

P 487

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The Merchandising of Radio

The Curtis Publishing Company
Philadelphia

*Merchandising
Statistics - Markets*

The Merchandising of Radio

The enclosed pamphlet, entitled **The Merchandising of Radio**, is the result of an investigation conducted by the Commercial Research Division, the Advertising Department, The Curtis Publishing Company, in April, May and June, 1925.

Personal interviews were obtained in 225 cities, located in 32 states, extending from coast to coast and from New England to Texas.

Approximately 1500 organizations and individuals were interviewed, including more than 50 broadcasting stations, more than 80 manufacturers, more than 130 wholesalers, more than 300 retailers and more than 800 users and prospective buyers.

The booklet states conclusions with reference to merchandising problems and tendencies in the industry.

The Advertising Department
THE CURTIS PUBLISHING COMPANY
Philadelphia, Pennsylvania

P 487

The Merchandising of Radio

By

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Manager, Division of Commercial Research

The Advertising Department

THE CURTIS PUBLISHING COMPANY

THE SATURDAY EVENING POST

THE LADIES' HOME JOURNAL

THE COUNTRY GENTLEMAN

Philadelphia

1925

or

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DIVISION OF THE COUNTRY GENTLEMAN SERVICE, PHILADELPHIA

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Foreword

The conclusions expressed in this pamphlet are based on a nation-wide study of the radio industry, conducted by the Division of Commercial Research of the Advertising Department of The Curtis Publishing Company, in April, May and June, 1925.

All field work was conducted by personal interviews. Mail questionnaires were not used.

Interviews were obtained in 225 cities, located in 32 states, extending from coast to coast and from New England to Texas.

Approximately 1500 organizations and individuals were interviewed, including more than 50 broadcasting stations; more than 80 manufacturers; more than 130 wholesalers; more than 300 retailers and more than 800 users and prospective buyers.

A complete copy of the radio report may be seen at any of the branch offices of The Curtis Publishing Company.

GROWTH OF RADIO INDUSTRY

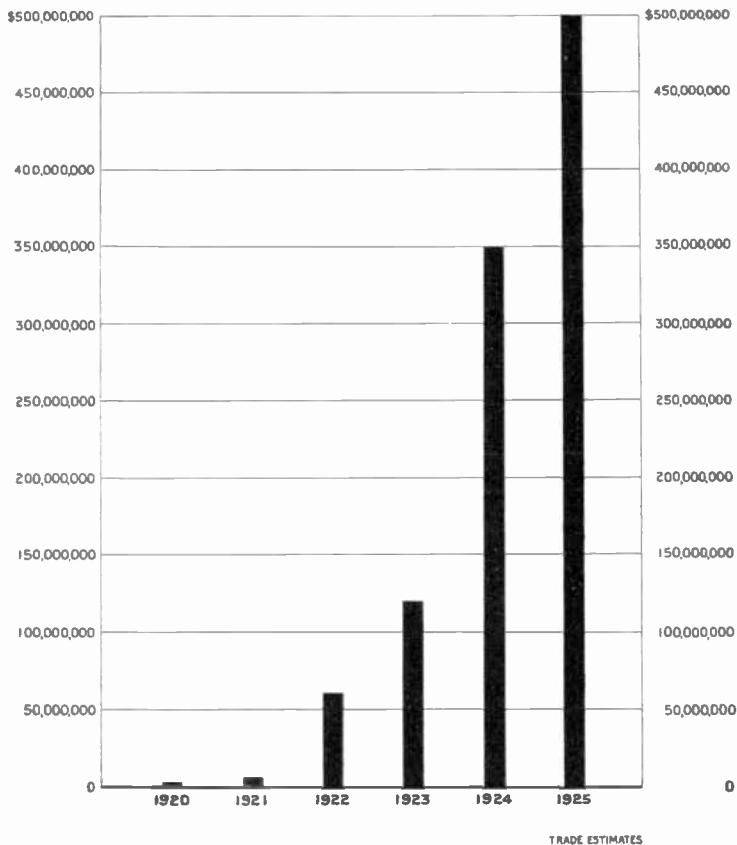


CHART I

The Merchandising of Radio

RADIO has probably grown more rapidly than any other industry grew in its initial years. From sales figures of about \$2,000,000 in 1920 it increased, according to trade estimates, to \$350,000,000 in 1924 and it is estimated that it will attain a volume of \$500,000,000 in 1925. [Chart 1.] From 60,000 receiving sets with one or more tubes in 1922 it grew, according to trade estimates, to 3,700,000 sets by January 1, 1925. [Chart 2.] The first broadcasting to attract attention was the election returns of 1920. By December, 1922, 576 stations were in operation. [Chart 3.] By June 1, 1925, most of the more densely populated sections of the United States were within 100 miles of a radio station, and a belt of more powerful stations extended across the continent from coast to coast. [Chart 4.]

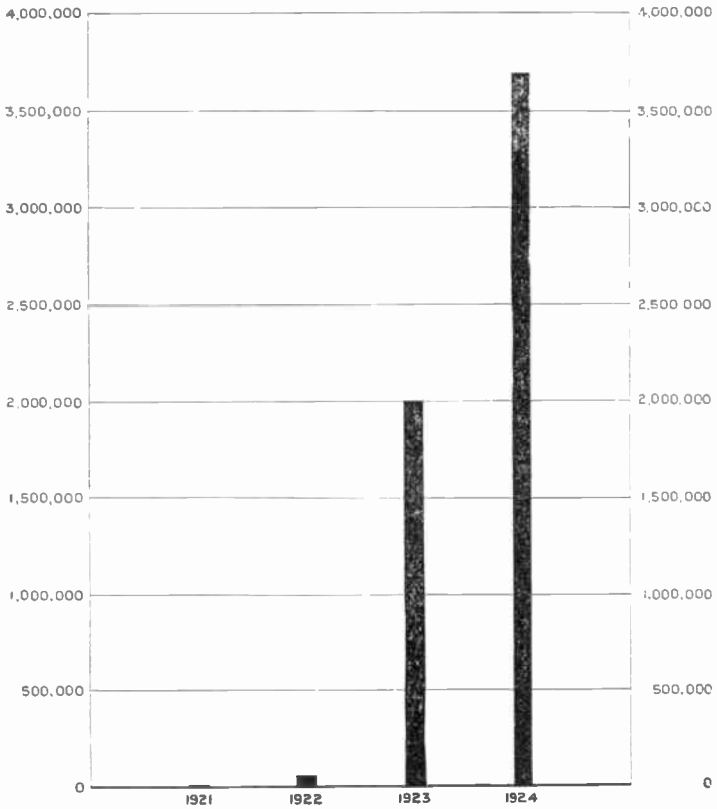
Reasons for Rapid Growth

The reasons for this rapid growth are primarily four:

1. Radio made a stronger appeal to the imagination than did any other merchandise. The thought that the very room in which one sits is filled with music from distant cities and that any of this may be made audible gave a thrill to a world that thought it had grown blasé to invention and to entertainment.

2. Manufacturing and financing facilities, such as never before had been offered a new industry, were placed

NUMBER OF RECEIVING SETS IN USE



TRADE ESTIMATES

CHART 2

at the service of radio. During the World War and the period following, plant equipment was created in excess of demand. Accumulations of capital were seeking investment. The thoughts of investors turned to the early days of the automobile industry—the fortunes won in that industry stimulated imagination; the fortunes lost were forgotten.

3. Advertising held a more important place in public confidence than at the beginning of any other great industry. The past six years of great advertising volume evidences a public that reads advertising and buys advertised merchandise. [Chart 5.] Public favor for advertised products, dealer interest in advertised lines, knowledge of advertising copy, experience in methods of merchandising through advertising, made possible as never before at the inception of an industry quick and effective presentation of the product to the public.

