-Pittsburg, Kan.—88 153,100
KOAM-TV (N,A) KODE-TV (C,A)

Juneau, Alaska—69 2,700
KINY-TV (C,A,N)

K

Kalamazoo-Grand Rapids, Mich.—93 ■584,500
WKZO-TV (C) WOOD-TV (N) WZZM-TV (A)

Kansas City, Mo.—91 636,400
KCMO-TV (C) KMBC-TV (A) WDAF-TV (N)

Kearney, Neb.—89 ■100,400
KHOL-TV (A)
(Operates satellite KHPL-TV** Hayes Center, Neb., and KHQL-TV*** Albion, Neb.)

Klamath Falls, Ore.—87 27,200
KOTI (A,C)

Knoxville, Tenn.—80 252,200 †48,700
WATE-TV (N) WBIR-TV (C) WTVK† (A)

L

La Crosse, Wis.—90 ■114,300
WKBT (C,A,N)

Lafayette, Ind. †•
WFAM-TV† (C)

Lafayette, La.—86 171,900
KATC (A) KLFY-TV (C,N)
(Includes CATV homes)

Lake Charles, La.—84 109,600
KPLC-TV (N)

Lancaster-Lebanon, Pa.—91 591,100 †122,800
WGAL-TV (N) WLYH-TV† (C)

Lansing, Mich.—95 388,700
WILX-TV (N) (Onondaga) WJIM-TV (C,N)

Laredo, Tex.—79 14,600
KGNS-TV (C,N,A)

La Salle, Ill. (See Peoria, Ill.)

Las Vegas-Henderson, Nev.—91 58,700
KLAS-TV (C) KORK-TV (N) KSHO-TV (A)

Lawton, Okla. (See Wichita Falls, Tex.)

Lebanon, Pa. (See Lancaster, Pa.)

Lexington, Ky.—60 †76,200
WKYT† (A,C) WLEX-TV† (N,C)

Lima, Ohio—70 †48,400
WIMA-TV† (A,N)

Lincoln, Neb.—90 **223,000
KOLN-TV (C)
(Operates satellite KGIN-TV Grand Island, Neb.)

Little Rock, Ark.—83 251,800
KARK-TV (N) KATV (A) KTHV (C)

Los Angeles, Calif.—93 2,820,900 †‡
KABC-TV (A) KCOP KHJ-TV KMEX-TV† KNBC (N) KNXT (C) KTLA KTTV

Louisville, Ky.—88 456,300 †‡
WAVE-TV (N) WHAS-TV (C) WLKY-TV† (A)

Market & Stations % Penetration — TV Households

Lubbock, Tex.—90 ■133,000
KCBD-TV (N) KLBK-TV (C,A)

Lufkin, Tex.—80 55,700
KTRE-TV (N,C,A)

Lynchburg, Va.—85 180,400
WLVA-TV (A)

M

Macon, Ga.—80 119,100
WMAZ-TV (C,N,A)

Madison, Wis.—92 264,700 †118,900
WISC-TV (C) WKOW-TV† (A) WMTV† (N)

Manchester, N. H.—93 160,300
WMUR-TV (A)

Mankato, Minn.—89 116,700
KEYC-TV (C)

Marion, Ind. †‡
WTAF-TV†

Marquette, Mich.—89 62,100
WLUC-TV (C,N,A)

Mason City, Iowa—92 173,000
KGLO-TV (C)

Mayaguez, P. R. •
WORA-TV

Medford, Ore.—90 47,300
KMED-TV (N,A) KTVM (C,A)

Memphis, Tenn.—80 496,900
WHBQ-TV (A) WMCT (N) WREC-TV (C)

Meridian, Miss.—76 119,500
WTOK-TV (C,A,N)

Mesa-Phoenix, Ariz.—88 268,600
KOOL-TV (C) KPHO-TV KTAR-TV (N) KTVK (A)

Miami, Fla.—89 618,100
WCKT (N) WLBW-TV (A) WTVJ (C)

Midland-Odessa, Tex.—89 ■106,400
KMID-TV (N) KOSA-TV (C) KVKM-TV (A) (Monahans)

Milwaukee, Wis.—95 672,200 †191,700
WISN-TV (C) WITI-TV (A) WTMJ-TV (N) WUHF-TV†

Minneapolis-St. Paul, Minn.—92 776,400
KMSP-TV (A) KSTP-TV (N) WCCO-TV (C) WTCN-TV

Minot, N. D.—89 *41,100
KMOT-TV (N) KXMC-TV (C,A)
(KMOT-TV is satellite to KFYR-TV Bismarck, N. D.)

