

PART 1
BROADCAST RATINGS

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH CONGRESS
FIRST SESSION
ON
THE METHODOLOGY, ACCURACY, AND USE OF RATINGS
IN BROADCASTING

MARCH 5, 6, 7, 8, AND 18, 1963

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BROADCAST RATINGS

TUESDAY, MARCH 5, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to notice, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

The committee is starting hearings this morning. We observe there is a great deal of interest. We are sorry that the committee room does not accommodate more people. We hope, however, that you will bear with us and assist us in maintaining order insofar as possible and that these proceedings will not be interrupted because today we consider a topic that in my judgment has perplexed and disturbed even the best informed and most dedicated persons in the broadcasting industry.

We have initiated these hearings to try to find out what is determining the decisions made at several levels, the decisions which prescribe what the American people receive on their television and radio sets in their homes and other places.

We seek to determine the roles served by audience measurement or rating services.

It will be recalled that during the hearings before the Legislative Oversight Subcommittee, in 1959, repeated references were made to the importance of ratings.

The rigging of TV quiz shows apparently took place as the result of the desire of advertisers, producers, and networks to achieve larger audiences. During those and subsequent hearings, members of the committee repeatedly expressed their interest in the apparent control over programing by the rating numbers.

As a result of the interest of the subcommittee in the subject of ratings, the subcommittee decided to finance a blue-ribbon group of statisticians in an effort to determine whether the ratings which appeared to have such extensive control over the broadcasting industry were, in fact, accurate. Testimony before other committees of the Congress and the Federal Communications Commission and statements made in the public press by broadcasters, programing executives, licenses, and others have stressed the importance of ratings.

All previous studies and investigations of rating services have accepted at face value the statements of the rating services regarding the methods they use. This committee, however, had been concerned

with learning not only whether the rating services say what they do but also whether they actually do what they say.

Further, the mass of data collected by the subcommittee in its study would have little meaning unless ratings are used, as has been indicated by prior statements. It appears that entertainment programming decisions in network television are based ultimately on a rating figure. The contracts and program schedules in networks in both radio and television are likewise, it seems, based on rating numbers. The magic phrase, cost per thousand, is nothing more than a rating. Without ratings, there could be no cost per thousand, the basic figure which governs almost all purchases of broadcast time at every level.

In our consideration of the use of ratings, it is not the subcommittee's intention to judge whether such use as the industry makes of ratings is necessarily right or wrong—not at this time, anyway.

We seek only to establish the extent to which ratings play a part in programing decisions. Later, we may question the wisdom of the use.

When the Special Committee on Broadcast Ratings, financed by this committee, completed its study, there remained certain gray areas which needed further clarification. Also, the technical language of the report issued by the American Statistical Association in connection with this study was such that clarification was needed.

Further, there were some things which the ASA—that is, the American Statistical Association—special committee did not go into as a result of self-imposed limitations.

The subcommittee had in its files sufficient numbers of complaints relating to the rating services therefor to justify further investigation. So the staff was directed to proceed under the general guidelines which I have just outlined relative to clarification of gray areas and technical language.

The staff was also instructed to verify the accuracy of certain complaints against the rating services. It was anticipated that the inquiry would be completed in a brief span of time, followed by the publication of a brief summary of the analysis. That this investigation proceeded for many months could only have occurred at the discovery of a need for a deeper, more intensive investigation by the subcommittee. The work of the staff has resulted in these hearings beginning today.

We are concerned here with the economic health of the broadcasting industry at all levels. The subcommittee has no desire to propose dictation of programing decisions to networks or even to licensees of the smallest radio stations in the smallest markets.

We are rightfully concerned with the adequacy of service to the American people.

While we have no desire to dictate programing, it was not anticipated by the Congress that ratings should dictate programing when the Communications Act authorizing broadcasting in the public interest, convenience, and necessity was first enacted.

We have no desire to see that these hearings are prolonged over an extended period. This committee can fulfill its responsibility expeditiously if the witnesses who have been called respond with candor. We have asked that many people come in to explain their use of ratings and the importance of ratings in their operations.

We appreciate the cooperation that has been given to the staff and the subcommittee. We appreciate the presence of the witnesses and we will certainly appreciate the frank testimony that would save this subcommittee a great deal of time.

Today, as we initiate these hearings, the first witness will be Governor Collins, whose organization speaks for broadcasters everywhere. We are confident that his statement will reflect many of the attitudes and opinions of the great industry that he represents so ably.

Governor, we want to thank you for your appearance here today and your offer of assistance and cooperation in this undertaking of the subcommittee.

Do you have a prepared statement?

TESTIMONY OF LEROY COLLINS, PRESIDENT, AND MELVIN A. GOLDBERG, VICE PRESIDENT FOR RESEARCH, NATIONAL ASSOCIATION OF BROADCASTERS

Mr. COLLINS. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. COLLINS. Thank you, Mr. Chairman, distinguished members of the subcommittee, and members of the staff.

As the Chairman has indicated, I am president of the National Association of Broadcasters. I first wish to express to the subcommittee my appreciation and that of the broadcasters for this invitation to appear and testify.

I feel that this committee is worthy of the highest compliments for its continuing service to the public and its contributions over the years toward the development of sound broadcasting in an atmosphere of freedom.

The subject of audience measurement, or ratings, has been one of great interest and deep concern to me since I first came to this job a little over 2 years ago. This is a highly complex and technical field and, I am frank to admit, one in which I have yet to develop special expertise.

I am convinced, however, that ratings play an extremely important and influential part in the whole broadcasting process as the chairman has stated. The nature of broadcast programming, the fate of the talent identified with it, the investments made in it, the time it is broadcast, the attractiveness of the medium to the advertiser, all are strongly influenced by what comes out in the rating books.

At the outset, however, I would like to assure you that ratings are only one of the factors involved in the program decision-making process for both the broadcaster and advertiser.

For some time after I came into broadcasting, I seriously questioned and doubted the need for any audience-measuring efforts. A rather large number of broadcasters had reported to me individual experiences of what seemed to be clear abuses and gross inaccuracies in rating reports. In the first public statement I made, I called out strongly for reform.

I am still convinced that reform is needed. But after talking with many advertisers, people in the advertising agencies, station representatives, network officials, researchers, and individual broadcasters, I now feel that broadcasting has a very proper need for rating serv-

ices. Every business in our free competitive system needs to develop dependable means for assessing and evaluating the public reaction to, and acceptance of, its product.

I am just as convinced, however, Mr. Chairman, that rating data and conclusions drawn therefrom should be more accurate and more reliable. They should be developed through methodologies and procedures affording greater assurance of freedom from error than is now the case.

As set forth in the statement which Chairman Harris released on February 19, 1963, the purposes of this hearing include exploring the use of broadcast ratings, their importance in determining what is broadcast to the public, and the accuracy of these ratings. The chairman also has placed emphasis upon the interest of the committee in determining whether or not the rating services "do what they say they do."

In my judgment, the central question in this investigation should be: Do present rating reports deserve acceptance as reasonably accurate projections of the true broadcast audience? In fact, it is my feeling that all the other concerns regarding use and influence actually have a secondary importance to the primary concern over basic accuracy. If such integrity of end product is not established, then I do not see how they can be regarded as worthy for any significant use.

I had hoped that the report of the special committee for the American Statistical Association, referred to by Chairman Harris in his notice of this hearing, and again this morning, would furnish your committee, the broadcast industry, and the public with an answer to this question of basic reliability. Unfortunately I do not think it has done that. I agree with Chairman Harris that the ASA committee "left some gray areas."

The report is extremely valuable, however, because of the very fact that it points up its own shortcomings, raises unanswered questions, and with impelling logic calls for additional extensive, scientific research in this field.

Some of the areas indicated by the committee as needing exploration are the following: Practical problems concerning interviewing; determination of the magnitude and direction of error created by various research procedures; the degree of accuracy that may be reasonably required of ratings; adequacy of quality-control procedures; statistical treatment of data; potential value of sampling practices not presently used; extent and kind of analysis by the user; and the development of more qualitative data to interpret quantitative data.

When the ASA committee report was publicly released, there was a rather general assumption, as expressed through many public comments, that its overall effect was to approve the accuracy of the rating services. I did not share this view, and so stated at the time. And I submit that a careful reading of the report will disclose that the committee itself actually avoided any conclusions that it was placing a stamp of approval on the soundness of any of the rating methodologies, or on the accuracy of measurements based thereon.

The committee stated (*underscoring* in all cited statements supplied):

It has been impossible, within our resources, to undertake independent empirical and methodological studies and analyses that would demonstrate the

magnitude of error created by various research procedures in the different phases of the total method (p. 7).

To me the committee placed too much emphasis on the idea that its assessment of accuracy of necessity had to be colored, or shaped, by the use to be made of the measurements, rather than concentrating on basic deficiencies inherent therein. Over and over again this crops out, as in this statement:

The committee has attempted to obtain views of various parts of the broadcast industry on the *uses* made of audience data. It appears that the values and changes in the values of the various audience data mentioned above are what most *users* require. The *accuracy* required of these data cannot be determined from the information we have received. *This question is left for further study* (pp. 13-14).

As well as in this—I continue to quote from the report:

There are many points where we feel they (the rating services) should report more, study more, and do different things, but we cannot claim that the *market*, to which the rating services sell, will pay the price or welcome information that makes it clear the data provided are not as accurate as they would like (p. 12).

The finding is made of various compromises and the fact that the result at times is bad data. However, this is minimized and explained away in these terms:

But, is it serious enough to be worth the cost to change when only occasional surveys produce bad data, *and the clients seem satisfied?* Obviously, to answer this question requires information on cost of any demand for the data provided by the rating services. *We do not have this information* (p. 12).

What appears, Mr. Chairman and members of the committee, to be the nearest thing to a summarized general assessment is the following:

Our overall evaluation of the rating services is that they are, on the whole, doing a reasonably good technical piece of work *for the purposes to be served* (p. 12).

Mr. Chairman, the ASA committee, in my judgment, strayed from the idealistic challenge with which it was confronted. Instead of finding out if the rating services were developing products worthy of being used at all, it got into the vast jungle of how ratings were in fact being used.

In doing this the committee overlooked the time-tested truth that "what is one man's meat may be another man's poison." The simple fact that one person or business may find a profitable use of a rating report, irrespective of its degree of accuracy, simply cannot, as I view it, give validity in an inaccurate measurement.

The reports issued by most of the rating services in the local television markets are now composed of much more data than just how many homes are tuned to, or how many people are viewing, a particular program or station. They include many other demographic characteristics of the population.

Here, for example, is a rating report covering one of our major American cities during September 1962. It is based upon information taken from 346 tabulated diaries. In a section entitled "Spot-Buying Guide" (a special service to the prospective purchaser of spot time) this report gives the ratings of the three local television stations.

On Monday at 8:00 p.m., for example, the report asserts that: 145,700 homes were tuned to station X; 201,300 homes to station Y, and 203,500 homes to station Z.

Further, it is asserted that at this same time, viewing station X, were: 53,000 men. Of these, 27,900 were between the ages of 18-29, and 25,100 older; 95,300 women, including 51,500 between the ages of 18-39, and 43,800 older; 21,200 teenagers between the ages of 13-17; 175,400 children, 12 and under.

A like breakdown is given for each of the two competing stations which were broadcasting at this same time.

However, there, in addition to the above data, some services further extrapolate such information to include family income, education of the head of household, and so forth.

Thus, the sample which may have totaled 250 or 300 or 350 to provide the original data of number of homes viewing a particular program is now being extended to provide further breakdowns. And, I submit that, the result is a degradation of such data, and a further decrease in reasonable accuracy.

Now, Mr. Chairman, I may be naive—and I know I lack sophistication in this matter—but I believe that when information like this is put out, there ought to be more, not less, accuracy. It should have an established and definable degree of competence.

May I reiterate that ratings are important to broadcasting, just as some form of measurement of public acceptance is important to every business. Even our National Government feels that it should know the attitudes of people in foreign countries if our national defense is to be properly served. Certainly, in a democratic society, elected officials must know the views of people in order to respond to their interests and aspirations.

Ratings are not only important to the broadcaster in his efforts to be responsive to the needs and desires of his listeners and viewers, but, these services are used to a very great degree by those in the business of purchasing broadcast time for the placement of advertising.

Advertisers genuinely need methods for determining which, among many possible outlets, will likely produce the greatest number of listeners and viewers per dollar spent. Advertisers also have a very legitimate and reasonable need for audiences to be measured for other characteristics in addition to size.