4. The talking machine had prepared the way by creating a demand for good music in the home.

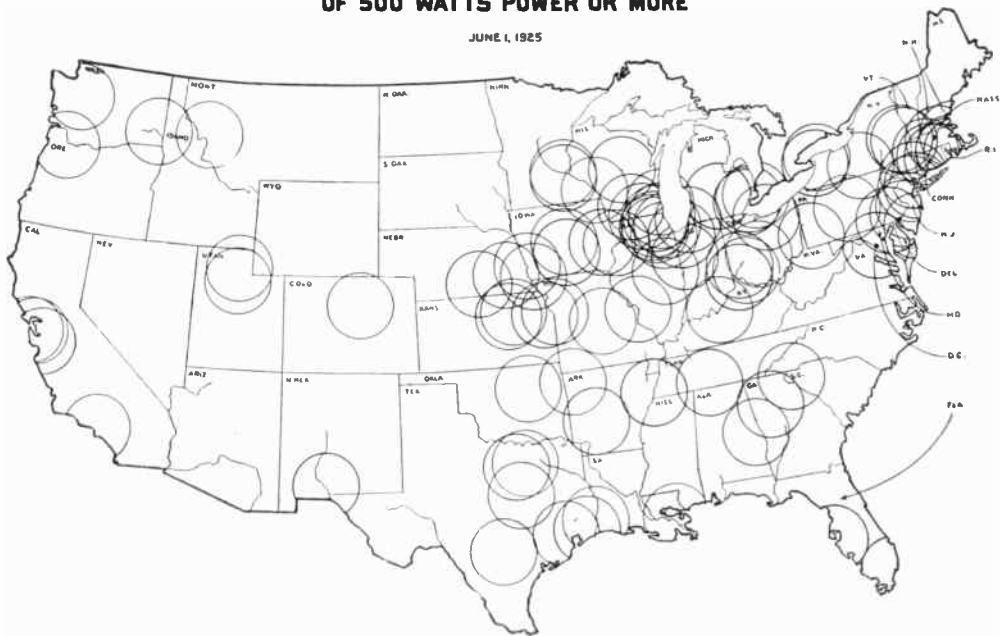
Radio Market Permanent

The radio market is permanent. Broadcasting met an unexpressed yearning of the human heart, the desire to hear that which the world is saying at the time the world is saying it. When broadcasting was launched, something was given the public which cannot be taken away. Who will do broadcasting? Who will pay for broadcasting? These are secondary to the prime fact: The American public will have broadcasting. In May, 1925, 566 licensed stations were in operation, and a majority of them were in the hands of electrical and

100 MILE RADIUS OF RADIO BROADCASTING STATIONS IN THE UNITED STATES OF 500 WATTS POWER OR MORE

JUNE 1, 1925

CHART 3



radio manufacturers, and of educational and religious institutions—that is, were in the hands of classes of operators likely to continue broadcasting, whether or not the direct financial returns from broadcasting equal the expense. [Chart 6.]

A Universal Market

Probably radio has a more universal market than any product of like cost ever offered to the American public. Those who buy automobiles and talking machines and rugs and other lines of selective merchandise are likely to buy radio sets. Many for whom other lines of selective merchandise have less appeal will also buy radio sets. [Chart 7.]

As one leaves centers of trade and travels toward isolation, the requirements of dress and of home decoration grow less exacting. The need for a radio grows greater—in fact, the more isolated the spot the greater the need for radio.

So, too, in the city, the shut-in, the ill, the aged, the crippled—those whose interest in merchandise to adorn the person or to decorate the home may have faded—can enjoy a radio. Many who buy only one thing above subsistence will choose the radio.

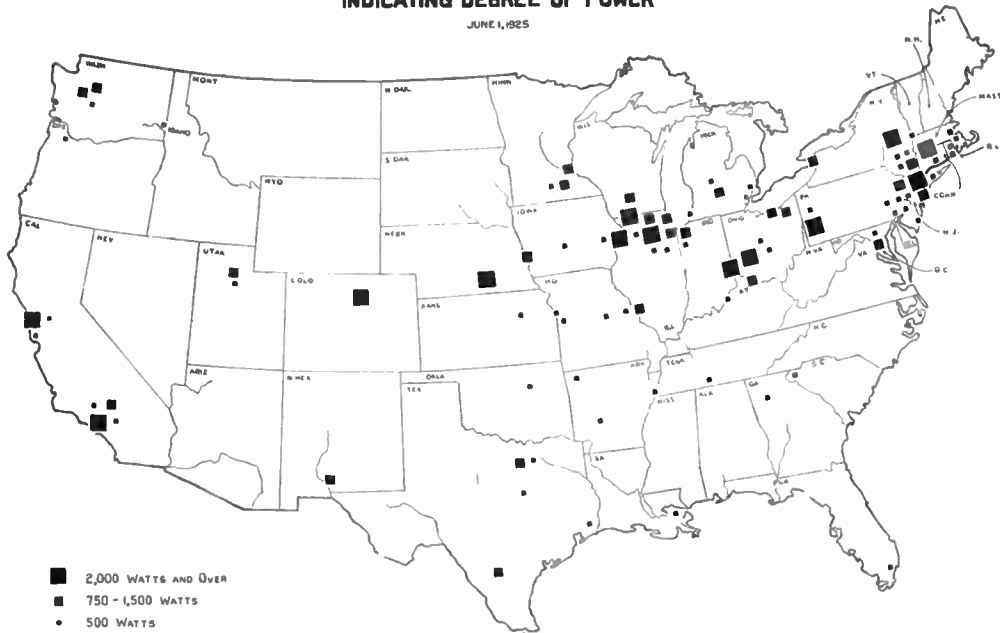
Ten years ago it would have been thought madness to suppose that there would ever be 10,000,000 automobiles sold. Yet today registrations of passenger cars are reported to exceed 15,000,000. This great market is due to the fact that the automobile met a universal want—the desire for individual transportation. If it be correct to assume that the radio touches an even

LOCATION OF CLASS B BROADCASTING STATIONS INDICATING DEGREE OF POWER

JUNE 1, 1925

CHART 4

- 2,000 WATTS AND OVER
- 750 - 1,500 WATTS
- 500 WATTS



more universal longing—the desire to hear what the world has to say—is it not reasonable to suppose that there will be an even greater market for radio?

The Farm Market

There are three main sections of the radio market. First, the farm—first because probably the most basic. The city man lives with the hum of the busy world all about him—in the evening he may seek quiet, or if he wishes entertainment, he can find it close at hand. The farmer spends the day in isolation; in the evening he yearns to get in touch with the world. The answer to his wish is radio.

The city man with the opera and the theater near at hand may, if he will, be critical of radio concerts. To the farmer even where reception is not perfect, radio entertainment is probably better than any available local entertainment. Besides, reception on the farm is likely to be better than in the city, for the rural listener is free from much of the city static and also free from the interference of near-by broadcasting and of neighbors who mishandle their receiving sets. To the farmer, the radio brings not only entertainment; it also brings practical and inspiring lectures and on Sunday an outstanding sermon and music from a metropolitan church.