Missoula, Mont.—86 60,800
KMSO-TV (C,A,N)

Mitchell, S. D.—86 31,800
KORN-TV (N)

Mobile, Ala.—86 275,500
WALA-TV (N) WEAR-TV (A) (Pensacola) WKRG-TV (C)

Monroe, La.-El Dorado, Ark.—78 161,800
KNOE-TV (C,A) KTVE (N,A)

Monterey-Salinas, Calif. (See Salinas)

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Market & Stations % Penetration	TV Households
Montgomery, Ala.—78	152,100
WCOV-TV† (C) WKAB-TV† (A)	†55,200
WSFA-TV (N)	
Muncie, Ind.—60	†23,900
WLBC-TV† (N,A,C)	
N	
Nashville, Tenn.—84	473,400
WLAC-TV (C) WSIX-TV (A) WSM-TV (N)	
New Bern-Greenville-Washington, N. C.—83	■219,600
WITN (N) WNBE-TV (A) WNCT (C)	
New Haven-New Britain-Hartford, Conn.—94	745,000
	†345,300
WHCT† WHNB-TV† (N) WNHC-TV (A) WTIC-TV (C)	
New Orleans, La.—88	452,300
WDSU-TV (N) WVUE (A) WWL-TV (C)	
New York, N. Y.—94	5,518,000
WABC-TV (A) WCBS-TV (C) WNBC-TV (N) WNEW-TV WOR-TV WPIX	
Norfolk, Va.—87	337,300
WAVY-TV (N) WTAR-TV (C) WVEC-TV (A)	
North Platte, Neb.—88	26,800
KNOP-TV (N)	
O	
Oak Hill, W. Va.—83	83,800
WOAY-TV (C)	
Oakland-San Francisco, Calif.—91	1,470,600
KGO-TV (A) KPIX (C) KRON-TV (N) KTVU	
Odessa-Midland, Tex.—89	■106,400
KMID-TV (N) KOSA-TV (C) KVKM-TV (A) (Monahans)	
Oklahoma City, Okla.—90	356,200
KOCO-TV (A) KWTV (C) WKY-TV (N)	
Omaha, Neb.—93	332,500
KETV (A) KMTV (N) WOW-TV (C)	
Orlando-Daytona Beach, Fla.—88	320,300
WDBO-TV (C) WESH-TV (N) WFTV (A)	
Ottumwa, Iowa—89	102,300
KTVO (C,N,A)	
P	
Paducah, Ky.—85	■202,100
WPSD-TV (N)	
Panama City, Fla.—81	■94,000
WJHG-TV (N,A)	
Parkersburg, W. Va.—54	†24,500
WTAP-TV† (N,C,A)	
Pembina, N. D.—79	*13,900
KCND-TV (A,N)	
Peoria, Ill.—78	**175,900
WEEK-TV† (N) WMBD-TV† (C) WTVH† (A) (WEEK-TV† operates WEEQ-TV† La Salle, Ill.)	
Philadelphia, Pa.—94	2,126,900
WCAU-TV (C) WFIL-TV (A) WRCV-TV (N)	
Phoenix-Mesa, Ariz.—88	268,600
KOOL-TV (C) KPHO-TV KTAR-TV (N) KTVK (A)	
Pittsburg, Kan.-Joplin, Mo.—88	153,100
KOAM-TV (N,A) KODE-TV (C,A)	
Pittsburgh, Pa.—94	1,260,400
KDKA-TV (C) WIIC (N) WTAE (A)	
Plattsburg, N. Y.—93	■*133,500
WPTZ (N,A)	
Poland Spring, Me.—93	*393,400
WMTW-TV (A) (Mt. Washington, N. H.)	
Ponce, P. R.	•
WRIK-TV WSUR-TV	
Port Arthur-Beaumont, Tex.—89	175,000
KBMT-TV (A) KFDM-TV (C) KPAC-TV (N)	
Portland, Me.—93	238,500
WCSH-TV (N) WGAN-TV (C)	
Portland, Ore.—90	500,300
KATU (A) KGW-TV (N) KOIN-TV (C) KPTV	
Presque Isle, Me.—90	23,900
WAGM-TV (C,A,N)	
Providence, R. I.—96	879,000
WJAR-TV (N) WPRO-TV (C) WTEV (A) (New Bedford, Mass.)	
Pueblo-Colorado Springs, Colo.—90	109,100