I have frequently spoken out against overreliance by any broadcaster upon any factor outside his own independent judgment. This is because I am convinced that the responsible broadcaster must recognize and respond to his individual duty to serve the public interest and cannot accept dictation or control from any outside source—whether from the Government, or private influences.

This being true, the broadcaster must be deeply concerned about the impact upon his listeners and viewers of what he broadcasts. He must understand, and respect, the diverse opinions and tastes of the public. Ratings of dependable quality can be of substantial value in assisting him in this process.

I am well aware that I have raised questions of serious need for improvement here today, and I want you to understand that we, in broadcasting, on our own initiative, are seeking to find valid answers to them.

The National Association of Broadcasters, within the past 2 years, has undertaken a broad, far-reaching research program designed to develop answers to many questions dealing with the content and consequence of what is broadcast to the American people. This effort is under the direction of our newly appointed vice president for research, Melvin A. Goldberg, a scholar of widely recognized competence. We confidently believe that this work will be of great advantage in advancing the whole art of broadcast communications.

As part of this overall effort we have proceeded to implement many of the proposals of your ASA committee. In fact, preliminary steps had been taken in this direction even before the report was issued. A special project, which has been expressly approved by our board and is now in its preliminary stages, is research on improving the methods and techniques of obtaining ratings and rating research methodology. Mr. Goldberg is here, and if the committee would like, he will be glad to discuss it further.

While the rating services are wholly independent of NAB and the individual broadcaster, we are deeply concerned with the quality of their work for the prime reasons that what they do undergirds and greatly influences the quality of ours.

This committee can render a real service to broadcasters and to the public. You can build upon the helpfulness of the findings of the ASA Committee. I am convinced that in the light of knowledge, solutions to the problems which confront us can be found by the exercise of responsibility. This we are determined to see accomplished through strong voluntary efforts.

Thank you, Mr. Chairman.

Mr. Moss (presiding). Thank you, Governor Collins.

At this time the Chair recognizes Mr. Charles P. Howze, counsel for the committee.

Mr. Howze. I have only a few questions for Governor Collins.

Governor, I would like to begin by reading back to you some of your own words, which had been uttered pretty close to the beginning of your term as President of the NAB.

The first quotation is from the panel at Northwestern University, which occurred, I believe, in the summer of 1961, and ultimately appeared in a book called "Freedom and Responsibility in Broadcasting."

It comes from pages 8 and 9:

I frankly worry about broadcasters becoming locked up in jails they build for themselves. Creativity, for example, is now being curtailed by slavish addiction in some quarters to audience measurements or ratings of questionable validity and administered outside any qualitative control of broadcasters. There are broadcasters also who pull down the shade and refuse to benefit from constructive criticism, blandly attributing it to calculated competitive efforts of others in the advertising business or to "crackpots" or to small groups of "eggheads" with limited tastes. The advertising cost per thousand concept, rigidly embraced, encourages mediocrity, just as program-copying makes for dull conformity and serious curtailment of the diversity distinctive to a free society.

Do you remember making this quotation?

Mr. COLLINS. I do remember that. I believed strongly, I believed at that time and I believe it now.

Mr. Howze. Your views have not changed?

Mr. COLLINS. Not at all. The only thing I would call your attention to is that I have felt, the more time has passed, that this question

of validity and accuracy was central to this whole thing. So I have shifted more emphasis of my own thinking and my own concern into that area. I think if we go into this thing all involved with the different kinds of uses that are made of these things, then we get into the situation of having a shotgun approach, so to speak, and I think this whole subject needs first the rival approach to the basic matter of quality and accuracy and truth.

I think most of the other things would resolve themselves if that basic question could be resolved.

Mr. HOWZE. You may have partly answered what will be the next question, taken from another speech given by you at an NAB board meeting, Palm Springs, Calif., February 10, 1961. I quote you again:

Now, I do not here quarrel with the validity of these services, but I am shocked by their far-reaching influence in the whole broadcasting industry. In effect, their reporting is determining in large measure not only what the American broadcasting diet will be, but also at what times the meals will be served. And yet NAB has no checkrein or overseeing status over what the raters do or how they do it. Broadcasting is, therefore, allowing an outsider to become master of its own house and does not even check his health card.

Mr. COLLINS. That speech was made, Mr. Howze, about 3 weeks after I came to this business. The only exception I would take to that now is the statement about which I do not quarrel with the validity.

Mr. HOWZE. I gather that from what you say.

Mr. COLLINS. At that time, I had no information whatever which would cause me concern about the technical validity or competency of the rating services. So I certainly, at that point, made no charge in respect to that.

As I pointed out a while ago, the longer I served in this job, the more I had reason to question this basic validity and the more reason I had to feel that broadcasting needed a high degree of competence and a high degree of assurance in the accuracy of these reports.

You will find, as my speeches went along from that point, that I stressed this more and I became very hopeful about this particular thing when the so-called ASA Committee was first constituted and charged with that responsibility. I had felt that out of that work, we would find many of these answers.

As I point out in my statement, I think that work was very significant and very helpful, but I think that the committee left unanswered many questions about basic quality which I feel we still need to have answered.

I would also like to point out, too, that as I progressed in this service, I began to recognize the need of much more basic research into the content and consequence of what was broadcast.

So I recommended to our board that we create a research department so that we could do a more significant job in this area. That recommendation was accepted and we did get this research department created and that department was given by our board, as a first assignment, the question of examining into the validity and the accuracy of the methodology used in rating services.

Mr. HOWZE. One thing I do want to cast into relief here is the change in your thinking with your growing experience in this industry. Your emphasis originally was on use, as I understand it, and you make sev-

eral references to that in your statement, particularly on page 7, where you say at the bottom of the page:

Ratings are not only important to the broadcaster in his efforts to be responsive to the needs and desires of his listeners and viewers, but these services are used to a very great degree by those in the business of purchasing broadcast time for the placement of advertising.

One of the things, as I see it, that I believe the subcommittee wants to bring out is to find the extent to which these ratings are used by people who are purchasing time; the extent to which broadcasting may not be, as you said in your California speech, the master of its own house.

Mr. COLLINS. I do not question the propriety of examining into use. You have called before you many witnesses who have very specialized expertise and experience in that field, which I do not have.

I do not want to give the committee any impression that I have decided that the uses made of broadcasting are fine and good and I no longer have concern about how they may be used. But I did want this committee to understand that my own feeling is that the real, central, basic problem here, and basic concern, which I hope the committee has, and the basic concern which we have is this question of inherent validity and acceptability and competence and accuracy, because I think that if we stray off from that, why, then we get bogged down very much as the ASA Committee and we do not get the answer to that.

Mr. HOWZE. I recognize your concern there, sir, but I suspect there will be people who will appear later before this subcommittee who will suggest, if not say outright, that it is very difficult and perhaps meaningless to make these abstract statistical studies outside the context of the use to which the information is going to be put. And you take the ASA committee to task, as you have just suggested, for not concentrating on the basic statistical validity of the reports and say that the committee departed from its idealistic purpose and got too much into questions of use.

Mr. COLLINS. Well, I would certainly like to have seen that committee, and I would like yet to see that committee get back into this area and concentrate on whether or not the data and the projections made from that data can be regarded as a presumptively sound and accurate reflection of what it purports to represent.

And that the committee would not do. Every time it got close to the question of quality, every time it got close to the question of accuracy, it said, "But this depends on how it is used."

In that respect, I think the committee was wrong. As a layman from my own reflection about the matter, I sort of adhere to the basic proposition of what is true and what is right, well, you do not have to be too concerned about how it may be used. It is when something is not or may not be accurate because of a lack of competence in the development of that that you get into more trouble with respect to how it may be used.

Mr. HOWZE. I have a couple more questions, for which you may like to have Mr. Goldberg join you at the witness table, if there is no objection.

Mr. MOSS. The Chair hears no objection.

Mr. GOLDBERG. Mr. Chairman and members of the subcommittee, my name is Melvin A. Goldberg. I am vice president for research at the NAB.

Mr. COLLINS. Prior to coming to NAB, which was just recently—

Mr. GOLDBERG. In August, I came to the NAB, and prior to that, for 6½ years I was director of research for Westinghouse Broadcasting Co.

Mr. HOWZE. These questions you may consider as addressed to either of you.

Beginning on page 8 of your statement, Governor Collins, you describe briefly the NAB research program of which Mr. Goldberg is present head, I guess.

Is the initiation of that program a result of a change from the time you took office until the views you have expressed today?

Mr. COLLINS. No, sir; the initiation of that program is the result of recognition, more and more, as I have served in this position, of the need of basic research in many aspects of the content and consequence of what was broadcast. I have felt all along that one of the prime needs, if not the most important of all the needs, was the question of some research and better understanding and better development of the methodology of these rating studies.

Mr. HOWZE. The theoretical methodological considerations?

Mr. COLLINS. Not only the theoretical, but also I think there is a grave need for research in the application of the methodology and the procedures followed in order to effect the methodology.

Mr. HOWZE. By application, do you mean what we have referred here loosely to as use, such as programing decisions?

Mr. COLLINS. No, No; I am talking about the rating services' own efforts to accomplish the end product from their methodology.

Mr. HOWZE. You would be talking, then, about the quality control over the interviewing processes?

Mr. COLLINS. Yes.

Mr. GOLDBERG. The problems that the ASA committee has brought up in terms, for example, of interviewer control, of diaries, of the sampling procedures for the "don't knows" or those who refuse to respond, or those who have not been included in the sample and the substitutions, all of those various procedures, we know there are errors inherent in the basic procedures.

We do not really know the magnitude of the error and we do not know the direction of the error for particular program ratings, as well as the total sets in use.

Mr. HOWZE. What sort of progress would you say your study has made to date?

Mr. GOLDBERG. At the moment, it is just talking. We have had meetings with members of each of the rating services, as well as with research directors of networks. We waited mostly until after the Federal Trade Commission report was issued and have gone over the Madow report. I hope we are ready to start it. The board has approved and we have the funds budgeted. There is another area. The Madow committee report discussed the services and what the services can do, but nothing was said really about what the stations can do—the individual stations—and what they can do with the data as it stands.

Mr. HOWZE. Well, the board's decision to go into this research project, I assume, is regarded as carrying out the association's obligation to its membership?

Mr. GOLDBERG. Yes. It covers more than just ratings. The research program is designed to go into the whole communications process as it relates to radio and television.

Mr. COLLINS. I would like to elaborate a little bit on that. Our board has recognized that while there has been a vast amount of research into the technology of broadcasting, there has been little, really, basic research over the years into this highly important and highly socially significant field of content and consequence. Our board, representative of the broadcasters in our membership, has felt that the NAB should provide leadership and means of filling a great vacuum of need there. That is one thing that has stimulated us. We have been stimulated by many other matters aside from ratings and the use of ratings and the methodology of ratings, but that certainly was a significant part of the reason for our interest and the reason for the development of this overall broad program.

Mr. HOWZE. Has your research thus far gone, or will it go into individual surveys and tabulation of, let's say, diaries for individual surveys which have been made by the rating services?

Mr. GOLDBERG. I really could not say at the moment. It might.

Mr. HOWZE. It has not happened yet?

Mr. GOLDBERG. No. Actually, I started in this job in August, and I must admit that between conventions and speeches, there has been very little time to do very much.

Mr. HOWZE. What do you consider, Governor, the obligation of the National Association of Broadcasters to its members in ascertaining the validity from the factual, scientific, theoretical, point of view of these audience measurement reports?

Mr. COLLINS. Well, it is difficult to be definitive about that, but I do think that the broadcaster should have a better and more effective analysis and check on the accuracy of these reporting services. We had hoped that we could find some help in that respect through your ASA committee, and we did. But as I say, that committee pointed up as many or more questions than they resolved so far as the broadcaster having something he could depend upon as having had a review of the validity of these services.

Now, I do not know how to respond precisely to your question, because we have this research committee and it has been charged by our board and by our membership through the board with the responsibility of finding ways in which the broadcaster can be better assured of the soundness of these methodologies and these procedures, and that is part of the exploration work that this committee and Mr. Goldberg are now doing.

I do not have the competence to say precisely what direction or what specific things will be done to accomplish that objective.

Mr. HOWZE. Just one more matter I would like to take up briefly.

There has been discussion in the trade press recently about meetings between you, Governor, and representatives of advertisers regarding guaranteed circulation plans, whereby an advertiser, as I understand it, would pay a certain amount of money for his time for spot announcements, geared to a given rating point and if that rating point

was not attained, then the station licensee would agree to give the advertiser a certain amount of "free" spots until he had gotten what he had guaranteed. Would you enlarge on that?