An Example of Radio for Farmers

The Kansas State Agricultural College in the winter of 1924–1925 is reported to have enrolled 1800 farmers for its lectures by radio. This station, it is stated, has

ADVERTISING REVENUE OF CURTIS PUBLICATIONS

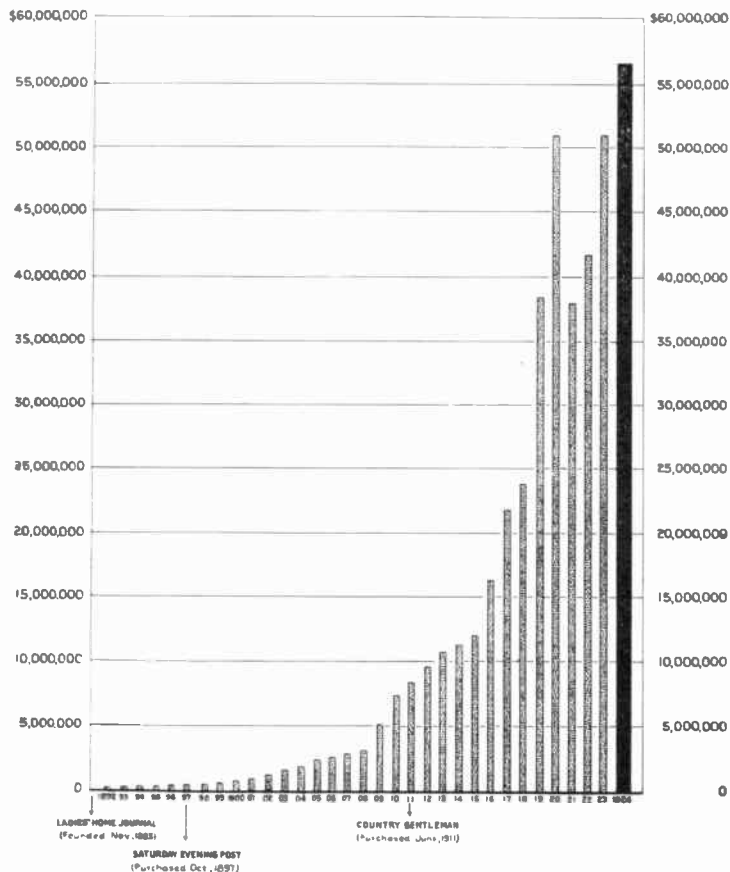


CHART 5

made arrangements with a local telephone company so that at the close of each lecture a limited number of questions may be asked by farmers from the field without cost. The farmer's question is then broadcast direct from the telephone receiver and the answer to the question is immediately broadcast by the lecturer, to the entire state of Kansas.

This station also broadcasts opening exercises for the public schools, the college director of music leading the singing and the college director of athletics after that putting the pupils through the setting-up exercises.

The farmer will remain an enthusiastic user of radio. To him radio will be a necessity and an article of constant use.

The City Market

In the city, including suburbs and near-by farms, there are two markets. Those who form the market for selective merchandise in other lines will also buy radio. They want new things, they want what their neighbors have, they want what their associates are talking about.

Will they at frequent intervals discard the radio sets they have used and buy others? On the answer to that question depends the ultimate size of the annual radio market; for this is the great buying market—the mainstay of many industries. If they buy once and lose interest, the annual radio market will still be substantial; if they keep radio-conscious and at frequent intervals repurchase, the radio market will be materially larger.

BROADCASTING STATION OWNERS

MARCH, 1925

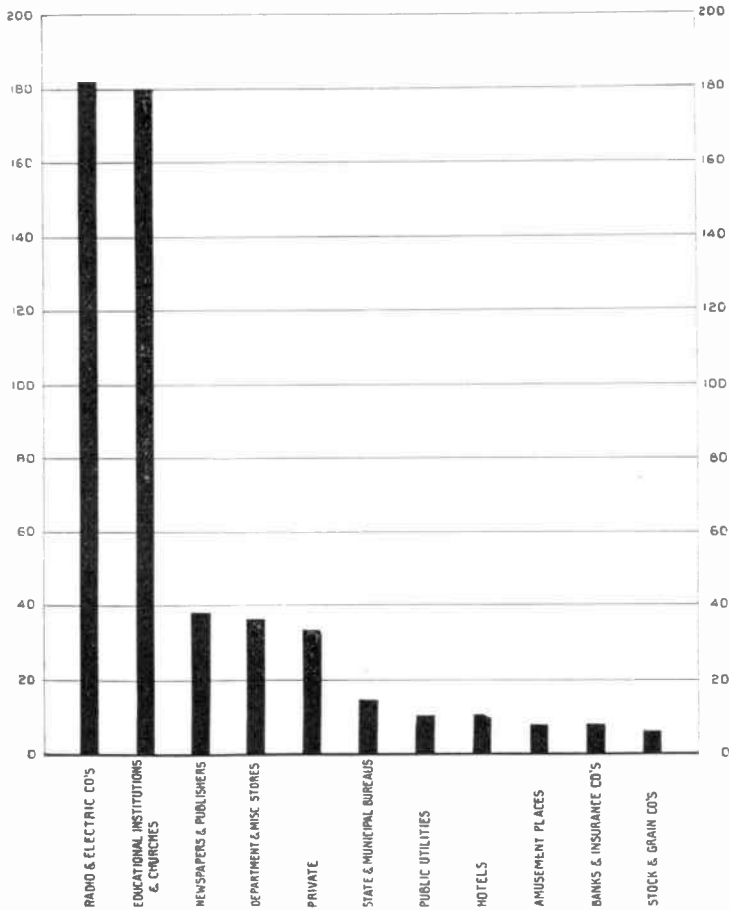


Chart 6

To keep the market active, mass enthusiasm for the radio must be maintained. People must continue to talk about last night's program and about the sets they own. To bring this about, high-class programs are essential. Much also depends upon the advertising done by representative firms in the industry. Advertising has been a large factor in keeping the public automobile-conscious. Advertising has kept thousands of people, to whom an automobile is no longer a hobby but a utility, keenly alive to the new fashions of leading makes and has given them a desire to possess the latest models. So it is possible that through advertising many will be kept radio-conscious and will wish to possess that which is newest and best.

The Labor Market

The other portion of the city market—the foreign and the labor groups—also received a thrill from radio. Many a man whose life has seemed limited by lack of opportunity has got a thrill as he listened in his own home to the music of distant cities. This market may be somewhat less critical of quality of reproduction; somewhat more satisfied with volume of sound. The masses want the radio to brighten their homes. When it comes to what brand they will desire to buy, their wants in radio, as in talking machines and other kinds of merchandise, will follow the preferences of the well-to-do.

The problem of brand advertising to reach the masses, therefore, is primarily the problem of winning the approbation of the best market.

SALES OPPORTUNITY IN THE RADIO INDUSTRY

RADIO BASED ON TOTALS AS OF DECEMBER 31, 1924

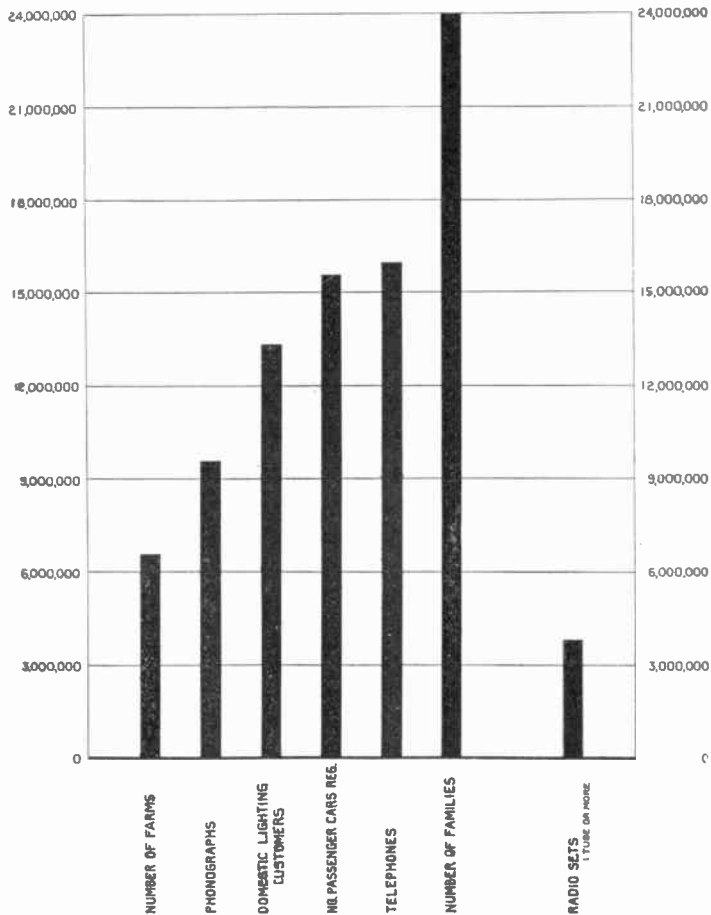


CHART 7

The Danger Point of the Industry

In spite of universal and sound market opportunities, the radio industry in the spring of 1925 found itself in what was probably the most chaotic condition any American industry ever experienced.