KKTV (C) KOAA-TV (N) KRDO-TV (A)	
Q	
Quincy, Ill.-Hannibal, Mo.—91	167,200
KHQA-TV (C,A) WGEM-TV (N,A)	
R	
Raleigh-Durham, N. C.—84	353,300
WRAL-TV (A,N,C) WTVD (C,N)	
Rapid City, S. D.—86	**59,800
KOTA-TV (C,A) KRSD-TV (N,A) (KOTA-TV operates satellite KDUH-TV Hay Springs, Neb.; KRSD-TV operates satellite KDSJ-TV Deadwood, S. D.)	
Redding-Chico, Calif.—90	134,600
KHSL-TV (C) KRCR-TV (A,N)	
Reno, Nev.—86	52,200
KCRL (N) KOLO-TV (A,C)	
Richmond, Va.—85	293,900
WRVA-TV (A) WTVR (C) WXEX-TV (N) (Petersburg, Va.)	
Riverton, Wyo.—84	13,500
KWRB-TV (C,A,N)	
Roanoke, Va.—86	329,700
WDBJ-TV (C) WSLS-TV (N)	
Rochester, Minn.—92	152,400
KROC-TV (N)	
Rochester, N. Y.—94	337,300
WHEC-TV (C) WOKR (A) WROC-TV (N)	
Rockford, Ill.—94	223,800
WREX-TV (A,C) WTVO† (N)	†111,900
Rock Island-Moline, Ill.-Davenport, Iowa—93	320,700
WHBF-TV (C) WOC-TV (N) WQAD-TV (A)	
Rome-Utica, N. Y. (See Utica)	
Roseburg, Ore.—88	19,500
KPIC (N)	
Roswell, N. M.—91	■19,400
KSWS-TV (N,C,A)	
S	
Sacramento-Stockton, Calif.—92	606,900
KCRA-TV (N) KOVR (A) KXTV (C)	
Saginaw-Bay City-Flint, Mich.—94	419,600
WJRT (A) WKNX-TV† (C)	†64,500
WNEM-TV (N)	
St. Joseph, Mo.—89	147,100
KFEQ-TV (C)	
St. Louis, Mo.—92	842,300
KMOX-TV (C) KPLR-TV KSD-TV (N) KTVI (A)	
St. Paul-Minneapolis, Minn.—92	776,400
KMSP-TV (A) KSTP (N) WCCO-TV (C) WTCN-TV	
St. Petersburg-Tampa, Fla.—88	479,500
WFLA-TV (N) WSUN-TV† (A)	†297,100
WTVT (C)	
St. Thomas, V. I.	•
WBNB-TV (C,N,A)	
Salina, Kan.	†•
KSLN-TV† (A)	
Salinas-Monterey, Calif.—90	**262,100
KSBW-TV (C,N) (See also San Jose, Calif.) (Includes circulation of optional satellite, KSBY-TV San Luis Obispo)	
Salisbury, Md.—66	†34,800
WBOC-TV† (A,C,N)	
Salt Lake City, Utah—89	293,600
KCPX (A) KSL-TV (C) KUTV (N)	
San Angelo, Tex.—85	29,600
KACB-TV (N,A) KCTV (C,A) (KACB-TV is satellite to KRBC-TV Abilene, Tex.)	
San Antonio, Tex.—84	■362,300
KENS-TV (C) KONO (A)	†•
KWEX-TV† WOAI-TV (N)	
San Diego, Calif.—94	*365,800
KFMB-TV (C) KOGO-TV (N) XETV (A) (Tijuana)	

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• Incomplete data.
†• U.H.F. incomplete data.
‡ New station; coverage study not completed.
†‡ U.H.F. new station; coverage study not completed.
* U.S. Coverage only.
** Includes circulation of satellite (or booster).
*** Does not include circulation of satellite

Market & Stations % Penetration — TV Households

San Francisco-Oakland, Calif.—91 1,470,600
KGO-TV (A) KPIX (C) KRON-TV (N) KTVU

San Jose, Calif.—93 353,200
KNTV (A,N)
(See also Salinas-Monterey, Calif.)