Mr. COLLINS. I am not aware of that report. I did not read it and I do not know what basis there could be for it. I have not had any meeting with advertisers, nor have I engaged in any such discussion as that.

Mr. HOWZE. You have never heard of such a plan?

Mr. COLLINS. No, sir; I have never been involved in the discussion of any such plan with any advertisers.

Now, I met with a group of advertisers over a year ago in New York, and we had a rather broad discussion of advertising and broadcasting, and I would not say that somewhere in that meeting, this sort of thing did not come up, but there certainly has been no specific discussion of that. And I do not recall any discussion of that there. So I think somebody has been misled.

Mr. HOWZE. Perhaps the trade press has been indulging in what has recently been called wishful thinking.

I have nothing further, Mr. Chairman.

Mr. MOSS. Mr. Bennett?

Mr. BENNETT. Governor Collins, this is a complex subject to me, and you said something about it being complex to you. It is more complex to me.

But I am wondering, as I have listened to your statement, in what respects this committee can deal with this problem. I assume that if we have any jurisdiction over the matter at all, it must resolve itself somewhat in how a broadcast station is operating in the public interest.

Now, to what extent, in your opinion, do these ratings affect the operation of a broadcast station in the public interest?

Mr. COLLINS. Well, I am quite sure, Congressman Bennett, that that would vary as between different broadcasters and different segments of the industry.

One network will probably use the rating services in one manner and another network may well use them in a different manner. And all of them will tell you that the use of rating services is only one of many factors that they are concerned with in the development of their programing plans.

Now, I think, and I am sure your staff and your chairman anticipate just exactly that, that you will receive testimony from various users of the ratings and that they will shed much light on the extent to which they do use the rating services. I think they will develop here experiences that they have had and from many witnesses you will probably find beneficial experiences, and from some you will find the contrary to that. I think that the simple fact that the committee is bringing all this to light is going to be extremely helpful, and I think the fact that you are having this discussion will certainly create a higher dedication and a better purpose in not only the rating services, but all those who use the rating services.

I think in that respect, certainly, what you do here can be very helpful.

I think, too, that we need more professional, scientific investigation of this question of the validity and the correctness of these method-

ologies, and perhaps this committee would find it in order to authorize some further research in that area.

Now, we are trying to do something in that area ourselves and we expect to.

MR. BENNETT. Do you have any information that the public is getting any bad programs because of the use of these ratings?

MR. COLLINS. Well, I do not think you can deal with that question that simply, Mr. Bennett. I wish I could. I think that there are broadcasters—

MR. BENNETT. You spoke at great length about the accuracy and the validity of ratings and the need for more accuracy. You have not said how that might be achieved, and I have not any idea how it can be achieved, either. I can see how it could be important, if somebody is going to use ratings, that they be accurate. What I am wondering is, if they are not accurate, does anybody know whether the public is getting a bad deal about it in their programing?

I hate to get into programing, because our committee has been round and round and playing ring-around-the-rosy with programing for years, and no matter how we deal with it, we always come up with the same answer, that there is not anything we can do about it except turn off the TV set if we do not like the program.

MR. COLLINS. So much of that turns, Mr. Bennett, on the individual broadcaster, the individual attitudes, and the individual desires of those in broadcasting. In many respects individual rating reports can be tremendously helpful and beneficial and in the public interest.

For example, the report I gave you in my statement, that report can be used to advantage and it can be abused in the public interest.

You may recall that that report showed that at 8 o'clock, the preponderant audience listening to that program were children under 12 years of age. Well, now, the effect of that on that broadcaster is going to depend upon the individual broadcaster.

He well could benefit from that information. On the other hand, he could well not benefit from it. This is a highly competitive, and of course, it is a highly individual system of broadcasting that we have. It is the only one like it in the world. I submit that out of it has come the finest broadcasting in the world by far.

At the same time, the flexibility that a free society provides is naturally going to allow for abuses, as we all understand. That is the reason I come back, every time I get into this jungle of use, how one would use it and how the other would use it, to the proposition that the big thing, the tremendously important thing, is to have the feeling that what he is getting is valid. Then, through other means that the Government has and that the public has, it can call for a sound and proper application of these services and sound uses to be made of them.

MR. BENNETT. Is it possible, in your opinion, for a rating service just to test or to check 346 people or families and then project that to 145,000 listeners with any degree of accuracy?

MR. COLLINS. I would have a serious question that it could. But I think the scientists and the researchers should get that answer for us and it is beyond me to give you a definitive answer.

MR. BENNETT. Do you think we could understand it if they gave it to us?

Mr. COLLINS. Well, I do not know.

Mr. BENNETT. Do you know in general how they project these, what qualification figures they use to get the 145,000 or what rule they use to achieve this? Is there a standard rule?

Mr. GOLDBERG. It is not a standard rule. The theory on all of these samples is that the sample taken by the rating service is representative of the entire population of television set owners. Under that theory, if the sample is a good one, if, let's say, 10 percent of the sample then views a particular program, then it is assumed that 10 percent of the entire population of television set owners will also have viewed that program. But that is in the whole theory of sampling, which the ASA committee went into in some detail.

Mr. BENNETT. Whether that is a valid assumption or not, nobody knows.

Mr. GOLDBERG. The problem we face is how accurate are the procedures and how far have we progressed in this science of opinion research or rating research or attitude research in this whole area of sampling and interviewing and so on, and this is where we do have problems, sir.

Mr. BENNETT. What is there, Mr. Goldberg, that the committee can do about this, in your opinion? Your argument, I mean.

Mr. GOLDBERG. It is very difficult, sir, to understand, because we have been trying—this is basically a new field. It started, you might say, in 1935 or thereabouts. We have been trying to get through on this. There have been studies, for example, on interviewer bias. How does the interviewer bias a respondent? Mr. Gallup has done many studies in the area of questions. In sampling, again, we have the problem. We know the probability sample is about the best you can get. The census has done a lot of work on that. But we do not know what happens when you digress a little bit. I think we just have to do more studies and what you are doing is bringing this all to light again so that we can focus on some of these questions that have been sort of passed by.

Mr. BENNETT. How might the use of the ratings by a broadcaster affect the operation of his station in the public interest, in your opinion?

Mr. GOLDBERG. Well, sir, these ratings are essentially tools and they can be used as the management sees fit, for his decisions.

Mr. BENNETT. Suppose, right there, the rating people have completely erroneous information about the number of people, the kind of people who are listening, and so forth, and they sell that to the broadcaster. He buys them. On the basis of that erroneous information, he, together with some advertiser, sells some time and puts out a program. Now, is that necessarily against the public interest; would that have any effect?

Mr. GOLDBERG. Not necessarily. First of all, that is not usually the only tool that he uses. There are many different tools that he will use.

Mr. BENNETT. I am not assuming that. I am just assuming that he is buying or getting an erroneous rating report, the number of people that are listening in a certain time to a certain station, and he buys that report and then sells some time to an advertiser, who, in turn, puts out or gets a program on the air at that particular time.

Mr. GOLDBERG. It is conceivable, sir, and we do know there are some biases, for example, in the rating report where people will say they are watching, let us say, "Meet the Press," when they are actually watching a western. Under those circumstances, "Meet the Press" will have a higher audience than it actually would have and possibly the public interest would be served, let us say, better in that regard.

The problem is, you do not know how you are doing it. This is one of the real problems we face. If it is in error, it could or could not be in the public interest. We are not sure.

Mr. BENNETT. Well, take this sample that Governor Collins has given us of the 346 tabulated. They come up with Monday morning,

85—
Mr. COLLINS. That is evening.

Mr. BENNETT. That is evening? Oh, p.m.; excuse me.

P.m., 21,200 teenagers between 13 and 17 were listening and 175,000 children, 12 or younger. Would that be used to determine whether they put on the "Lone Ranger" or some other type of children's program, a detective program, or a wild west program?

Mr. GOLDBERG. No, sir; this applies to the particular program on that station at that time. If you change the program, you are going to change the audience composition that views that particular program, so that I do not think we can make the assumption that these children would then watch any show on at that time.

Mr. BENNETT. What I am trying to figure out, if I could, it is interesting to me to know whether anybody has any information as to whether these ratings in any way are a fraud on the public. Are they responsible for bad television and radio programs in some way or another? I guess because if they are, it seems to me we have something here. If they are not—

Mr. COLLINS. Mr. Bennett, I think those questions could better be put to people who are responsible for programing. It is hard for us to speak for them, because the only thing we have in that respect would be hearsay and they are here and could speak for themselves.

I would like to say one thing, though, before I leave, and I did not emphasize this in my statement, and I wish I had. That is, that while the complexities and difficulties are extremely involved in television, that is more the case in radio, and the services that the radio broadcaster gets in the way of rating and the public has indirectly are most meager, in my judgment, and we desperately need an improvement in the quality of rating services in radio. That is basically true because the greatest radio audiences are when the people are most mobile. The highest of audiences occur when people are out in their cars and have their portable radios, and not when they are home. Of course, the possibilities and the means for measuring that audience are tremendously difficult.

Mr. BENNETT. Do you know what percentage of the broadcasters of radio and TV use some type of rating service?

Mr. GOLDBERG. No, sir.

Mr. COLLINS. I think they all look at it. To what extent they use it, I do not know.

Mr. BENNETT. Do they all take a service or buy a service?

Mr. COLLINS. No, sir.

Mr. GOLDBERG. No, sir.

Mr. BENNETT. Are these available for free, or do they have to buy them?

Mr. COLLINS. They have to pay for them. They subscribe to them.

Mr. BENNETT. You say they all look at them.

Mr. COLLINS. Well, they hear from them and they are well advertised, the ones that get the fine ratings, they are advertised. The question, the matter of ratings gets to all broadcasters. They are all conscious of it.

Mr. BENNETT. Would there be a substantial number of broadcasters in the country using ratings—buying and using them?

Mr. COLLINS. I would say yes to that, that in television, more than radio, but in all broadcasting, there certainly is a substantial number of broadcasters who are concerned with and assiduously examining rating reports.

Mr. BENNETT. How many rating people are in the business? Are there a large number of companies or firms?

Mr. COLLINS. Well, like most any other business, there are big ones and they trail off into minor ones down the line. I think the ASA committee found that there were seven substantial businesses engaged in these operations.

Mr. BENNETT. Does it require a license to operate a rating service?

Mr. COLLINS. Not unless they are under some local law. They are not licensed by the FCC or under the control or supervision of any Federal agency.

Mr. BENNETT. Well, in this investigation or this study, you are making, how much time are you going to devote to this particular problem?

Mr. GOLDBERG. I could not say at the moment, sir. It is all part of the problem of basic research in this whole area. For example, if we could find out more about the impact of the medium, the whole process of communications, then exposure is only one factor in this whole relationship, and that is all this would be.

Mr. BENNETT. Although it has been regarded by your association as a serious problem, Governor, for some time, you still have not gotten down to really studying it yet?

Mr. COLLINS. I think we have made pretty good progress, taking into account all of the practical handicaps that we have had. We have, within these 2 years, developed the need for research, we have developed an acceptance on the part of our membership to support a research program, we had a very outstanding committee of broadcasters, headed by Mr. Don McGannon, the president of Westinghouse, that took some 6 months in making its study about how a research program should be set up. That committee took into account the possibility, for example, of having a research program centered at a university, of having research services that would be headed up in New York, the difference between having fragmented programing, having a centralized one. It really made an outstanding study and then made its report to the board. The board approved its report unanimously, then we had to budget the money for it, and I think taking into account all of the practical—

Mr. BENNETT. This is the study you are talking about, the study you are going to make now?

Mr. COLLINS. No; the rating methodology is just one phase of this overall, broad program, but it happens to be the No. 1 project in that program.

Mr. BENNETT. But as of now, if I understand you correctly, your principal criticism of the ratings is the questions you have in your mind as to their accuracy and their validity and something should be done to check?

Mr. COLLINS. That should be our No. 1 concern. That does not mean that we should not be concerned with use and the abuse of use and that sort of thing. But I think undergirding all of these various questions of use is the basic problem of whether these things are worth using at all, and to what degree are they worth using.

Mr. BENNETT. That is all, Mr. Chairman.

Mr. COLLINS. At the same time, I say very candidly, I think there is a sound need for valid, good, rating services in broadcasting.

Mr. Moss. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

Of course, I am delighted to see Governor Collins here, having known him for many years when he was a very competent, excellent Governor of Florida.

I am delighted to see him devote his talents to this industry.