The chief reason for this and the most fundamental merchandising fact of the industry is that radio is an industry of seasonal sales.

Charts 8, 9 and 10 show sales curves for manufacturers, distributors and retailers. Whether in every detail the curves are exactly typical of the industry is less important—the main story is so clear as to leave no doubt as to the essential picture. Radio has active sales in the fall and winter months and sales take a pronounced drop in the spring. In that drop of sales in the spring is the danger point of the industry.

While something can probably be done to improve summer sales, yet it seems inevitable that winter will continue to be a better sales season than summer.

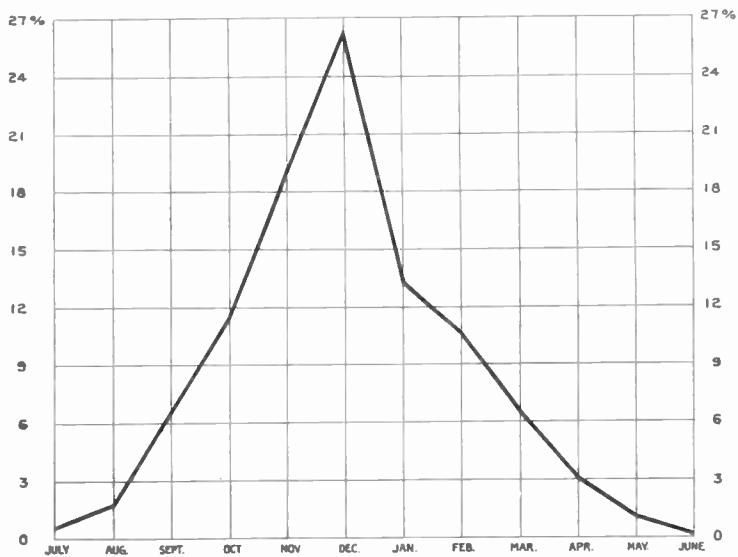
Change of Models

This fact, serious in itself, is made more serious by change of models. It seems likely that for some time to come there will be frequent changes in the mechanism and in the appearance of radio sets.

The combination of a limited sales season and change in model necessitates a clean-up of each season's models before the spring sales slump occurs.

The problem of seasonal merchandise is a familiar one. Most clothing lines are seasonal. Department

AVERAGE SALES OF SEVERAL MANUFACTURERS OF RECEIVING SETS 1924



JULY TO BECEMBER ARE PLACED IN ADVANCE OF JANUARY TO JUNE IN ORDER TO GIVE A CLEARER PICTURE OF SALES PEAK.

CHART 5

stores at the beginning of the season sell at the full price, and as the season approaches a close, clean out the line by price-cut sales. The goods from a sales point of view are perishable and must be sold.

An Important Difference

Radio presents the same problem, but with this very important difference. The purchaser of style clothing usually expects to use his purchase only one season. If a woman pays \$100 for a suit at the beginning of the season and at the clean-up sees a similar suit sold for \$50, she is not displeased. She has had a season's use of her suit and is reconciled to the loss of value.

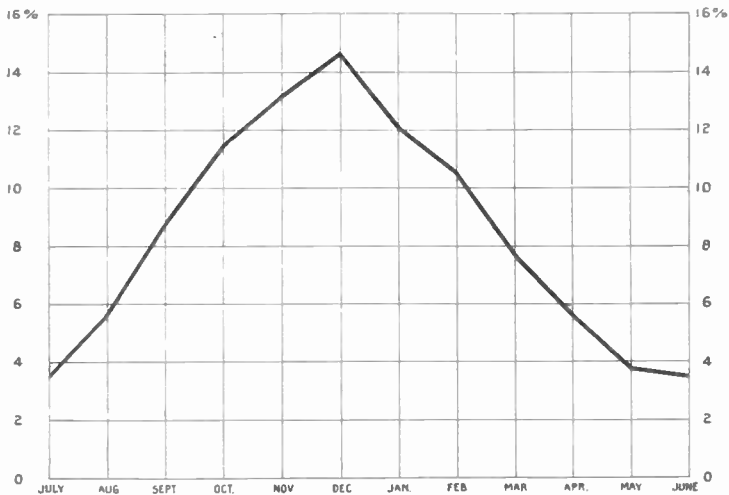
But with the purchaser of a radio it is different. The purchaser expects his radio to give satisfaction for several years and when he sees a price cut he becomes dissatisfied. If a man buys a radio for \$150 on the installment-payment plan and while he yet owes \$100 sees an identical set offered for \$60 he has a grievance.

The Penalties of a Clean-Up Sale

Hence it comes about that the danger of the seasonal clean-up is much greater in radio than in clothing lines. The manufacturer who fails to move his merchandise before the time of the seasonal slump in sales will be compelled to move it by the only way in which merchandise becoming passé can be sold—namely, by a serious price cut. But the penalties involved are serious:

1. The direct loss in dollars may be consequential. This is likely to prove the least of the losses.

AVERAGE SALES
OF
SEVERAL RADIO DISTRIBUTORS
1924



JULY TO DECEMBER ARE PLACED IN ADVANCE OF JANUARY TO JUNE IN ORDER TO GIVE A CLEARER PICTURE OF SALES PEAK.

CHART 9

2. More important, dealers, too, will have to take losses; some may be forced into bankruptcy; others may throw out the line and the whole dealer organization may be disorganized. The dealer is dissatisfied not merely because he has lost money, but because he knows the line has lost prestige through the price cut and he, in turn, has lost prestige with his customers.

3. Even more serious than dealer dissatisfaction is the fact that previous purchasers are dissatisfied. The best asset of any company is satisfied customers. These are sacrificed at a price-cut sale.

4. The cut is not soon forgotten. Competitors keep it alive. Next season they say to a prospective buyer: "If you really want our rival's set just wait a while. Last year he threw off \$50 in March. He probably will do the same this year." If competitors can hold back enough buyers, the manufacturer may again have to clean up by cut prices and the penalties of the second clean-up are likely to be more serious than the penalties of the first.

The manufacturer who does not move most of his merchandise from dealers' shelves before March is likely to incur serious and perhaps fatal penalties.

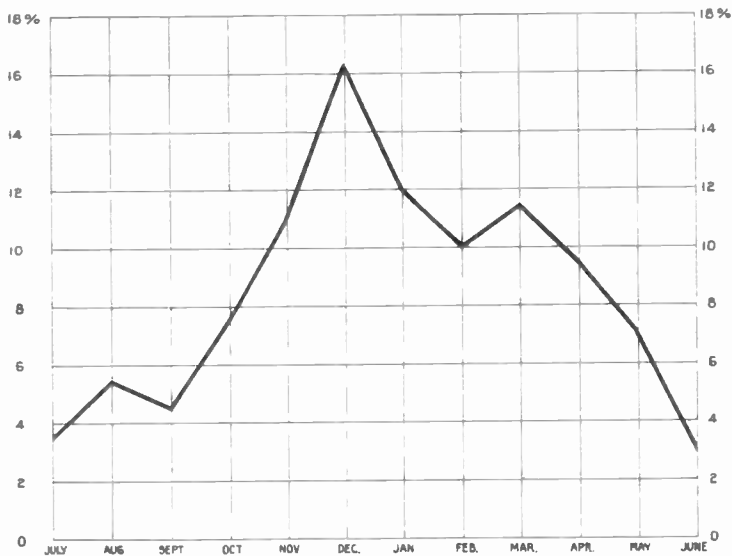
Two Possible Moves

To insure safety, there are two possible moves:

1. Restrict production.
2. Provide adequate sales power.

A manufacturer who produced no merchandise obviously would incur no danger, but without merchandise he could make no profits and get no dealers.

AVERAGE SALES OF SEVERAL REPRESENTATIVE RADIO DEALERS 1924



JULY TO DECEMBER ARE PLACED IN ADVANCE OF JANUARY TO JUNE IN ORDER TO GIVE A CLEARER PICTURE OF SALES PEAK

CHART 10

Hence, while it is the part of wisdom to be conservative in production estimates, yet merchandise in consequential volume must be produced if the business is to succeed.