San Juan, P. R. •
WAPA-TV (N,A) WKAQ-TV (C) WTSJ

San Luis Obispo, Calif.
(See Salinas-Monterey)

Santa Barbara, Calif.—91 94,400
KEYT (A,N)

Santa Maria, Calif. ‡
KCOY-TV (N,C)

Savannah, Ga.—81 117,400
WSAV-TV (N,A) WTOC-TV (C,A)

Schenectady-Albany-Troy, N. Y.—93 **436,900
WAST (A) WRGB (N)
WTEN (C)
(WTEN operates satellite WCDC Adams, Mass.)

Scranton-Wilkes-Barre, Pa.—82 †287,900
WBRE-TV† (N) WDAU-TV† (C)
WNEP-TV† (A)
(Includes CATV homes)

Seattle-Tacoma, Wash.—92 *609,600
KING-TV (N) KIRO-TV (C) KOMO-TV (A)
KTNT-TV KTVW-TV

Selma, Ala.—76 11,200
WSLA-TV (A)

Shreveport, La.—84 ▪298,300
KSLA (C) KTAL-TV (N) (Texarkana, Tex.)
KTBS-TV (A)

Sioux City, Iowa—90 167,900
KTIV (N,A) KVTV (C,A)

Sioux Falls, S. D.—88 **233,100
KELO-TV (C,A) KSOO-TV (N,A)
(KELO-TV operates boosters KDLO-TV Florence, S. D., and KPLO-TV Reliance, S. D.)

South Bend-Elkhart, Ind.—70 †168,300
WNDU-TV† (N) WSBT-TV† (C)
WSJV-TV† (A)

Spartanburg-Greenville, S. C.-Asheville, N. C.—86 453,500 †•
WFBC-TV (N) WISE-TV† (N)
WLOS-TV (A) WSPA-TV (C)

Spokane, Wash.—89 276,200
KHQ-TV (N) KREM-TV (A)
KXLY-TV (C)

Springfield, Ill.—77 **†175,200
WICS† (N)
(Operates satellites WCHU† Champaign and WICD-TV† Danville, Ill.)

Springfield-Holyoke, Mass.—90 ▪**†184,100
WHYN-TV† (A) WWLP† (N)
(WWLP† operates satellite WRLP† Greenfield, Mass.)

Springfield, Mo.—84 155,000
KTTS-TV (C,A) KYTV (N,A)

Steubenville, Ohio-Wheeling, W. Va.—92 377,800
WSTV-TV (C,A) WTRF-TV (N,A)

Stockton-Sacramento, Calif.—92 606,900
KCRA (N) KOVR (A) KXTV (C)

Superior, Wis.-Duluth, Minn.—89 166,500
KDAL-TV (C,A)
WDSM-TV (N,A)

Sweetwater, Tex.—91 58,600
KPAR-TV (C,A)

Syracuse, N. Y.—94 *479,700
WHEN-TV (C) WNYS-TV (A) WSYR-TV (N)
(WSYR-TV operates satellite WSYE-TV Elmira, N. Y.)

T

Tacoma-Seattle, Wash.—92 *609,600
KING-TV (N) KIRO-TV (C) KOMO-TV (A)
KTNT-TV KTVW-TV

Tallahassee, Fla.-Thomasville, Ga.—77 164,500
WCTV (C,A)

Tampa-St. Petersburg, Fla.—88 479,500
WFLA-TV (N) WSUN-TV† (A) †297,100
WTVT (C)

Temple-Waco, Tex.—87 ▪***142,400
KCEN-TV (N) KWTX-TV (C,A)
(KWTX-TV operates satellite KBTX-TV Bryan, Tex.)