It is my feeling, just offhand, from all that I have read and heard, that the rating organizations can, in effect, determine the life or death, in many instances, of programs and even broadcasting stations. If it is a very low rated station, they get very little income, I presume, from national advertisers. Where they have a high rating with these rating services, then I presume they get a good bit of national advertising, would that be true, generally?

Mr. COLLINS. I think basically that is true, yes, sir. I do not say the rating services determine the life or death. But I say the measure of an audience determines the prosperity of a local station, and its means and ability to attract more income.

Mr. ROGERS of Florida. Now, depending on the reliability of the rating service, if it is done properly, it would have one effect. If it were done improperly, it could determine the life or death, could it not?

Mr. COLLINS. Yes, it could in either case.

Mr. GOLDBERG. Whether it is done, Mr. Rogers, sir, whether it is done accurately or inaccurately, that same conclusion could prevail.

Mr. ROGERS of Florida. I understand.

Now, what would be your feeling on requiring the FCC to license these companies?

Mr. COLLINS. I have given no thought to that one at all, Mr. Rogers.

Mr. ROGERS of Florida. Well, to have certain standards set that determine scientifically whether it is proper to take 348 people or 346 people, whatever has been shown, and project that into hundreds of thousands—should there be some standard to avoid a fraud upon the industry itself, or do you feel that the broadcasting industry, through your organization, can set standards that can be relied upon?

Mr. COLLINS. Well, we would certainly like to try our hand at the free, voluntary way. But I do not hesitate to say to you that personally, if it took a licensing program to give the broadcaster a

sounder assurance of accuracy in these ratings, I personally would not look upon that with disfavor.

Mr. GOLDBERG. Mr. Rogers, sir, on that, the members of the American Public Opinion Research Association have long discussed this problem of setting up standards or ethics for their practitioners.

Rating research is one part of the whole research area, of market research, opinion research, attitude research. The technicians have not yet gotten to the point where we know what real good standards would be in this regard. We know that we have set up a code of ethical practices with which we would hope all of our members would comply.

But the other aspect of licensing them and then saying that what they are doing, and this is in terms of the technical, would be OK and give it a stamp of approval. I do not think the members of our association, that is, the researchers themselves, would agree on what are proper, technical standards.

Mr. ROGERS of Florida. Well, would the industry, you think, be willing to pay for larger samples?

Mr. COLLINS. I think if it were determined that larger samples were necessary in order to have a more accurate reporting, it would. But I do not accept that premise as a sound one, that that is altogether what is wrong, that they just do not have large enough samples. I know some of the rating services point that out from time to time, that they could do better if they took larger samples. But I do not accept that premise.

Mr. ROGERS of Florida. Of course, I feel, too, it would be better if we could let the association set standards or go into this problem first. But I am pleased to know that you would not be adverse if this is not effective to handle the problem to at least consider licensing under FCC, which I certainly would be willing for this committee to consider, too, if this problem is not solved by the industry.

Thank you very much.

Mr. Moss. Mr. Springer?

Mr. SPRINGER. Governor Collins, I would like to come to one phase—whether this is small or large, I do not know—just one phase of the whole industry, and that is the networks and their relations to ratings. It is a fact, is it not, that practically all of the ratings that are set up for nationwide network broadcasting are done by one service?

Mr. COLLINS. No; I think, Mr. Springer—

Mr. SPRINGER. Did you get all my question, Governor? Listen very closely, if you will, please. Please read it back.

(Question read.)

Mr. COLLINS. I would say two, Mr. Springer.

Mr. SPRINGER. What are the two? I am talking about the TV network nationwide only.

Mr. COLLINS. Nielsen and ARB.

Mr. SPRINGER. In percentage, how much does Nielsen do?

Mr. COLLINS. I cannot answer that.

Mr. GOLDBERG. In terms of dollars, are you referring to?

Mr. SPRINGER. In terms of percentages. How much business do they do of the two?

Mr. GOLDBERG. I would guess, and it would only be a guess, that 75 percent.

Mr. SPRINGER. Well, it is nearer 95 percent.

Mr. COLLINS. I did not know that.

Mr. SPRINGER. Now, Governor, it is a matter of fact that the TV nationwide programs of the networks are governed by one service, is that right—that is, rating service?

Mr. COLLINS. I cannot accept the figures about percentage there, Mr. Springer. I have always felt there are two major concerns in this field, ARB and Nielsen. The Nielsen Co., of course, has a much further-reaching business scope than just broadcast ratings. In fact, broadcast ratings is not the major part of its services. They are engaged in all kinds of statistical ratings that affect marketing and research and things of that sort, that are used, and their business interests go much beyond broadcast rating. But I have always thought there were two.

Mr. SPRINGER. Mr. Chairman, I have another question.

Mr. MOSS. I just wanted to observe that the testimony we shall hear later in the day is that the CBS network, in 1962, paid \$271,100 to Nielsen, \$36,700 to ARB. And I believe that that is in about the same ratio as payments by NBC.

Mr. COLLINS. I was not aware of that, but I have no reason to question it.

Mr. SPRINGER. Now, let us assume for a second that these figures are true. As a matter of fact, then, one rating service is going to be the largest single factor that the networks are going to have in determining whether or not to put a program on its network, is that not true?

Mr. COLLINS. Mr. Springer, the networks will strongly contend, and I do not know that I should speak for them, because they are here and can speak for themselves, but they will strongly contend that the consideration of these rating reports is only one factor that they take into account in determining their program policies. They have their own statisticians. They subscribe to all these services. They have their own individual ways of determining what they regard as of public interest, and they have their own sense of responsibility to public duty and those sorts of things. They all enter into this broad process of their program decisions. They will explain all that to you, I am sure.

Mr. SPRINGER. Do you know this for a fact, or is that what they tell you?

Mr. COLLINS. I only know it from what they tell me, sir. But I will add this, Mr. Springer, that I do not have any reason to question that, and I frankly believe that is true.

Mr. SPRINGER. I want to refer back, if I may, to the 1958 and 1959 hearings before the old Legislative Oversight Subcommittee. Here is a letter from the Senator from Washington, Warren Magnuson, to Harvey S. Firestone, Jr. I want to read a portion of this:

Included in Mr. Havens' testimony was a reference to the occasion when the National Broadcasting Co. canceled your company's broadcast time on Monday evening in order to make room for the Sid Caesar Show.

This is what happened: Here is a reply from Mr. Harvey Firestone, Jr., to Senator Magnuson:

The station in Richmond, Va., which had been carrying the "Voice of Firestone" on NBC also had an affiliation with ABC. When we switched from NBC to

ABC we asked all the stations which had double affiliations to continue to carry the "Voice of Firestone."

When they said switched, they were fired is what they meant to say.

We asked all the stations which had double affiliations to continue to carry the "Voice of Firestone." The station in Richmond informed us that it would do so only if it felt that the public wanted the "Voice of Firestone" continued. We knew of no way to prove to the station that the public wanted to continue the "Voice of Firestone" except to insert an advertisement in the Richmond papers advising the public that the "Voice of Firestone" would not be heard in the Richmond area unless the station received enough letters requesting its continuance.

This same thing was done in Roanoke, when the stations had two networks, many of them did. After they were out—they were able to maintain their time on ABC, because by this time, there were some 3,000 letters and cards coming in saying that they wanted "Voice of Firestone" continued.

Let me see what NBC said :

The reason given by the network for discontinuing our program was that it did not have a high enough rating. The network pointed out that although our program was of outstanding quality, the program preceding us had a higher rating than our show and that the program which followed us could not get high ratings because when our show came on, part of the audience tuned to other networks and did not return to NBC after our show was off the air.

Now let me continue just another paragraph :

This was somewhat surprising to us because in February 1951, our company asked the National Broadcasting Co. for its recommendations to provide Firestone with a more popular television and radio show. We emphasized that we were willing to consider any type of television and/or radio program which would maintain a quality format and be a sound investment of advertising dollars.

In that same month, Mr. Niles Trammell, who was then president of NBC, and a group of NBC representatives came to Akron and made a presentation in which they urged the continuance of the "Voice of Firestone" on both radio and television. The net of their presentation was that the "Voice of Firestone" was not only an excellent program for our company, but also a highly valued program for the National Broadcasting Co., and they showed us statistics which indicated that on a cost-per-listener basis it compared very favorably with other television and radio programs.

I want to read as a part of that same letter a letter from David Sarnoff, chairman of the board of RCA. I read from Dr. Sarnoff's letter :

We at the National Broadcasting Co. have a deep sense of pride in being able to share in this anniversary observance with the Firestone Tire and Rubber Co.

This letter was written about 4 months before the quotation I have previously given, I should say in all fairness.

But our tribute must be to the leaders of that great company whose faith in the public's love for fine music has been fulfilled and renewed over the past 25 successful years. The acceptance and stability of the "Voice of Firestone" goes far beyond mere program duration. Many of its orchestra members have performed every Monday night for as many as 15 and 20 years. This is not an anniversary of endurance. It is an anniversary of gratitude to a company which for a quarter of a century has been bringing a fine and wholesome broadcast series to American homes.

Five months later they canceled the contract.

This is what I am talking about, Governor, in this whole question of where ratings stand. This is the classic example in television of what happens with ratings. Now, was it justified?

Well, actually, ABC went to a test of whether it should or should not in the Roanoke and Richmond areas retain the program. It came

to the conclusion that the program was of such quality and desirability that they continued it, even though the program had been canceled by NBC.

I want to put this question to you: Is not this pretty good evidence that networks are listening very closely to what ratings are from month to month?

Mr. COLLINS. I cannot pass upon the individual example you have given, Congressman Springer, but I certainly assert that it is true that the networks do pay a great deal of attention to what these rating reports are.

Mr. SPRINGER. Now I want to come to the final part of it, the second part of my question.

You have said on page 1, and I quote you, paragraph 5:

But at the outset I would like to assure you that ratings are only one of the factors involved in the program decision-making process for both the broadcaster and the advertiser.

Now, Governor, will you take them one, two, three, four, five, the other factors which you say make up their decision?

Mr. COLLINS. Mr. Goldberg will respond to that.

Mr. GOLDBERG. Is it all right if I put in some of these, sir?

Mr. SPRINGER. I would rather it be the Governor who will answer, but if you want to collaborate, that is all right.

Mr. COLLINS. Well, in the first place, sir, every network and all broadcasters project a substantial amount of programing that they do without regard to what the rating figures may be.

Mr. SPRINGER. You understand, I am talking about prime hours. This is a very restricted question which I am putting out, and that is prime hours of network broadcasting, nationwide.

Mr. COLLINS. Even so, I think you will find that all of the networks now, in prime time, for example, broadcast documentaries that underline, give the answer to questions of why and how things occurred that are important to the people in the current news that are not regarded as being responsive, precisely, to audience measurements. But out of a sense of obligation and out of a sense of desire to serve the public interest—I think that has importance in this picture.

Mr. SPRINGER. Governor, I am going to have to get this, if you can, in a short sentence or two—I am not sure I understood you. I am asking—

Mr. COLLINS. I think, one, that they have many programs they project that they regard as in the public interest that are scheduled and programed without regard to the size of the audience that they anticipate receiving for that program. I say there is some of that, and some of that is done by all of the networks.

I also want to point out to you that there is sponsorship of some programs that is made without regard to the size of audience anticipated. For example, and I mention this merely as an example, the Hallmark programs, where Mr. Hall, for Hallmark cards, broadcasts, in prime time, programs that he feels are of high cultural value to the people, and that is scheduled without regard by Mr. Hall, I think, to the size of the audience it might attract. Certainly, he is interested in the size, but he feels that the type of audience that he will acquire will provide him a sound audience for his personal and his business

message, and he also has a deep sense of personal responsibility, I think, as a man, and his company does as a business, to make that contribution to the American people. So I think that enters the picture.

Mr. SPRINGER. Will you yield, Governor, at that point? I want to insert a question at this point.

Is it not true that what the Hall people are doing is one of the finest programs that we have on the air, and he only does that on rare occasions? Is that not correct?

Mr. COLLINS. I think he has one about every 3 months.

Mr. SPRINGER. That is about once every 3 months, or roughly four times a year.

Mr. COLLINS. Maybe more often, I am not sure. They do not come regularly, but I still say that is scheduled in prime time and not scheduled in response to what the rating reports will be, or have been, for the preceding one. You asked me to give you an example.

Mr. SPRINGER. Actually, though, is not that program very similar to what United States Steel did with "Peter Pan" 7 or 8 years ago, which probably had the highest audience ever for any kind of entertainment in this country for that hour; ever before in history? Now, that has a high rating anytime, this program; does it not? This is a program which everybody looks forward to three or four times a year.