To estimate what can be sold is difficult. Just what the business and climatic conditions will be, what rumors of improvements may disturb possible radio purchasers, how successful competitors will be in attracting favor to themselves cannot be answered with assurance, yet the manufacturer, some months in advance of the sales season, must make his decision.

Two Things Imperative

When once that decision is reached, two things become imperative:

1. Sets must be ready for delivery when the sales season is on. A manufacturer who gets a month behind in his production program will be seriously handicapped.

2. Sufficient advertising and sales power must be applied to *make certain* the moving of the merchandise to the consumer before the spring drop in sales.

Insuring Sales Success

When a manufacturer has estimated the amount of sales and advertising power that will probably suffice, he will do well to add an additional amount as insurance. If a manufacturer spends more than the minimum which might have been necessary, it is the least of the possible losses, for no serious penalty is involved in being oversold. It is not a loss that damages the

RETAILING OF AUTOMOBILES IN 1914

IDEAL CHART FOR 5,000 CARS

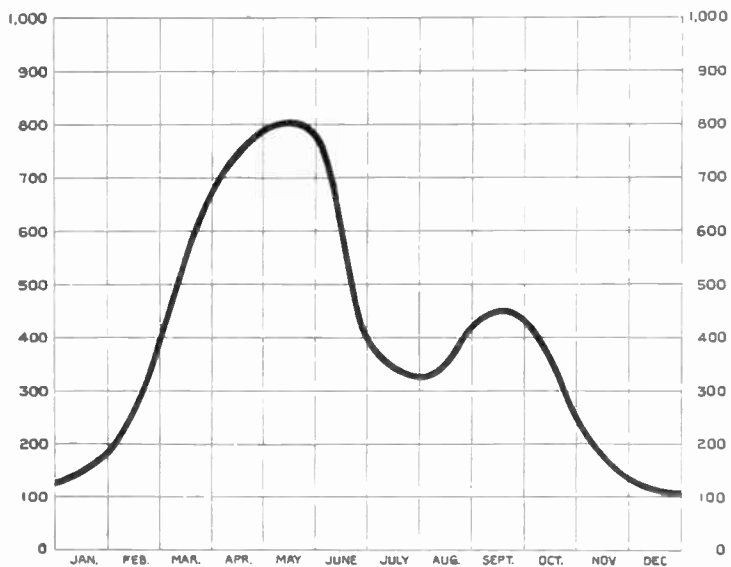


CHART 11

fabric of the business, while unsold merchandise, when the sales curve turns downward, may mean shattered retail organization and lost prestige.

Similarity to Automotive Industry

In relation to seasonal sales, radio is like the automobile industry. In 1915, in a booklet entitled "The Merchandising of Automobiles," the danger in the seasonal sales curve of the industry was pointed out.* The past ten years of automobile history have furnished abundant evidence of the correctness of this view. [Chart 11.]

As in the automobile industry, radio is likely to find that some years the sales slump may occur earlier than usual and operate with unexpected violence. For example, in the spring of 1920, as general conditions began to look less favorable, price cutting became epidemic and the year ended with markets in a depression that lasted throughout the following year. In the spring of 1922, when manufacturers were no longer able to offer further price concessions and turned to other sales arguments, the market responded with unexpected vigor.

So, too, with radio in the spring of 1925. Rumors of coming inventions disquieted prospective buyers—probably it was better to wait, it was argued, to see new models in the fall. Manufacturers and dealers vied in cutting prices and the market soon became chaotic. People do not buy on declining markets. They wait for prices to hit bottom. Only as prices become stabilized or turn upward does active buying resume.

*A copy of this booklet will be sent by The Curtis Publishing Company upon request.

AGRICULTURAL IMPLEMENTS

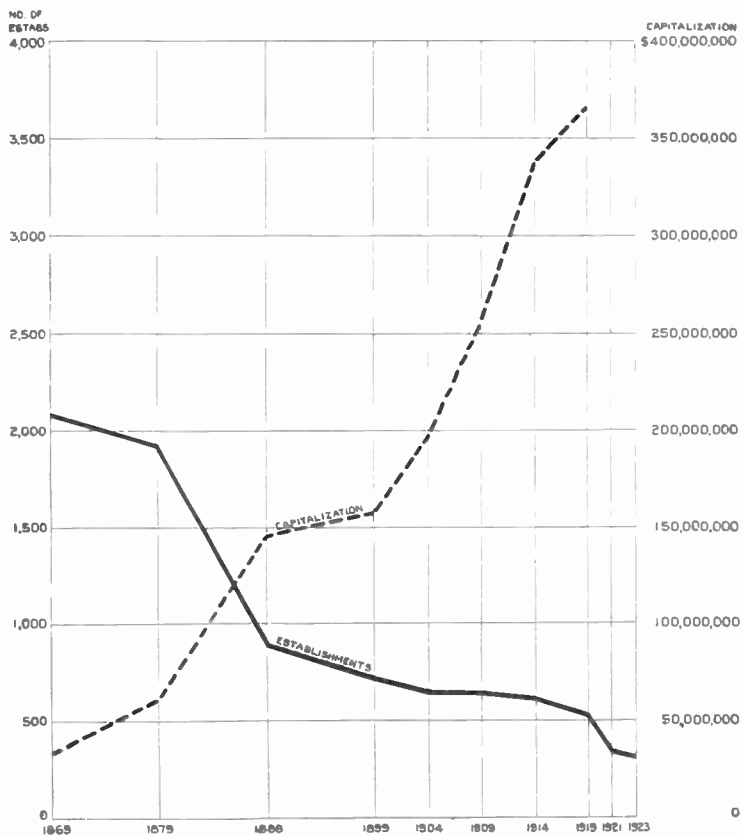


CHART 12

The Best Protection

The best protection against the danger point of the industry is ample advertising and sales power that will move the product rapidly in the early months of the active sales season and put a manufacturer in a strong position before market demoralization may occur.

This does not, however, mean a concentration of advertising expenditures into a few sales months, for decisions to purchase radio that seem to crystallize spontaneously in the fall are frequently the result of thinking, perhaps of family discussion and family saving, over a period of months.

Then, too, it is important for a manufacturer to reach purchasers of his sets throughout the periods in which they are using radio, and it is especially important to reach summer users. With less favorable climatic conditions, one who uses radio in summer is likely to wonder whether his set is the best; he wonders whether with some other set his difficulties might be less. The manufacturer who at that season leaves his markets unprotected is likely to lose out to the manufacturer who has kept his own market sold throughout the year and at the same time has created favorable impressions upon dissatisfied users of other sets. It is likely to be found in radio as in other industries, that the best protection is a basic program of advertising every month.

Concentration in the Industry

It seems probable that the day of easy selling in radio is past. Already the manufacturing facilities that have

SALES OF FIVE COMPANIES COMPARED WITH CURTIS CIRCULATION

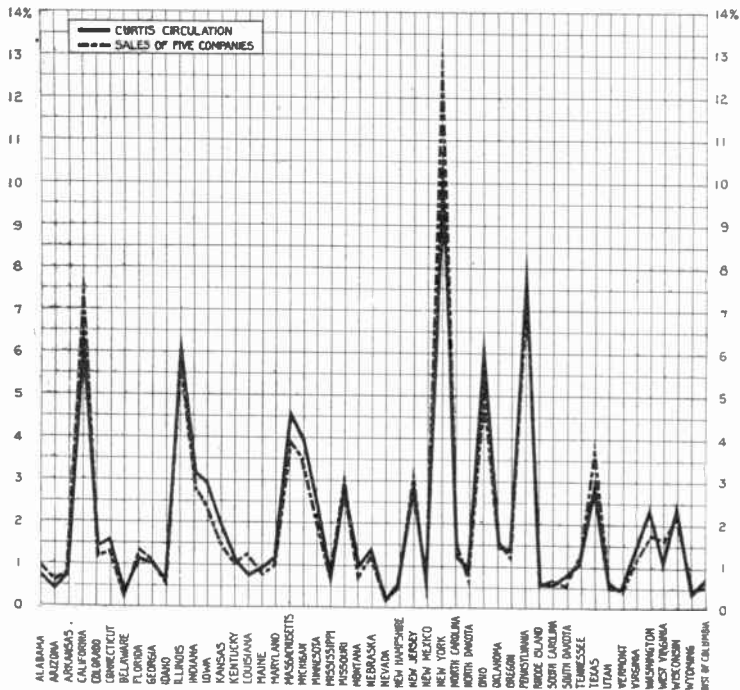


CHART 13

rushed into the new industry threaten overproduction. The number of manufacturers entering the industry is too great to form a permanent group. In the agricultural-
implement industry while the capitalization increased ninefold, the number of concerns was reduced from over 2000 to about 300. [Chart 12.] In the automobile industry in the past ten years several hundred makes of cars have passed out of production, and it was estimated that in 1923 more than 95 per cent of the cars were produced by twelve manufacturers. Is there any reason to suppose that the concentration in the radio industry will be less striking?