Terre Haute, Ind.—91 192,400
WTHI-TV (C,A,N)

Texarkana, Tex.
(See Shreveport)

Thomasville, Ga.-Tallahassee, Fla.
(See Tallahassee)

Toledo, Ohio—94 413,400
WSPD-TV (A,N) WTOL-TV (C,N)

Topeka, Kan.—89 135,600
WIBW-TV (C,A,N)

Traverse City-Cadillac, Mich.—89 **147,400
WPBN-TV (N,A)
WWTV (C,A)
(WPBN-TV operates satellite WTOM-TV Cheboygan; WWTV operates satellite WWUP-TV Sault Ste. Marie, Mich.)

Troy-Albany-Schenectady, N. Y.—93 **436,900
WAST (A) WRGB (N)
WTEN (C)
(WTEN operates satellite WCDC Adams, Mass.)

Tucson, Ariz.—87 117,600
KGUN-TV (A) KOLD-TV (C)
KVOA-TV (N)

Tulsa, Okla.—89 346,300
KOTV (C) KTUL-TV (A) KVOO-TV (N)

Tupelo, Miss.—77 58,400
WTWV

Twin Falls, Idaho—92 33,000
KMVT (C,A,N)

Tyler, Tex.—83 134,700
KLTV (N,A,C)

U

Utica-Rome, N. Y.—93 161,800
WKTV (N,A)

V

Valley City-Fargo, N. D.—87 159,800
KTHI-TV (A) KXJB-TV (C) WDAY-TV (N)

W

Waco-Temple, Tex.—87 ▪***142,400
KCEN-TV (N) KWTX (C,A)
(KWTX-TV operates satellite KBTX-TV Bryan, Tex.)

Washington, D. C.—91 941,000
WMAL-TV (A) WOOK-TV† †‡
WRC-TV (N) WTOP-TV (C) WTTG

Washington-Greenville-New Bern, N. C.—83 ▪219,600
WITN (N) WNBE-TV (A) WNCT (C)

Waterbury, Conn. †•
WATR-TV† (A)

Waterloo-Cedar Rapids, Iowa—92 317,900
KCRG-TV (A) KWWL-TV (N)
WMT-TV (C)

Watertown-Carthage, N. Y.
(See Carthage)

Wausau, Wis.—91 141,200
WSAU-TV (C,N,A)

Weslaco-Harlingen, Tex.—78 *70,200
KGBT-TV (C,A) KRGV-TV (N,A)

West Palm Beach, Fla.—86 115,200
WEAT-TV (A) WPTV (N)

Weston, W. Va.—84 93,800
WDTV (A)

Wheeling, W. Va.-Steubenville, Ohio—92 377,800
WSTV-TV (C,A) WTRF-TV (N,A)

Wichita-Hutchinson, Kan.—90 ▪**364,500
KAKE-TV (A) KARD-TV (N)
KTVH (C)
(KGLD-TV Garden City, KCKT-TV Great Bend and KOMC-TV Oberlin-McCook are satellites to KARD-TV; KUPK-TV Garden City is satelite to KAKE-TV)

Wichita Falls, Tex.—90 147,900
KAUZ-TV (C) KFDX-TV (N)
KSWO-TV (A) (Lawton)

Wilkes-Barre-Scranton, Pa.—82 †287,900
WBRE-TV† (N) WDAU-TV† (C)
WNEP-TV† (A)
(Includes CATV homes)

Williston, N. D.—84 34,100
KUMV-TV (N)
(KUMV-TV is a satellite of KFYR-TV Bismarck, N. D.)

Wilmington, N. C.—80 124,300
WECT (N,A,C) WWAY-TV (A)

Winston-Salem-Greensboro-High Point, N. C.—87 ▪404,500
WFMY-TV (C) WGHP-TV (A) WSJS-TV (N)

Worcester, Mass. †•
WJZB† (N)

Y

Yakima, Wash.—73 **†100,800
KIMA-TV† (C,N) KNDO-TV† (A,N)
(KIMA-TV† operates satellites KLEW-TV Lewiston, Idaho, KEPR-TV† Pasco, Wash.; KNDO-TV† operates satellite KNDU-TV† Richland, Wash.)