Mr. COLLINS. Some of them have high ratings; some have high audience acceptance; some do not. But I think Mr. Hall would be the first to tell you that, regardless of the size of the audience, he takes great pride in projecting to the American people something he thinks is of exceptionally high quality, and I think that is the case.

Mr. SPRINGER. Do you think that is another factor which the network takes into consideration, other than ratings?

Mr. COLLINS. Yes, sir.

That comes to the factor of sponsorship, of desire, and interest.

Mr. SPRINGER. Will you state another one?

Mr. COLLINS. Sometimes that is contrary to ratings. I have not seen the rating, but you referred to the "Voice of Firestone." That is currently being broadcast by ABC in prime time. I do not know what the audience reaction is, but I frankly believe that inherent in the decision of the Firestone people to project that, and inherent in the decision of the ABC network, is not a controlling factor of the size of the audience that it would attract. And that program, incidentally, I see, has been nominated for, and has recently received, an award as very outstanding programming for the benefit of the American people.

Mr. SPRINGER. Actually, if you want to know the whole history of Firestone, I will relate it to you. They had a much better hour than they have now with ABC. NBC let them off, so to speak.

Then ABC moved the hour back to 10 o'clock, which they did not want because for some 20 years since 1928, or 25 years previous to that, they had the hour of 8:30 to 9 o'clock on both TV and radio.

So they were moved back to an hour which they at least determined was not nearly as good an hour as the one that they had before. So the program effect has been downgraded, even though it is still on.

Mr. COLLINS. I hope you will ask that same question of these network people, Mr. Springer, and they can tell you all these factors. I can assert that I am satisfied the statement I make here is true:

That they do take into account various other factors in their decision-making as to programing. I did not limit my statement to prime time, as you limited your question, but I still say that is true as to prime time. Perhaps not to the degree that it is in nonprime time, but take this into account, sir:

That there is a very valid reason for networks to program for large segments of the population that is interested in types of programing.

We have a very democratic process here and, I think, that is necessarily true in our democratic society. Certainly, I think if the network did not pay some regard to what they felt was the public interest in its entertainment and in its information in other programing; I think if it paid no regard to that, that it would be subject to rather severe criticism for dictatorial assumptions and autocratic attitudes and that sort of thing.

I think we must recognize that they ought to give regard to what people want.

Mr. SPRINGER. All right.

Mr. COLLINS. Just like I think you, as Congressmen, give regard to what your constituents want, and just as every competitive business operates in terms of what its constituents want.

Now, the basic fact is: Do they have the underlying information which they can put credence in that justifies them in giving the consideration they may give in weighting this whole decisionmaking process in regard to rating reports.

Mr. SPRINGER. I take it, then, from this answer, that you feel that ratings do have a very substantial effect upon the networks in determining what programs they are going to put on in the prime hours?

Mr. COLLINS. I do not think there is any question about that, but I do not think it is conclusive.

Mr. SPRINGER. Now, I am just wondering, from something you said here, and trying to end this on a constructive note: Do you think there is any better way to do this—I am talking about all networks, all three of the networks—to divide the prime time based upon the five or six major categories of interest, rather than upon ratings?

Mr. COLLINS. Would you state that again?

Mr. SPRINGER. As you mentioned here, travel, news, adventure, culture would be another one, art, music and drama, I take it, would be a part of it, and documentary. Eight would be special events, I take it—the President, public events, and those types of things.

Mr. COLLINS. I am not following you. I do not know what you are reading from or what you are alluding to.

Mr. SPRINGER. I am reading from my notes, notes I have made here of things you have said, plus some of the things I have put together.

Would it not be a constructive move by the networks to take the major categories of interest and try to divide the time among those major categories of interest rather than among this question of ratings of programs?

That is what I am trying to get before you as a question.

Mr. COLLINS. No, sir, I do not think that we should devise a strait-jacket of specific delineations of that kind. I think that under our

system, there should be more flexibility and more freedom for the broadcaster than that would allow.

Now, I do think that every network and every broadcaster has a deep responsibility to program in the public interest and to give to his audience good, broad, high-quality programing.

Mr. SPRINGER. Is that not exactly what we are talking about here? You mentioned some of these yourself.

Mr. COLLINS. Yes, I know.

Mr. SPRINGER. As one of the bases upon which he makes his decision other than ratings?

Mr. COLLINS. Yes, sir.

I think there should be some of all that in their programing, but I understood your question to be whether the segment of time in prime time should be divided so that the public would be assured of a certain amount of concentration in this field in this half hour, in this field in another half hour, and so on, through the whole prime-time schedule. I do not think the Government should impose that kind of a restriction on a free broadcaster.

Mr. SPRINGER. Now, Governor, I will tell you why I brought that forward as a final question:

For the simple reason that, as a result of the 1958 to 1959 investigations by the Oversight Committee, that is, in effect, the whole impact of that investigation upon the TV industry nationwide—I am talking about the network level—we did get, as a result, more diversity of programing.

That, I think, was the real result that we got, if we did get a result, from the 1958 and 1959 investigations.

Thank you, Mr. Chairman.

Mr. COLLINS. I think you would really destroy free broadcasting if you set about to impose on the broadcaster that kind of a schedule, sir.

Mr. SPRINGER. Actually, that is what has been happening. We have been having parts of this program—and we hardly had any before that—except you had programs like “Voice of Firestone.” Now, we have one station here in Washington that is doing practically nothing except that—the big programing—nothing except that.

Mr. COLLINS. Soon after I came here, I made a speech—this one was not read back to me, but I made a speech—in which I advocated a blue-ribbon concept of programing under which—this was voluntary; this was not anything the Government would impose us—the networks would voluntarily agree to schedule at least 2 hours each during a week in prime time to very high-quality, blue-ribbon programing of special contribution to the cultural advancement and information of people, and that was not developed in response to that suggestion.

It never has been worked out, any formula to precisely accomplish that. Yet, you can take these schedules now and, in reality, it has been accomplished, because everyone of the networks are, in my judgment, scheduling at least 2 hours in prime time of very high-quality programing.

They did not accept it in the sense of adopting it as a program, and, yet, they have accepted and accomplished, really, what I had in mind when I made that recommendation back some years ago.

Mr. SPRINGER. That is all, Mr. Chairman.

Mr. HULL. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

Governor Collins, do you know whether the ratings on a network program are taken from samples in the area of each station affiliated with the network?

Mr. COLLINS. Mr. Younger, not the nationwide ratings. Samples are taken on the basis of having something from each market. The nationwide ratings that the networks use for their program evaluations are not assured of having a sample from every market in the country, and, as I understand it, they do not.

Mr. YOUNGER. Then they could very well be inaccurate, couldn't they, unless they do get the various audiences in the various markets?

In other words, if you took all of your samples from New York, you probably would not get the same results in a program as you would if you took the same sample in Seattle or Portland or San Francisco?

Mr. COLLINS. That would be true, but they will strongly urge that the location of where they take these samples is determined on their scientific methodology, and that, in reality, they do not give unnecessary weight to certain areas of the country; that they do provide a sound distribution of a reflection of opinion geographically as well as demographically.

Whether that is true or not, of course, nobody really knows, and I do not think anybody has really undertaken to determine the reliability of the accuracy of these methodologies.

Mr. YOUNGER. The ratings are made on a program, not particularly on a station?

Mr. COLLINS. Both. They are made both ways.

Mr. GOLDBERG. Nationally, sir, they are based on the program. Locally, it would be the program or the station.

Mr. YOUNGER. It would be on the program of the station, but you would get a rating for a station in Washington, for instance, at any one time, it would depend on what kind of a program they had, would it not?

Mr. GOLDBERG. But that would not be in the national sample. The national samples are based on a distribution throughout the country, and apply not to local stations per se, but to the network programs.

At the local market level the people who do the tabulations would then have it based on program and station. You do not have an individual station on a national basis. This is the problem.

Mr. YOUNGER. You were speaking about broadcasters using the rating in, for instance, scheduling a local program?

Mr. GOLDBERG. Yes.

Mr. YOUNGER. In other words, they may not use the network program. They may buy a program and air it. But the rating would be on the program and not particularly on the station?

Mr. GOLDBERG. No, sir.

At the local level they would have them on both local programs and network programs and the local station. It is all one.

Mr. COLLINS. What Mr. Younger means, and I think he is correct, the rating of a given station is reflected by the program it was playing at the time the sample is taken.

Mr. GOLDBERG. In the local rating report ; yes, sir.

Mr. YOUNGER. In other words, you do not get a rating that station X can count on 50 percent of all the sets tuned in to station X. They do not have that ?

Mr. COLLINS. That is right.

Mr. YOUNGER. It might be for one program ?

Mr. GOLDBERG. That is right.

Mr. YOUNGER. But it might be only 10 percent for some other program ?

Mr. GOLDBERG. That is correct, sir.

Mr. YOUNGER. So your ratings, first, are all based on the programs and their desirability. Are the costs which are charged to the advertiser based on the rating, or are they based on the time of the day ?

Mr. GOLDBERG. Both. The number of people who will be viewing a particular program, or any program, will tend to be larger in the evening hours, prominently known as prime time, and during the day you have fewer people available, and, therefore, the ratings will usually be less, unless it is a special event like a World Series, or something like that.

Mr. YOUNGER. That would be true of any program ?

Mr. GOLDBERG. Yes, sir.

Mr. YOUNGER. So that they know what the audience is, normally, during each hour of the day, and that is why they have what you call the prime time when people, normally, the family is congregated in the home.

If you have a rating of X program, and it is a good rating, and you have another program that does not have quite as good a rating, but both of them are to be on prime time, does the price vary according to the rating ?

Mr. GOLDBERG. We have no way of knowing, sir. Each station has its own way of setting up a rate card, and you could not make a flat statement and say it would or would not vary. It may or it may not. But each station has its own.

Mr. YOUNGER. In other words, the networks charge accordingly ?

Mr. GOLDBERG. I do not know, sir. You would have to ask them.

Mr. YOUNGER. Do you know whether the ratings are as accurate as samples that would be taken by an appeal to the audience to send in box tops for some gadget, and you would get a certain response ? Is that as accurate or less accurate than a rating which might be made ?

Mr. GOLDBERG. In my opinion, sir, the ratings are much more accurate than that type of appeal would be.

Mr. YOUNGER. Much more satisfactory ?

Mr. GOLDBERG. Yes, sir.

People who send in box tops or write letters really are not representative of the population. Every study has shown that. The researchers are agreed that the people who write in on the basis of appeals or specific requests are not representative, and ratings, in my opinion, at least, are much more satisfactory as a measure of audience than those.

Mr. YOUNGER. That is all I have.

Mr. HULL. Mr. Brotzman ?

Mr. BROTZMAN. Governor, in your testimony, in your statement, the bottom of the first page, you make this statement:

For some time after I came into broadcasting, I seriously questioned and doubted the need for any audience-measuring efforts. A rather large number of broadcasters had reported to me individual experiences of what seemed to be clear abuses and gross inaccuracies in rating reports.

And then I think on the next page you generally said that after you had assumed your office and became more conversant with the job, that you had changed your opinion as to the need for a rating service, but you still believed the reform was needed?

Mr. COLLINS. Yes, sir.

Mr. BROTZMAN. I think that would be a fair paraphrase of what you said.

Mr. COLLINS. Yes, sir.

Mr. BROTZMAN. Now, in an attempt to move out of the general into the specific, I wonder if you could give the Committee examples, first of all, of these individual experiences that amounted to clear abuses, in your opinion.

Do you have some examples of that specific thing?

Mr. COLLINS. Well, I had one broadcaster who brought to me a showing that the sum total of the audience, the sum total of parts of an audience, actually turned out to be greater than the projection of the whole of the audience, which, of course, is obviously a mathematical impossibility.

One broadcaster explained to me that he was in competition with another broadcaster in a neighboring county, and that a survey of his county had indicated that that neighboring broadcaster was receiving a larger measure of the audience than he was receiving, and that he called one of the rating people out there and said, "I want to show you the physical facts," and so he drove around his county and pointed out the antennas on the top of people's houses, and a high proportion of those were pointed to his station and not to the competing station, which was given the larger reflection of audience from his own county.

Well, that was an obvious physical impossibility—I mean an obvious impossibility for that to have been an accurate reflection, as the man representing the rating company admitted, and in further sampling and in further efforts made, a different result developed, which proved the inaccuracy of the original one.