Methods of Distribution

It is likely that those will survive who excel, first, in making a superior product; second, in effective use of advertising; and third, in building a loyal and efficient distributing organization. The winning of dealers is important, but depends upon the other two factors. If popular favor be won by a line, good dealers can be secured. Without popular favor for the line, dealers will be unresponsive.

At the inception of the radio industry there were no wholesalers and no retailers who could make exclusive claim to the line. Manufacturers, with their attention engrossed by inventions, by patents and by production problems, accepted such outlets as offered. Wholesalers and retailers of widely varied lines saw opportunity for extra profits and took on radio as a side line.

The time has come when distribution systems are beginning to take form. With the product right and

the advertising effective, any one of several distributive methods may succeed. With the product not right or with the advertising not effective, no distributive system will insure success.

Who Will Sell Radio?

Manufacturers are confronted with numerous sales problems.

Who will sell radio? Certain fundamentals seem clear. Radio is too important to be successfully handled as a side line. A wholesaler or a dealer may, if he please, sell other lines, but radio will demand the full measure of attention that is accorded a main line.

Success in radio retailing calls for enthusiasm, for knowledge of radio, for willingness to give service, for energetic selling, and in many communities for canvassing and for selling on time payments.

The individual is probably more important than the line of merchandise. The automobile industry built distributive organizations by attracting young men from many lines and then training them. So it is likely to be in radio. Young men from widely varied industries are likely to take up radio with enthusiasm and sales energy, and under the coaching of efficient manufacturers are likely to win recognition as outstanding radio dealers in their communities. They may sell other lines, but with them radio will receive the full attention demanded by a main-line product.

Dealers will probably narrow their lines and many strong dealers may find it to their advantage to give their best efforts, perhaps their exclusive support, to

some strong manufacturer who through advertising creates a large market opportunity.

How Many Dealers?

How many dealers in a city should a manufacturer have? The answer depends upon how much market opportunity the manufacturer creates in the city. It is clear that wholesalers or dealers to remain loyal must make enough money to feel satisfied to promote the line. If a manufacturer creates only enough market for one dealer to make satisfactory profits, he can have only one loyal dealer; if he can create enough market so that six dealers can obtain satisfactory returns, he may have six loyal dealers.

The Practical Problem

The practical problem for the manufacturer is: First, to create so great a potential market that the best dealers will prefer his line; second, to select those individuals, whatever their line, who give most promise of becoming the leading sellers of radio; third, to train these dealers in giving service, in aggressive selling, and in effective coöperation with the manufacturer's advertising, until they become established in their communities as the recognized leaders in radio selling.

Direct to Retailers

Shall the manufacturer go direct to the retailer? By so doing, he can select his dealers and influence their

RECEIVING SETS COMPARED WITH SATURDAY EVENING POST CIRCULATION

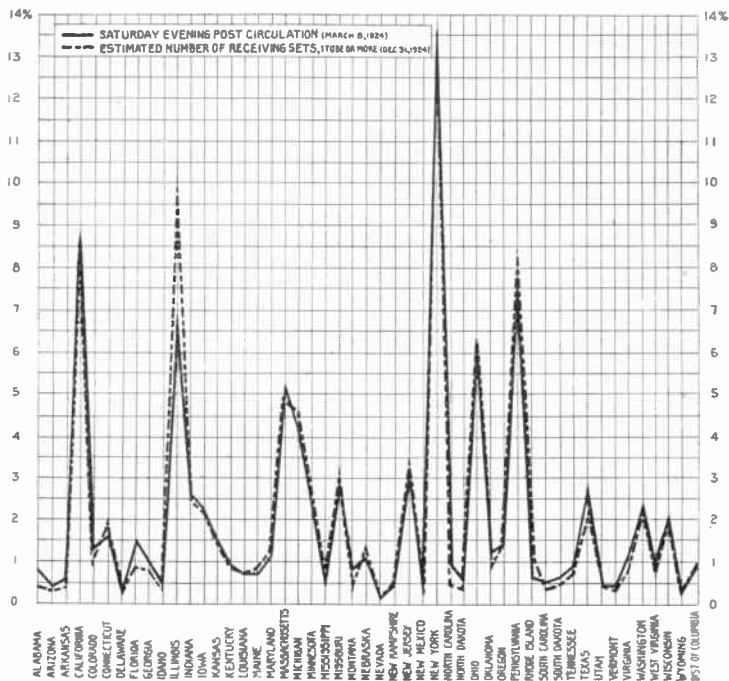


CHART 14

sales policies; but he must have enough volume of sales, either in radio or in companion lines, to make it practicable to assume the selling costs and the credit risks involved in direct selling.

Exclusive Jobbers

If an exclusive jobber be employed, how large a territory shall he have? The answer depends upon how much potential market the manufacturer proposes to create. If in a certain state a manufacturer creates only enough market for one jobber to maintain interest in the line, he can have only one loyal jobber in the state. If he creates in that state enough market so that three jobbers, each in his own section, can find it advantageous to promote the line, he can divide the state among three jobbers.

More Than One Jobber

Can a manufacturer successfully have more than one jobber in the same territory? He can if he creates enough market for all to make satisfactory profits. But where more than one jobber operates in a territory there is danger that price cutting may be started and that jobber relations may become disturbed. This danger becomes greater in a difficult selling season.

Can Dealers Create Markets?

But why need the manufacturer create markets? Cannot wholesalers and retailers create markets for

themselves and for him? Good jobbers and good dealers can do much, and the value of loyal distributors and loyal merchants can scarcely be overestimated. However, distributors and dealers who can build markets for themselves know that they can accomplish much more if they apply their effort to lines for which the manufacturer has prepared a market opportunity, and they are unwilling to devote their energies to lines for which no market has been created.

Strong Dealers

Manufacturers seek strong dealers; strong dealers prefer strong manufacturers. Hence, strong dealers and strong manufacturers gravitate together. When once this combination is effected, it becomes difficult for a new company to break into the industry.

However, the door is never effectively closed against all newcomers. It has been demonstrated that a new name could win a place in the automobile industry, and in radio probably it will always be possible for a manufacturer with a distinctive product, with strong financial backing and with advertising vision to win a place.

Dealers have learned they must have volume. They wish to sell the product of the manufacturer who has created the best market. With a superior product and strong and continuous advertising, the choosing of dealers is not difficult. Without a good product, or even with a good product, without advertising the finding of satisfactory sales representation is difficult if not impossible.

How Can the Farm Market be Reached?

Another question which confronts the manufacturer is: How can the farm market be reached? It can be reached from shopping centers by creating a preference for the brand among farmers and by getting a good dealer in the shopping center who will actively canvass the farm territory. Every shopping center in rural districts draws trade from a considerable area. It will likewise draw trade in radio for well-known brands.