York, Pa.—58 †45,400
WSBA-TV† (C,A)

Youngstown, Ohio—68 †181,400
WFMJ-TV† (N) WKBN-TV† (C)
WYTV† (A)
(Includes CATV homes)

Yuma, Ariz.—84 ▪30,300
KBLU-TV (C) KIVA (N,A)

Z

Zanesville, Ohio—53 ▪†26,000
WHIZ-TV† (N,A,C)
(Includes CATV homes)

TV MARKETS

1-channel markets	108
2-channel markets	57
3-channel markets	72
4-channel markets	20
5-channel markets	4
6-channel markets	2
7-channel markets	1
8-channel markets	1
10-channel markets	1

Total Markets	266
Total Stations	575
Total U.S. Stations (Includes 42 satellites)	563
Non-U.S. Stations	2
Stations in U.S. possessions	10

▪ Major facility change in market subsequent to latest county survey measurement date.
† U.H.F.
• Incomplete data.
†• U.H.F incomplete data.
‡ New station; coverage study not completed.
†‡ U.H.F. new station; coverage study not completed.
* U.S. Coverage only.
** Includes circulation of satellite (or booster).
*** Does not include circulation of satellite.

EDITORIAL

1965

WITH this issue, TELEVISION starts its fifth year of publication under the ownership of Broadcasting Publications Inc. The occasion prompts reflection on things past and contemplation of things future.

In the first issue published under present management the editors of TELEVISION wrote: "In television, evolution proceeds rapidly enough to be chronicled contemporaneously. Only nine years ago it was thought a marvel when America's coasts were linked by live TV. Soon global relays will be routine. It is not at all improbable that most readers of this issue will live to see a television broadcast from the moon.

"In some respects television evolution proceeds almost too rapidly to be chronicled in orderly perspective. Programs are created and discarded, stars explode and fade, advertisers move into the medium and out of it, regulations and practices are shaped, reshaped, replaced in a bewildering profusion of restless change.

"Of hard necessity there are publications—and TELEVISION's associated magazine, the weekly *Broadcasting*, is their leader—that make it their job to keep abreast of the elements of change as they occur. They are news publications, and their function is indispensable, but they can do little more than stay even with the news. Rarely can they wade out of the mainstream long enough to study where the stream has come from or speculate thoughtfully about where it may lead.

"We count it TELEVISION's job to inspect television from a distance that will permit a broader view. As a monthly, TELEVISION can take the time to sort the significant from the superficial, the lasting from the transitory, the excellent from the commonplace."