Some broadcasters came in to me to explain that they had protested very strongly about the results of ratings which they regarded as completely unsound, and that the rating people would tell them that it was possible that they had not taken a large enough sample to get an accurate reflection of that particular market at that time, and that if arrangements would be made for defraying the cost of enlarging that sample, why, perhaps a different result would be developed, and that such arrangements had been made for enlarging the sample, with the result that a more favorable rating had resulted from that enlarged sample.

These are the sort of things that I think your staff is familiar with, and I think that they have individual broadcasters here who could testify very directly of instances of recognized inaccuracies.

Mr. BROTZMAN. I realize this is partially in the area of hearsay, but I have the specific question to ask you at this moment that I think you could testify to directly.

Mr. COLLINS. Yes, sir.

Mr. BROTZMAN. Now, secondly, have any of these broadcasters reported individual experiences to you since you have had the position of president of the National Association of Broadcasters?

Mr. COLLINS. All of those I had reference to were made to me after I came to be president of the National Association of Broadcasters.

Mr. BROTZMAN. "Broadcasters had reported to me individual experiences"—I thought you meant—

Mr. COLLINS. Well, when I first came to NAB, I spent most of the first month and a half, or month, exploring around and trying to find out as much as I could about this business as quickly as I could.

I went, for example, to New York and had conferences with the highest officials of each of the networks, in an effort to learn as much as I could about broadcasting, and their attitudes and feelings about what NAB should do to promote broadcasting, and I talked with individual broadcasters the same way, and it was in that time that I got those reports to which I alluded.

Since that time other objections have been reported to me from our members. But I do think, in all fairness, I should say this:

That the number of protests that I have received from broadcasters about bad ratings has lessened as I have served in this job, rather than increased. There are fewer that we hear from now than we heard from a year ago.

Mr. BROTZMAN. Specifically, has anyone complained to you that the rating services rigged the particular test; that they employed or produced a particular result by rigging?

Mr. COLLINS. Well, I will answer that question in two ways:

In the first place, there are some broadcasters who feel that way about ratings generally, some. I do not say a substantial number. There have been questionable rating operations that have come into this broadcasting picture, and, so far as I know, those classified in that way have gone out. But there is no doubt that some of these little, fly-by-night rating efforts have had obvious lack of integrity involved in their operations.

I think that that has been a part of this overall picture, but I think it is a relatively small part of it.

Mr. BROTZMAN. Have you or your staff investigated these charges specifically as of this particular time?

Mr. COLLINS. No, sir.

When these charges have been made, we have not made any field investigation. For our purposes we accepted the statement made to us by the broadcaster.

Mr. BROTZMAN. All right.

Now, I have another question. I think that either you or Mr. Goldberg testified to the effect that a broadcaster pays money for a rating service: is that not correct?

Mr. GOLDBERG. If he is a subscriber; yes, sir.

Mr. BROTZMAN. I was not quite clear on one thing:

Does an individual or a broadcaster have access to a service? Can he see a service if he is not a subscriber, generally speaking?

Mr. GOLDBERG. Usually, he is not supposed to, but I would say usually he does, even though he is not a subscriber. He is not supposed to use it. If he does use it, he is liable for cost, I understand, but usually he does see it somehow.

Mr. BROTZMAN. With that background, back to the general area of complaints that have been brought to your attention. Have any of the broadcasters alleged or claimed that they were coerced into utilizing a rating service?

Mr. COLLINS. I do not recall an incident where a broadcaster claimed that he was coerced, and, of course, I do not exactly understand how you interpret that word. I think many broadcasters have felt impelled in their business management to subscribe to rating services and to use it to their advantage, so, in a business sense, they may have felt coerced, but I do not know of any instance where there has been any corrupt effort, you might say, applied to coerce one to use it involuntarily.

Mr. BROTZMAN. You disclaim expertise in the area, and I would like to do the same.

Mr. COLLINS. Yes.

Mr. BROTZMAN. But I wonder if this could be a possibility. Would a station be desirous of having a good rating, as someone brought out in prior questioning, to attract national advertisers?

Mr. COLLINS. Oh, yes. I would say they practically all have a very strong urge to have a good rating, because it improves enormously their economic position.

Mr. BROTZMAN. Now, I wonder if it would also be possible that a rating service could say to a station that, "If you do not subscribe to our service, that your rating is not going to be as good as it might otherwise be"?

Mr. COLLINS. I have never heard of that, and I do not think that is true in regard to any major operation. The only time I have ever heard of anything that approached that was a report to me of some little, fly-by-night effort made in one of the States in a market. The company went around from broadcaster to broadcaster trying to sell the service, and they agreed that whoever bought it would get the top rating. But that is not characteristic, and I would say that has only been used by these fly-by-night, shyster operators, as I characterize them. That certainly is not applicable to the established services.

Mr. BROTZMAN. So you think there is no validity to such a charge with the more, shall I say, reputable rating services, is that correct?

Mr. COLLINS. No, sir. I know of no basis to accuse any reputable service of being corrupt.

Mr. BROTZMAN. Back again to your original testimony for a moment. You say that you are still convinced that reform is needed?

Mr. COLLINS. Yes, sir.

Mr. BROTZMAN. Have you called upon any of these rating services or have you had audience with them about some of these problems, and specifically about some of the complaints that have been made to you?

Mr. COLLINS. Yes, sir.

As a part of my indoctrination I visited ARB, and I visited Nielsen, and I visited Pulse, and another one, Trendex, and sought to learn something about their operations. I found them to be people of fine manner and mien. They were anxious to be cooperative in

their whole organizational structure; there was an appearance of efficiency, and I found nothing to complain about, but I did find much that I could not understand from their explanations.

A great part of that, of course, is due to my own limitations, because, as I say, this is a highly complex field.

Now, I did tell them of some examples and some illustrations of protest and complaint that I had received, and they all had the appearance of being extremely anxious to do a very creditable job and one that would reflect creditably to them and to the broadcasting industry and to American business.

Mr. BROTZMAN. So, if I understand your remark, you felt that they were candid and open with you in answering your questions and revealing whatever you sought, whatever information you sought to obtain from them?

Mr. COLLINS. Yes, sir; but I do not mean by that that I feel from that little study that I made that you can put complete dependence on the reliability of these vast extrapolations they make from such little data.

But, so far as the individuals and personally, they seem to be very fine people, and they seem to be operating good, clean, first-rate operations.

Mr. BROTZMAN. Now, after those interviews with them, did they correct the things that seem to be clear abuses and gross inaccuracies, as you said in your prior sentence? Do they make corrections in these?

Mr. COLLINS. Well, I think in the instances that I carried to them, why, where corrections were in order, they had been made, and, doubtless, we got a lot of complaints from people who were dissatisfied with ratings; that the rating services would certainly not admit that the complaints were valid, because they assume that the people that do not get the best ratings are generally going to be unhappy, and that, to a large extent, is true.

So they cannot go around and correct everybody who is unhappy; they simply cannot do that, nor could anybody expect that of them.

The man I told you about who had the antenna facing the wrong way, he said that the rating man very happily and very quickly realized that there was something basically wrong there, and volunteered to take another sample and to make corrections, and I assume he did.

There are many complaints that the broadcasters make that the rating service will not regard as valid. A lot of broadcasters think, for example, that the location of these machines and the houses in which these diaries are located are known, and that their competitors make special efforts to influence those people who are sending in the samples. Now, the rating services will not admit that that is true.

Mr. BROTZMAN. Are you alluding to a machine attached to a radio, for example?

Mr. COLLINS. The Nielsen Co. has what they call an Audimeter which is a little machine they attach to a radio set or a TV set, and that carries a film and makes a film recording of precisely how that set was tuned over a span of time. They collect that film periodically, and they have a precise showing, then, of how that set was, in fact, tuned. And, of course, they know what programs were scheduled

over that period of time, and so they pull the two together and take from that film report a precise showing of how that set was tuned over that period of time.

Now, there are broadcasters who feel that they do not know where those sets are, but that their competitors do. The Nielsen people will quickly deny that, and I think there have been isolated cases where it did become known where those sets were, and they will immediately tell you that those sets were removed, and a substitute location was provided.

Mr. BROTZMAN. I have one concluding question, Governor. It is after 12, and I assume the chairman would like to have a recess. But you are convinced that reform is needed in this area, is that not correct?

Mr. COLLINS. Mr. Brotzman, I feel that very strongly.

Mr. BROTZMAN. I wonder—and perhaps you have stated it sort of in general terms to the subcommittee—I would like to ask you what reforms are needed.

Let me ask you this:

Do you have anything prepared stating this specifically?

Mr. COLLINS. I cannot be definitive about that. I so wish I could, sir. But I think we have got to do some scientific research to determine what those reforms should be. Our immediate need is research and a better understanding. After we get that, then I think that will point the way to precise reforms that should be accomplished.

But I cannot answer the question without the benefit of that research, which simply has not been made.

And that is precisely what your ASA committee ran into. They got into this thing, and they found that they could not say to this committee or to the broadcaster or to the public that these people are doing basically acceptable jobs of reflecting accurately what they purport to represent.

They said, "We cannot determine that because we do not have the information, and we do not have the research data required to accomplish that."

And I feel exactly the same way. I think that that should be developed, and it is imperative that we get that additional research information and get the answer to that question that you have just posed: What is it now that we should do to better assure accuracy?

Mr. BROTZMAN. Realizing that ratings have certainly some significance to the people that use them, and taking your statement that there are other factors that are utilized at its face value—between the Government doing something about it and the industry doing something about it—what would your attitude be?

Would the people that use rating services be willing to shoulder the responsibility in this area to effect certain of the reforms, and shouldering the responsibility, of course, would mean paying for it?

Mr. COLLINS. Well, I can answer for my association in that within its means it will, but, at the same time, I do not say that those means will be adequate, and I think it very important that you ask that question of some other witnesses who will be here before this committee.

You do not know how big this job will be or what the funds will be that will be required. Research is something that you do not have the answers to start with, or you would not need to research it.

You get into it, and then you have to follow where truth leads you. Sometimes that gets to be a far more complex need than you anticipate when you start in, and that well could be true here. But we are going to make a start, sir. We are going to do what we can, recognizing, of course, that it is not the broadcaster's primary responsibility, but it is the primary responsibility of the rating services themselves, and I think they recognize that.

I think they recognize the need for much more research.

There was this statement made the other day by Mr. Cash of the TvB—that is the Television Bureau of Advertising—that was highly publicized 3 or 4 days ago in the trade press. He pointed out that there was a fast-developing crescendo of need for more research and more understanding in this area, and I think he is absolutely correct about it.

I think it is getting to be a very general feeling in the business. I think you will find that from your hearing. I hope so.

Mr. BROTZMAN. I have no further questions. Thank you, Governor.

Mr. COLLINS. Thank you, Mr. Brotzman.

The CHAIRMAN. Do you have any further questions, Mr. Howze?

Mr. HOWZE. No, sir.

The CHAIRMAN. Governor Collins, thank you very much. I want to say on behalf of the committee we appreciate your appearance here this morning and your presentation to the committee on this very important subject matter.

Mr. COLLINS. Thank you, Chairman Harris.

The CHAIRMAN. The committee will recess until 2 o'clock this afternoon, at which time Mr. James Aubrey, president, CBS-TV network, will be the first witness.

(Whereupon, at 12:15 p.m., the committee adjourned, to reconvene at 2 p.m., of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

The first witness this afternoon will be Mr. James Aubrey.

Mr. Aubrey, it has been customary that our witnesses be sworn, although I did overlook it with Governor Collins this morning.

I have been reminded by the members that it was overlooked, so will you please be sworn?

Do you solemnly swear that the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. AUBREY. I do.

The CHAIRMAN. Mr. Aubrey, I believe you have a statement which has been filed with the committee. Will you proceed with your statement?

Mr. AUBREY. Thank you, Mr. Chairman.

TESTIMONY OF JAMES T. AUBREY, JR., PRESIDENT, CBS TELEVISION NETWORK

Mr. AUBREY. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, I am James T. Aubrey, Jr., president of the CBS Television Network Division.

Your staff has asked that we testify concerning the importance of ratings. In what follows I will use the word "rating" to include audience composition and coverage, as well as an estimate of the number of homes tuned to a particular program.

Our use of ratings is based on our need for a measure of audience behavior to enable us to meet our obligation to furnish programs that interest and entertain the public. Since our service is free, we lack newsstand figures or box office information to aid us in the determination of public acceptance of our programs.

Ratings are used by all advertising agencies with which we deal. Since our sole financial support comes from payments by advertisers, we cannot afford to ignore the tools they use in determining their purchases of programs and time.

We recognize that ratings are useful only as estimates whose accuracy depends on the size and adequacy of selection of the sample and on the techniques used in obtaining the viewing information.