Sales Quotas

As distribution is extended, manufacturers frequently ask what per cent of their sales should come from each territory. More than 50 manufacturers with national distribution, representing many of the leading industries, are using Curtis Circulation as a basis for establishing their sales quota.* The chart of the sales of five companies, each a leader in its field, shows a striking parallel between their sales and that of Curtis Circulation. [Chart 13.] The correlation between the distribution of receiving sets and the circulation of *THE SATURDAY EVENING POST* is also striking. [Chart 14.]

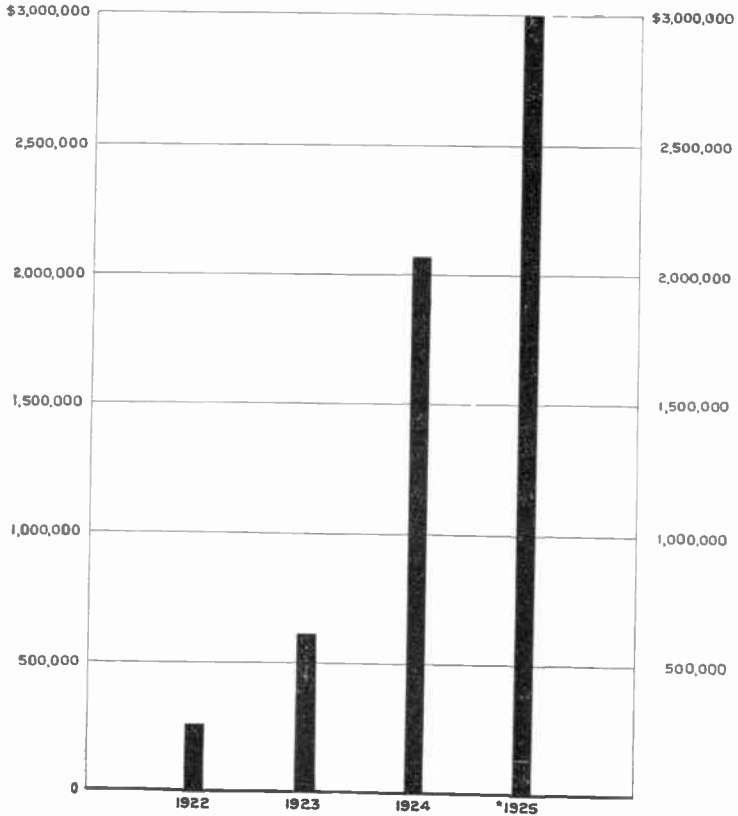
Trends and Tendencies

It is too early to speak definitely of trends and tendencies in radio. It took the American public several years to decide what an automobile ought to

*A copy of Curtis Circulation will be sent to any sales manager on request, and if desired a Curtis representative will call to assist in formulating a Sales Quota plan.

RADIO ADVERTISING

IN 35 NATIONAL PUBLICATIONS



* ESTIMATED

CHART 15

look like, and it may be some time before the final form of radio is determined by popular preference.

Certain facts, however, seem clear. There is a consequential market to whom appearance means much. There is another market—probably a larger one—to whom efficiency of reception and quality of reproduction are paramount. If this latter market believes that something can be gained by an outside aerial, outside aerials will top their homes; if they believe the horn to be the best type of loud speaker, they will continue to have horns; if they believe that something would be lost if the wet battery is replaced, wet batteries will be retained. These beliefs will be based partly on actual experiences, partly on impressions.

If any types of radio sets or accessories are unmistakably best, they are the ones which will survive. If there remains room for difference of opinion, advertising will be an important factor in picking the winners.

Most people consider themselves good judges of tone qualities, yet it is probable that to many a piano sounds better if it bears a famous name. That which is inferior cannot through advertising win permanent recognition as being superior, but through advertising a manufacturer who does produce a superior article can more quickly win appreciation of the merit of his product.

Hence, trends and tendencies in radio are likely to be determined by merit and by advertising working together.

Radio and Talking Machines

It was natural that with the first enthusiasm for the radio the public should have concentrated its attention

largely on music from the air, but as their desire for music in the house develops many are likely to give part of their listening time to the artists whose music may be reproduced at will on the talking machine.

The outstanding effect on the talking-machine industry has been the creation of the combination talking machine and radio which furnishes in one cabinet music in the home—radio to catch music on the air and a talking machine to reproduce the most perfect performances of the past.

Radio will build its own markets and will supplement rather than replace amusements and inventions which have preceded.

A Critical Year

The sales year 1925-1926 is likely to be a critical period in radio merchandising. Sales alignments are likely to crystallize, and those firms which best succeed in winning consumer confidence and dealer loyalty are likely to be numbered among the permanently successful factors in the industry.

Types of Radio

The regenerative, the reflex, the neutrodyne, the tuned radio frequency and the super-heterodyne receiving sets all have their supporters. The ultimate position of each of these types with the American public is likely to rest, in part at least, upon the kind of selling which is done by the manufacturers of each type. Quantity and character of advertising, efficiency of

sales methods, kind of dealers attracted, quality of service rendered, are all likely to prove determining factors in shaping public impressions.

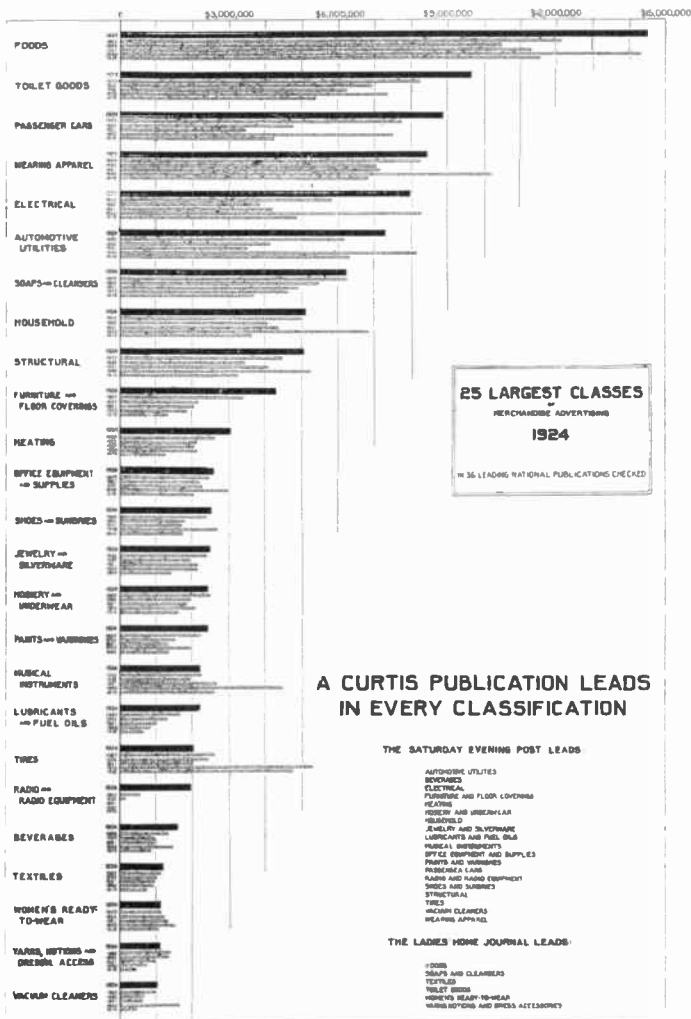
The Opportunity

In other lines of merchandise, consumers have been taught to have faith in an individual manufacturer's brand rather than in a type of machine, and are likely in the end to accept some brand name as assurance of quality in a radio set.

The opportunity apparently exists in radio as it did with talking machines, with automobiles and with other lines of merchandise for a manufacturer to create an individual reputation which will transcend the mechanical principle used in manufacture. Victor, Packard, Cadillac, Dodge, Ford and many other brand names stand today not as representatives of certain types of machines but as something distinctive in themselves.

A Packard can change the number of cylinders and still be a Packard. A Victor might make changes in its mechanism and still be a Victor. If a Ford adopted a standard gear shift, it would not cease to be a Ford.