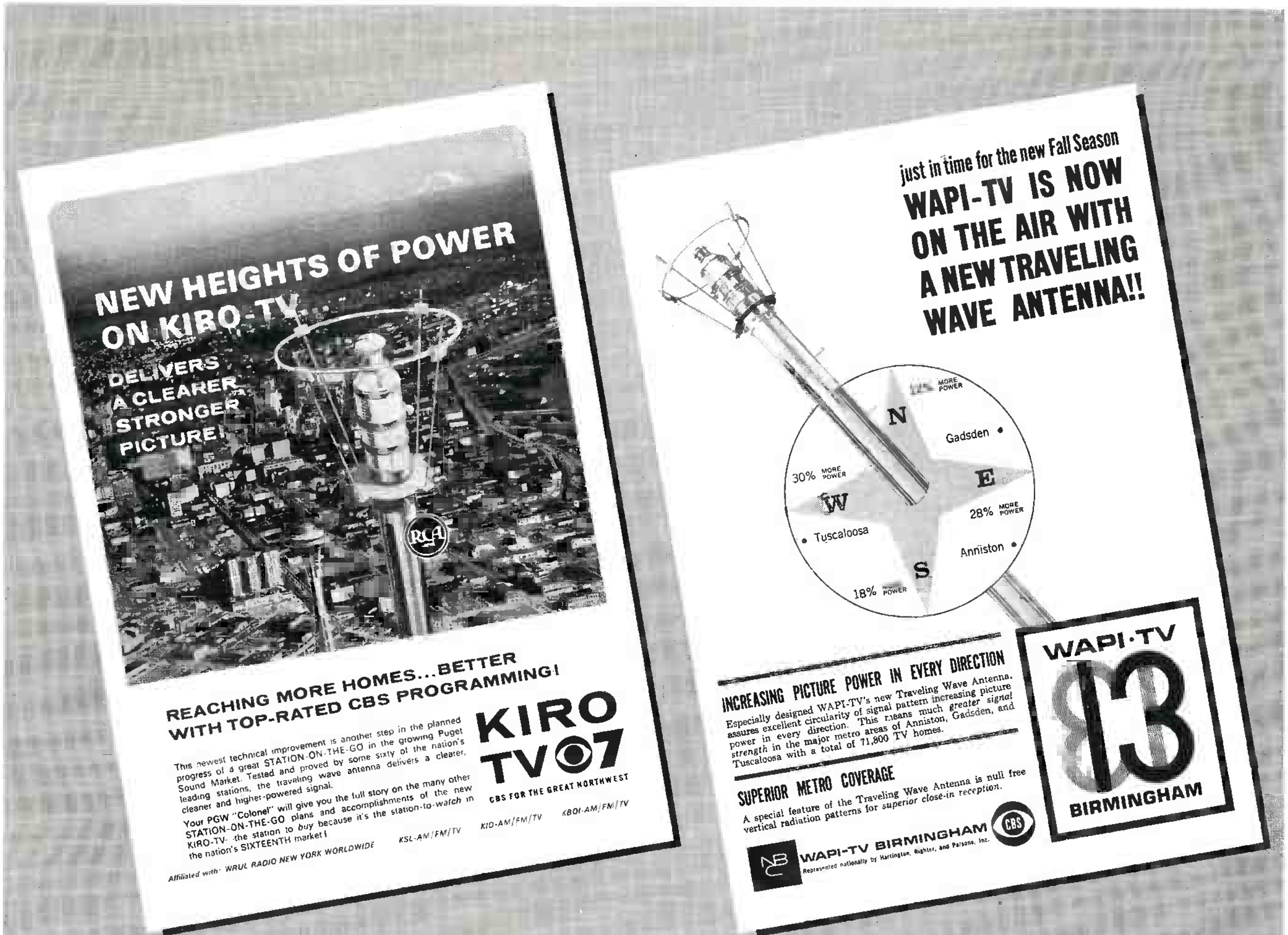
In the four years since then changes in television as an art form, a divertissement, a business, an advertising medium, a communications force have occurred in the profusion that was anticipated. They have, as promised, been chronicled in hundreds of TELEVISION articles, and some have been described, through editorial foresight and a little luck, before they were apparent to most readers of this magazine. The story of community antenna television, which is now the subject of intense controversy throughout the television business, was told at length in TELEVISION in June 1962 and updated last September. A comprehensive forecast of advertising problems that would be created by studies of the effects of smoking on health was published in June 1962. The tobacco industry's new code of restrictions on cigarette advertising became effective Jan. 1, 1965. Pay television, the dominant source of broadcaster fears in 1964, was examined in a two-part article in April and May of 1963. The consolidations of television station ownership were treated in detail in this magazine's issues of November and December 1963. The trend toward multiple ownership has now become the subject of a major rulemaking before the FCC. The list of major articles that readers have been kind enough to say had lasting significance is too long to be presented here. It is, however, available in a pamphlet that will be sent to any reader who asks for it.

"It is our intention," the editors wrote in the issue of January 1961, "to edit TELEVISION for an audience comprising all people who contribute work or money to television and who are serious enough about it to spend an hour or two a month enlarging their knowledge of TV. It will be an audience with enlightened tastes, a strong sense of style, an eagerness to examine the new without summarily discarding the tested old.

"The magazine that serves that audience must have similar characteristics.

"Developing those characteristics will not be easy, but we think it can be done. The hard job of doing it will be made pleasurable by our association with the men and women who supply the creative leadership of television in all its astonishing diversities."

The experience of four years has given us no reason to change our aims, but it has intensified our determination to fulfill them and has confirmed, in heartening degree, the expectation that there was pleasure to be had in the company of the people who make American television.



They switched...

and are they glad!