Ideally, the public response to television programs would include in-depth analysis of each individual's reactions and desires. It also would establish the degree to which people like what they see on television, and indicate what people would like to see that is not available. In using the available information, we are mindful that it falls short of the ideal. To the extent that ratings depart from this ideal, we recognize their shortcomings.

Despite the limitations of ratings, we believe they serve useful purposes. No one to our knowledge has come forward with more practical methods of estimating audience size.

As our basic source of information concerning audience size, we use the national television ratings of the A. C. Nielsen Co. and the Nielsen television index complete reports.

We obtain from the American Research Bureau its network television reports and television market reports. We also use ARB's coverage service.

For the year 1962, our expenditures for rating services totaled \$307,900; \$271,100 to Nielsen, \$36,700 to ARB, and \$100 to Pulse.

As for the use made of ratings, first let me review their role in the selection of an affiliate and in the determination of the rate charged to network advertisers for the use of time on that affiliate.

The factors involved in a decision to affiliate with a particular station include—

The size of the community to be served and the number of television homes in the community;

The desire on the part of the station for our programs;

Business experience and management qualifications of the station operator;

The willingness of the station to accept a mutually agreeable arrangement with respect to the terms on which programs are furnished;

The cost of transmission of CBS television network programs to the station;

The extent of duplication of neighboring stations' services;

The number of homes reached by the station;

The station's share of audience among all stations in the market; and

A station's overall ratings.

No precise formula exists to produce automatically a decision in each affiliation case, and the relative weight of each of the above factors will vary from case to case. Share of audience is derived from ARB television market reports. The number of television homes reached by the station is estimated from engineering contours, population data and from ARB audience reports for the station's market area.

The affiliate relations department periodically reviews performance by individual affiliated stations through studies of ARB television market reports.

Audience data also are used in the determination of a station's network rate as indicated by the application of a formula which is outlined in exhibit I. While ARB television market reports provide some of the information used in the estimating process, engineering factors are also used in arriving at an estimate of a station's network audience.

Consideration is also given to several other factors, such as the characteristics of the particular market and its growth potential, the station's position in terms of overall share of audience (which is usually determined from ARB information), and its public service and promotional activities.

Audience estimates also are important in sales activities. National Nielsen ratings are used in soliciting new business and maintaining existing business.

Ratings are not the only factor that affect sales. Some advertisers choose programs whose audiences are expected to be smaller for the special qualities which these programs provide.

The pricing of network time to advertisers is influenced by audience size. Since potential audiences vary by time of day, varying prices are charged for different time segments of the day.

Finally, let me discuss the use of ratings in the selection and scheduling of programs. Our program lineup is the result of a number of considerations.

The function of television is to enlighten and inform, as well as to entertain. Experience has shown that programs of an informational character attract smaller audiences than entertainment programs. Nevertheless, a substantial portion of our schedule is devoted to news and public affairs.

We believe that the network's schedule not only should be balanced between programs whose functions are to entertain and to inform, but should also be balanced and diverse within these broad categories. In all instances, no program which violates our standards of taste and suitability is presented, regardless of the size of its potential audience.

The network concern with audience size is based on the fact that we are a mass medium and must provide programs of interest and appeal to the national audience. The interests of our advertisers, our affiliated stations and our viewers all are influenced to varying degrees by ratings.

Most advertisers are primarily interested in audience size. There are exceptions, such as the Prudential Insurance Co.'s long-time sponsorship of "The Twentieth Century," General Electric's sponsorship of "G.E. College Bowl," sponsorship of the "New York

Philharmonic" concerts by Ford Motor Co. and Shell Oil Co., and the recently announced partial sponsorship next season of "CBS Reports" by Travelers Insurance Co. But normally advertisers want to reach the largest possible number of prospects.

To reach large audiences we must have affiliate acceptance of programs. Estimates of audience size play an important role in station clearance since our affiliates compete locally for advertising and audience. Although we are a mass medium, the significance of estimates of audience size varies by broad program classification.

In the area of commercial entertainment, the prime objective is to provide the best possible entertainment for the largest possible audience. With programs such as "The Ed Sullivan Show," "The Garry Moore Show," "Gunsmoke," "The Beverly Hillbillies," and "The Defenders," audience size is of the greatest importance.

Ratings indicate the popularity of a program; how it fares competitively; its relation to the programs that precede and follow; and its audience trend over a period of time. Once a commercial entertainment program is on the air, its rating is continuously and carefully watched. Cancellation of a program is never based on a single rating, since one rating can be the result of a variety of circumstances not having to do with the program itself. Ratings over a period of time, together with the experience of our program department, are the final determinants of the continuance of a program of this category in our schedule.

There is also entertainment of a special nature such as "Leonard Bernstein and the New York Philharmonic," "Sports Spectacular," "Opening Night at Lincoln Center," and "Captain Kangaroo." The importance of ratings is less in this type of programming since each of these programs is selected to appeal to a particular audience.

With programs designed to inform or educate, such as "CBS Reports," "The Twentieth Century," "College of the Air," and "The Great Challenge," ratings are of still less significance. These programs are not designed to compete with entertainment programs for audience size.

News, regularly scheduled and special reports, such as "CBS News With Walter Cronkite," and coverage of political conventions, election returns, the orbital flights of the astronauts, Presidential speeches and press conferences, satellite transmissions, and the Cuban crisis are provided as a service to the public. Ratings play only a small part in their scheduling although ratings are of help in judging how effectively the content of such programs is presented. Some special reports are scheduled due to their importance and timeliness without any regard to ratings whatsoever.

In each of the program categories, we attempt to create programs that appeal to the largest possible audience. Through the careful observation of ratings, we attempt to improve the content of all programs, and give them a broader appeal without sacrificing their essential qualities.

I hope my testimony has provided an indication of the significance of ratings to the CBS Television Network. Audience estimates help us build and maintain a national network of affiliated stations; aid us in establishing and reviewing rates charged for these stations; are useful in soliciting advertising from American business, which consti-

tutes our only financial support, and play a role in creating a balanced program schedule which will serve the majority and minority interests of the American people. Although as I have pointed out, we know of no more practical method of estimating audience size than ratings, we are conscious of their limitations, attempt to guard against misuse, and are continually alert for improvement.

Thank you.

The CHAIRMAN. Mr. Aubrey, I notice that you have an exhibit to your statement on rate formula.

Mr. AUBREY. I do, Mr. Chairman.

Mr. CHAIRMAN. Did you intend to include that with your statement?

Mr. AUBREY. I do intend to include that. I see, however, no reason to read it unless you care for me to, sir.

The CHAIRMAN. Let it be included with the statement.

(The document referred to is as follows:)

EXHIBIT I

RATE FORMULA

1. Engineering standards are used to define a station's service contours. After mapping these contours, the engineering department determines the number of television homes within the station's service area. This figure is multiplied by a factor which takes into account the number of stations in the market. The result of this process—a technical measure of the station's potential—is called the station's "anticipated television homes reached."

2. The research department supplies the number of "measured homes reached" for the average nighttime CBS television network program on the station from each of the three latest ARB television audience reports for the nationwide measurement periods—March and November.

3. These three homes-reached figures are averaged with the "anticipated television homes reached" figure.

4. This average—known as "composite homes reached"—is applied to a rate curve (a chart designed to produce a lesser rate per home reached in the larger markets) to indicate the "unadjusted rate."

5. The "unadjusted rate" becomes the "adjusted rate" after consideration of qualitative factors.

The CHAIRMAN. Mr. Sparger?

Mr. SPARGER. Mr. Aubrey, we would like to have you expand on a very few points for the committee on what is basically a very clear statement. First, has CBS canceled specific programs in the commercial entertainment or other fields on the basis of ratings?

Mr. AUBREY. Yes, they have.

Mr. SPARGER. Second, has CBS established certain ratings of either audience share or ratings below which CBS does not consider it feasible to retain certain types of programming in its schedule during certain time periods?

Mr. AUBREY. No, it has not.

Mr. SPARGER. Would you separate for us or can you separate for us briefly the amount of money that CBS pays for Nielsen network surveys in comparison with what you pay for ARB?

Mr. AUBREY. I believe on the second page of my testimony, Mr. Sparger, I indicate that we spend \$271,100 for the Nielsen surveys and \$36,700 for ARB.

Mr. SPARGER. But I was delineating between the ARB national and the ARB local.

Mr. AUBREY. The network spends—I do not have that.

Mr. SPARGER. Could you provide it for the subcommittee later?

Mr. AUBREY. We certainly will.

(The information requested follows:)

ARB national diary report services, \$21,340; ARB local market reports, \$15,360.

Mr. SPARGER. Doctor Stanton, in his testimony before the Antitrust Subcommittee of the Committee on the Judiciary in the 84th Congress said, "Well, ratings are the lifeblood of the business because they give the operator and the advertiser some index of program popularity."

Would you say in television today that ratings are the lifeblood of the business?

Mr. AUBREY. I think that that certainly is a fair statement within certain definable restrictions.

Mr. SPARGER. Would you like to define the restrictions, sir?

Mr. AUBREY. If I may.

Ratings by themselves, in the area of commercial entertainment, are not the only measure which the network uses in making up its schedule. We do believe that we have a responsibility to present a very balanced schedule. Within the limitations of balance, ratings in this particular category are the lifeblood of our schedule. But if we were going for ratings alone and we knew that a certain type of program would get the highest ratings, we would have nothing but that type of program in our schedule. So that we do have comedy programs which we are very interested in having as highly rated as possible, dramatic programs which we are interested in having as highly rated as possible, even though, to the best of our knowledge, the dramatic programs will not rate as high as the comedy programs.

Mr. SPARGER. In the advertising agencies with which CBS-TV deals in selling network programs and programing, are there a majority of these advertising agencies which make their decision on the basis of Nielsen information, or do they rely for their decision on the basis of ARB information, to some extent? And if so, to what extent?

Mr. AUBREY. The majority rely on Nielsen information.

Mr. SPARGER. Doctor Stanton has had much to say about the subject with which we are concerned here. I rather expect that you are familiar with the history of Dr. Stanton's experience in the audience measurement field?

Mr. AUBREY. I am.

Mr. SPARGER. Combining that with his experience as president of the top-rated network at present, you would assume, of course, that he could be an authority in this combined field of audience measurement and network programing sales, et cetera?

Mr. AUBREY. I would say that Dr. Stanton's background would certainly qualify him as an authority, although in recent years, in spite of his background in research, he has devoted himself to the broader aspects of the broadcasting business and the particulars of the television network have been left up to me and my predecessors.

So in this particular area of network ratings, I am sure he is an authority, but he no longer devotes his time to it as he once did.

Mr. SPARGER. In the testimony of Dr. Stanton before other com-

mittees of the Congress and the FCC, he has expounded at great length on audience flow and described it at great length. Do you think it would be advantageous for this committee to include this type of information which was extracted from hearings in our hearing record to make it more complete?

Mr. AUBREY. I am familiar with Dr. Stanton's testimony on this subject. I would merely add that I think it is complete: there is no reason at this time for the television network to have changed its opinion in this regard, and if I can be helpful in this area, I will attempt to do so, but I see no reason to go into it any further.

Mr. SPARGER. Right, sir. I have no further questions, Mr. Chairman.

Mr. MOSS. Mr. Howze, did you have anything further for the staff?

Mr. HOWZE. No, sir; except to request that the committee now consider whether that testimony of Dr. Stanton that Mr. Sparger referred to be put into the record at this point.

The CHAIRMAN. Well, we will have to look at it to see whether it should be included.

(The information requested follows:)

(Extracts from testimony of Frank Stanton, president, CBS, from hearings before the Antitrust Subcommittee, Committee on the Judiciary, House of Representatives, 84th Cong., 2d sess., "Monopoly Problems in Regulated Industries")

Page 5185-5187.

* * * * *

"Those objectives are important not only to the stations and to the public; they are also important to advertisers. Both the overall schedule and the program which precedes and which follows the time period which an advertiser has under consideration are important to him, for he knows that audiences are built up and retained through an appropriate flow in sequence of programming.

"The phenomenon of audience flow has been presented negatively before this Committee. Audience flow does not mean, however, that a poor program has a larger audience than it deserves because it follows a popular program. Rather, it means that a program is not *deprived* of the audience it deserves by following a poor program. People will not watch a poor program no matter how much they like the program that preceded it. However, when two or more good programs are presented at the same hour over different stations in the same area, a large part of the audience of one station may never know that a good program is on the other station if their attention has already been attracted to the first station by a preceding program on that station, which they enjoyed watching. The importance of program sequence is illustrated by chart XXI which shows the effects upon the program 'Stage 7' when the program which preceded it was changed from one which received only fair audience acceptance to one which received wide audience acceptance. 'Stage 7' had only 32.1 percent of the audience when it was preceded by 'The Fred Waring Show' with a 32.8 percent share of audience. When 'The Fred Waring Show' was replaced with 'General Electric Theater' which attracted 54.6 percent of the audience, the audience for 'Stage 7' increased to 45.1 percent, a 40-percent increase.