Is it not reasonable to suppose that the same can be done in radio and that some manufacturer can make his name stand for more than the particular type of radio he at this moment builds, that he may be able to put himself in a position where he can keep pace with the mechanical achievements of the industry and, if he should desire, may be able to change from one principle of radio construction to another and still carry with him public respect and favor for his brand name?



What the Public Want

The American public appear to have little comprehension of what regenerative, reflex, neutrodyne, tuned radio frequency and super-heterodyne mean. The American public want results rather than technical phrases. They want made audible in their homes the music and the great addresses that they know pass unheard in their very presence. By what mechanical principle this is attained, they do not care. The result is the thing. They want to purchase by a trade name and be certain to get satisfaction.

Advertising a Determining Factor

Advertising may prove to be even more important in radio than with automobiles or with any other industry. Radio is developing more rapidly than other industries; already the competition for leadership is keen; reputations are likely to be made soon, and advertising, which furnishes a means of crystallizing public thought quickly, will probably be found to be a determining factor in picking the leaders in the radio industry.

Radio advertising, which in thirty-five leading national publications in 1922 was \$250,000, in 1924 reached approximately \$2,000,000, placing radio in twentieth place among the industries in national advertising. [Chart 15.] It seems likely that the national advertising of radio in 1925 will exceed \$3,000,000 and that radio may take rank among the first twelve industries in national advertising. [Chart 16.]

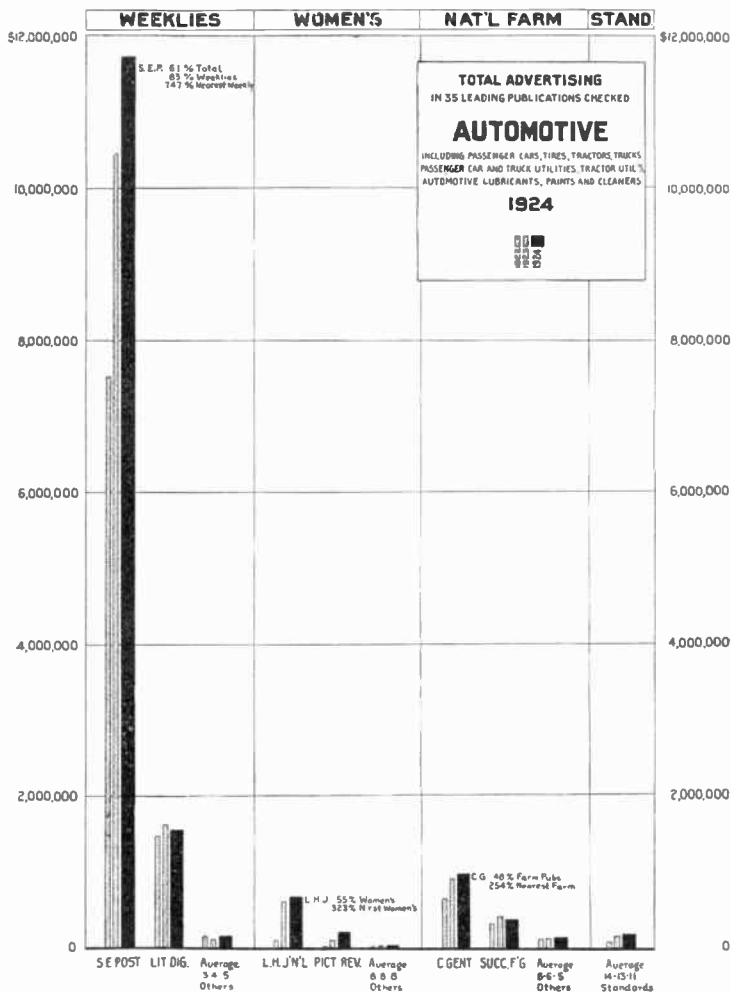


CHART 17

Advertising Media

As to media, the automobile, which in its sales problems is most like radio, points the way clearly. The leading advertising medium of the automobile industry throughout its history has been THE SATURDAY EVENING POST. In the past ten years, the automotive industry has invested in THE SATURDAY EVENING POST approximately \$75,000,000, a sum that is materially greater than has been spent in all other national publications combined. In 1924 THE SATURDAY EVENING POST carried more than seven times as much automotive advertising as any other national publication and more than five times as much as all other national weekly publications combined. [Chart 17.]

Advertising to the Farm Field

The farm field promises to be even more important to the radio industry than to the automotive industry, and here again the automotive industry points the way to a leading medium. THE COUNTRY GENTLEMAN in 1924 carried more than twice as much automotive advertising revenue as any other farm publication, and in automotive lineage more than any other publication except THE SATURDAY EVENING POST.

Advertising to Women

Advertising to women will also offer important opportunities, for the radio must take its place in the home and be fitted into the interior decoration plans which

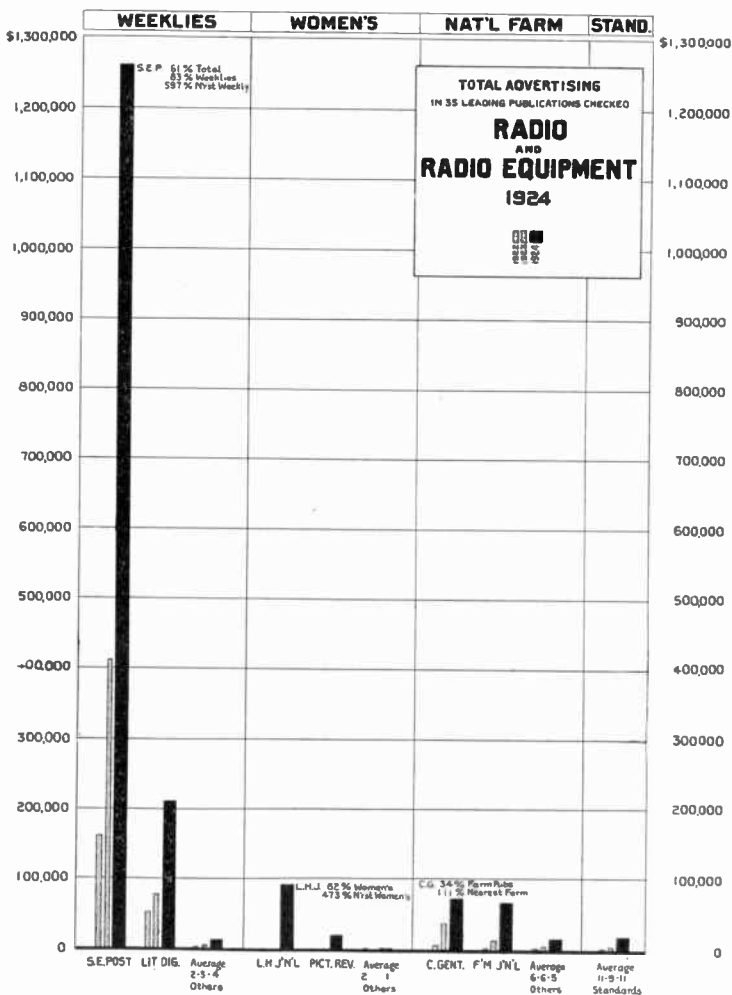


CHART 16

the women of the household have made. Here again the automotive industry points to the leading medium. **THE LADIES' HOME JOURNAL** carried in 1924 more automotive advertising revenue than the other leading women's publications combined.

Radio Advertising

The radio industry has followed closely the lead of the automotive industry. In 1924 the radio industry placed in **THE SATURDAY EVENING POST** more than \$1,250,000 of advertising expenditure, which was materially more than radio expenditures in all other national publications combined. **THE COUNTRY GENTLEMAN** carried more than one-third of the radio advertising that was placed in national farm publications. **THE LADIES' HOME JOURNAL** carried more than other leading women's publications combined. [Chart 18.]

A Wonder Industry

Radio is a wonder industry, yet underneath the romance some very practical influences are shaping the future of the industry. Of the many who have entered the manufacture of radio with high hopes, few will remain to control the industry.

With radio as with other industries, it is likely that those will survive who by manufacturing accomplishment and by effective advertising convince the American public that their product is best.