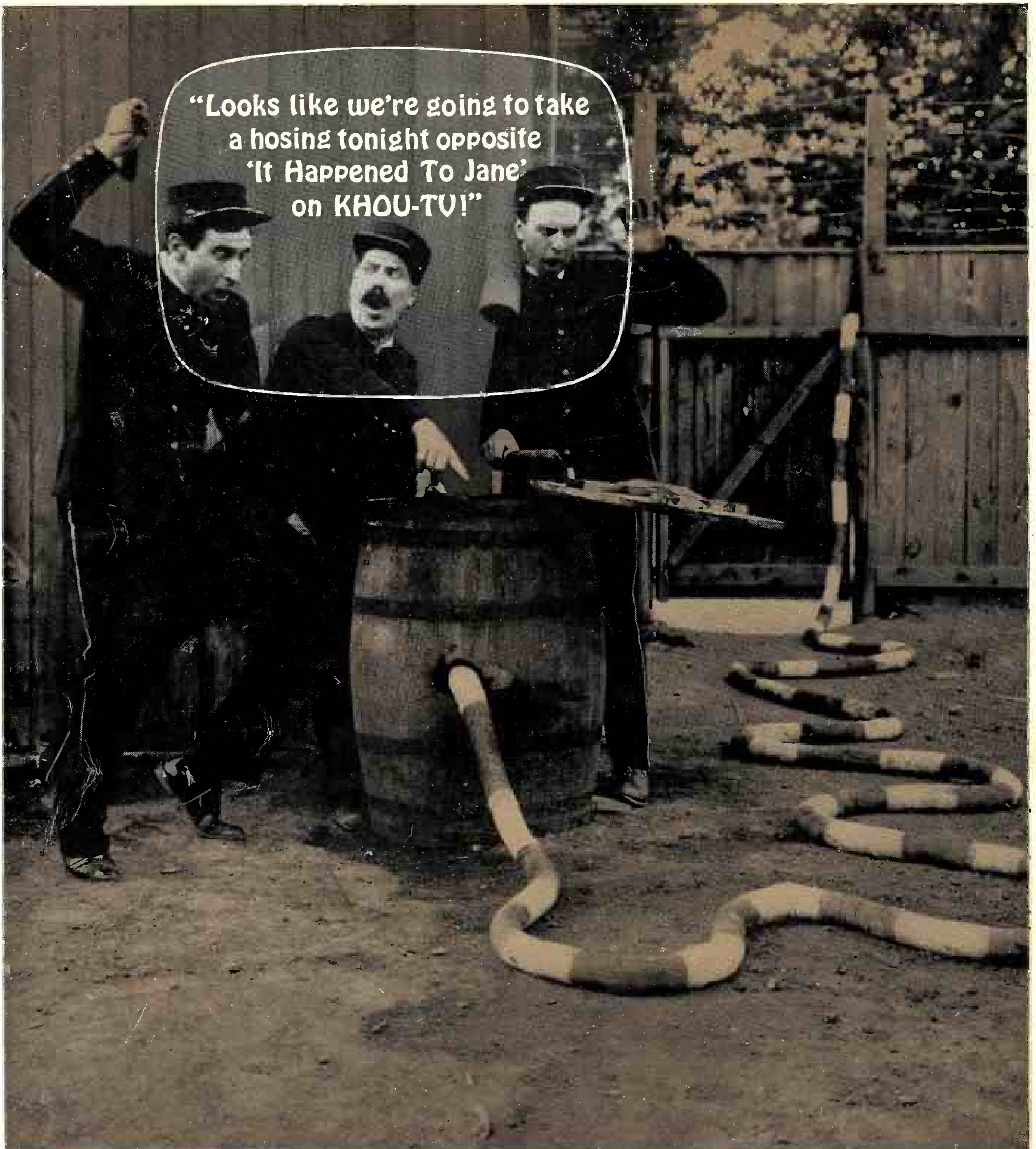
KIRO and WAPI are two of a growing number of TV stations that have switched from another type of antenna to the RCA "Traveling Wave" Antenna. Both of these stations are so pleased with the improvement that they have taken ads (above) to tell about it.

Naturally, we are pleased, too—but we are not surprised. Some sixty stations have installed RCA "Traveling Wave" Antennas in the past few years.

The "Traveling Wave" Antenna, like other RCA broadcast equipments—cameras, tape recorders, transmitters—is for those who want the best. Your RCA sales representative will be pleased to tell you about it in detail. RCA Broadcast and TV Equipment, Building 15-5, Camden, N.J.

RCA ®

THE MOST TRUSTED NAME IN TELEVISION


"Looks like we're going to take a hosing tonight opposite 'It Happened To Jane' on KHOU-TV!"