"The phenomenon of audience flow may also be illustrated by the effect of reversing the order of two adjacent programs, as in the case of 'Navy Log' and 'The Phil Silvers Show.' When 'Navy Log' was presented first, between 8 and 8:30 p.m. on Tuesdays, it attracted 28.1 percent of the audience, and 'The Phil Silvers' show which was broadcast between 8:30 and 9 p.m. on Tuesdays, attracted 26.2 percent of the audience. When the order of the two programs was reversed, 'The Phil Silvers Show' attracted 40.4 percent of the audience, an in-

crease of 44 percent, and 'Navy Log' attracted 31.3 percent of the audience, an 11-percent increase."

* * * * *

This additional testimony is of importance as to the attitude of Dr. Stanton with respect to ratings:

At page 5047: "I do not think that we can legislate an advertiser into an un-economic purchase, and *unfortunately the facts of life are such that on a cost-per-thousand basis—and I believe the advertiser makes his choice on that basis—I think these moves can be justified, just as you were saying.*" [Emphasis added.]

At page 5262: "The total number of families residing within that portion of any television station's service area which is not otherwise served by a CBS Television affiliate is a primary factor in decisions affecting affiliations, since there is a direct relationship between this factor and *CBS Television's objective of reaching the largest possible number of homes at a competitive 'cost per thousand.'*" [Emphasis added.]

Mr. HOWZE. I have just one other thing, Mr. Chairman.

Mr. AUBREY, in connection with your network's use of ratings provided by the Nielsen and other companies, has the CBS research department ever made a tabulation of a Nielsen or other survey?

Mr. AUBREY. I do not think I quite understand the thrust of your question.

Mr. HOWZE. I am referring to the fieldwork. In other words, has CBS gone beyond the pocket piece or report that it received from the rating company?

Mr. AUBREY. We have a large research department within the television network which has almost doubled in size since Dr. Stanton testified in 1956. The expenditure of this department approximates a half million dollars a year. I must say that I am not familiar with the particulars of their work, but I can assure you that if there were any reason for them to feel that they should go beyond the information they get in the Nielsen pocket piece, this has been done. The director of research of the network, Mr. Jay Eliasberg, is present. If you care to ask him that question directly, I am sure he can answer it.

Mr. HOWZE. If Mr. Eliasberg will help you out, the question was, "Has the research department of CBS ever, in effect, second-guessed the rating company by going through the same material that they used and tabulated it in order to determine whether you agree with the results?"

Mr. ELIASBERG. Mr. Howze, if I understand you—

The CHAIRMAN. Well, now, we have to follow regular procedure. Mr. Aubrey is testifying under oath. If there are other people going to testify, they will have to be sworn, too.

Mr. AUBREY. Mr. Chairman, I believe the reason I asked Mr. Eliasberg to help me with his answer is because I do not quite understand what it is that Mr. Howze wants from me in the way of information in his question.

The CHAIRMAN. Will you be a little more specific, Mr. Howze?

Mr. HOWZE. I will try, sir.

To your knowledge, has CBS television ever tabulated the fieldwork that underlies any report of any audience measurement rating service?

Mr. AUBREY. Mr. Howze, to the best of my knowledge, we have never attempted to go beyond Nielsen in the research area.

Mr. HOWZE. That answers the question I asked.

Mr. AUBREY. The reason for that, as I understand it, is because it might be possible to do this with a diary study, but with audimeters, it is almost impossible to conduct such an experiment.

Mr. HOWZE. That is all I had.

The CHAIRMAN. Mr. Moss, any questions?

Mr. MOSS. Mr. Aubrey, in your statement on page 2, the first paragraph, discussing your use of ratings and their limitations, you make the statement:

To the extent that ratings depart from this ideal, we recognize their shortcomings.

What are their shortcomings and what do you recognize at that point?

Mr. AUBREY. We recognize, Congressman Moss, that ratings cannot indicate to us in any depth the reaction of the people to the programs which they see on television. They do indicate to us, we believe, whether or not they happen to be tuned to a particular program at a particular time.

Mr. MOSS. That is all they indicate?

Mr. AUBREY. That is all they indicate.

Mr. MOSS. In discussing the factors involved in a decision to affiliate a particular station, ratings become very significant there, do they not?

Mr. AUBREY. They do, sir.

Mr. MOSS. The size of the community—well, that is a matter of clear record. The number of television homes in the community—is that taken from sales information; accumulated sales information?

Mr. AUBREY. That is taken from the ARB reports.

Mr. MOSS. That is taken, then, from—

Mr. AUBREY. Census and sales information as well.

Mr. MOSS. The business experience and management qualifications—that is a matter of judgment.

To the extent of duplication of neighboring stations' services; how do you measure that?

Mr. AUBREY. That is measured by engineering methods; that is, the actual measurement of the signal, the coverage of the signal.

Mr. MOSS. A strictly technical determination of the basis of the signal strength of the stations and the extent to which they overlap?

Mr. AUBREY. That is correct.

Mr. MOSS. And number of homes reached by the station—that would be the same type of determination; is that correct?

Mr. AUBREY. As applied against the signal, the contour; yes, sir.

Mr. MOSS. The station's share of audience among all stations in the market; that would be from ratings?

Mr. AUBREY. That is correct.

Mr. MOSS. And a station's overall ratings; that is a matter of ratings?

Mr. AUBREY. Yes.

Mr. MOSS. The most significant factor in this is ratings; is that correct?

Mr. AUBREY. I would hesitate to say that it is the most significant factor.

Mr. MOSS. Can you think of one that is more significant?

Mr. AUBREY. Yes. We think the management qualifications of the station operator is perhaps as significant a determinant.

Mr. Moss. Then let us say that you have two eager and willing applicants for affiliation. You have determined at this point that each is well managed.

Mr. AUBREY. And each signal is comparable, sir.

Mr. Moss. And then you undertake to select one. Is the rating at that point the most important item in the criteria you apply?

Mr. AUBREY. Not necessarily, for this reason: I would like to believe that the station which carries the program schedule of the CBS Television Network, everything being equal, will be the highest rated station in that particular market. Therefore, were we to arrive at a situation where we felt that the management and the signal strength, the coverage, were all equal, the determination would not then be upon ratings, it would have to be on another factor. Then it might be on the type of programming, the service to the community which each individual station does.

I am sure it is a selfish point of view but, I believe that, if our network schedule were imposed upon the schedule of a station, it would do much better in the market than it had done heretofore.

Mr. Moss. It might be the one that had taken the greatest part of his programming from CBS?

Mr. AUBREY. That might have a great deal to do with it; yes, sir.

Mr. Moss. Apart from that, ratings then become important?

Mr. AUBREY. They do.

Mr. Moss. The others are purely business arrangements?

Mr. AUBREY. I think they are matters of judgment as well as rating, sir.

Mr. Moss. You are not unaware of the impact affiliation has on the audience growth of a station? If you were going to choose between two unaffiliated stations, you would consider the fact that, if you could get a better agreement, perhaps you could increase the ratings by the mere fact of affiliation?

Mr. AUBREY. That is correct.

Mr. Moss. In the sales of advertising, is there any factor of greater significance than ratings?

Mr. AUBREY. It depends, sir, upon which of the categories we are discussing. I have attempted to break the different types of programming into four categories.

Mr. Moss. Let's talk about the types of advertising. You sell advertising on a national basis, do you not, in sponsored station breaks, and things of that sort, or do you sell only sponsorship of programs?

Mr. AUBREY. We only sell sponsorship of programs or participation in the programs which we supply.

Mr. Moss. Strictly sponsorship of programs?

Mr. AUBREY. Basically, that is correct.

Mr. Moss. As an advertising medium, what you sell is sponsorship and not spots? Those are handled by agencies and sold directly to stations, not through your affiliation with them?

Mr. AUBREY. That is correct. For the record, I would like to point out that some of our programs carry spot announcements, but they are participations within the programs themselves. They are not station breaks which occur between the programs.

Mr. Moss. They take a small part of it, rather than a major sponsorship?

Mr. AUBREY. That is correct, sir.

Mr. Moss. At that point, how important are ratings in the sale of those limited participations in sponsorship?

Mr. AUBREY. It depends, once again, upon the type of programing involved.

Mr. Moss. Well, you have a group of advertisers who like to have certain types of programs. Within those categories, in determining whether they go to program A, B, or C, what is the most significant?

Mr. AUBREY. Everything being equal, I would say that most advertisers would prefer to be in the more highly rated program.

Mr. Moss. The rating factor here is the most significant factor?

Mr. AUBREY. It is not, once again, the reason.

Mr. Moss. You are equivocating at this point.

Mr. AUBREY. I am not attempting to.

Mr. Moss. We have finally brought it down to a category of program. You have an advertiser who likes this particular category of program, this format of program, and you have three of them to offer.

What is more significant at that point?

Mr. AUBREY. In general, the most significant factor is the rating. However, if I may, just to make this point clear, in all fairness to the advertisers and their agencies, I must point out that there are advertisers who prefer a particular program even within that category to the degree that they will sacrifice the rating on that program to be associated with a particular program which they prefer.

Mr. Moss. Are they typical?

Mr. AUBREY. No, sir; they are not.

Mr. Moss. There were two or three where I think you have done an excellent job of selecting your programs; your sponsorship. There are many others that I think exercise less discretion in their selections.

Now, in achieving this balance for a program, this is an intriguing proposition, as a matter of balance. Do ratings play a significant part in determining the type of balance you achieve?

Mr. AUBREY. I have already indicated, I believe, that ratings are significant in everything we do, but they are not the most significant factor in determining balance.

Mr. Moss. What is the most significant factor in determining balance? You want to have variety on your programing; you will recognize that.

Mr. AUBREY. I understand that. I would say the program and broadcast judgment of the executives who run the network.

Mr. Moss. That is rather nebulous.

The CHAIRMAN. I think, for the record, you might describe what you mean by "balance."

Mr. AUBREY. Well, Mr. Chairman, what I mean is the variety of program fare which we have in the network schedule. Rather than having a solid schedule of dramatic programs or a solid schedule of comedy programs, in an effort to serve the interests of all the people in the way that is the most popular, we mix up this fare so that we have dramatic shows and variety shows and quiz and panel shows and comedy shows. That is what I mean by balance.

The CHAIRMAN. I think the most significant thing there would be the Federal Communications Commission, would it not?

Mr. AUBREY. I beg your pardon, sir, I did not get that.

The CHAIRMAN. I said I should think the most significant thing there would be the Federal Communications Commission.

Mr. AUBREY. We sometimes think so; yes, sir.

Mr. MOSS. Well, when you say that you are going to reduce news and public affairs and expand comedy, you say this is not based on ratings but on management. Would you suggest, perhaps, that there might be in these considerations a careful weighing of rating of material?

Mr. AUBREY. There is always a careful weighing of ratings, because we do not like to lose our popular appeal in our program schedule. Nevertheless, I am very happy to point out that over a period of years, the news and public affairs programming percentage on the network programming has increased rather than decreased, so that there has been a deliberate move on our part to put programs of the informative type into our schedule, despite the fact that we know they will not rate as highly as programs that we place.

Mr. MOSS. What is the experience of CBS over the last 3 years, and I do not expect you to tell me now, but I would like it for the record, in the time devoted to public affairs and news in prime time?

Mr. AUBREY. I can get that for you, sir.

I can tell you this, that last year at approximately this time, I testified that the percentage of news and public affairs in the schedule was approximately 17 percent. This year, I happen to know it is better than 18 percent, and I believe with the plans which we have for the coming year, that it will approximate 20 percent.

Mr. MOSS. Is this prime time?

Mr. AUBREY. No, sir; this is not prime time. This is total time.

Mr. MOSS. I confined my request only to prime time.

Mr. AUBREY. I will see that you receive that.

(The material requested follows:)

The amount of time devoted by CBS in prime time to public affairs and news programs (6 p.m. to 11 p.m.) follows:

1960: 217 hours and 20 minutes, 15.5 percent.

1961: 179 hours and 15 minutes, 12.8 percent.

1962: 203 hours and 25 minutes, 14.2 percent.

Mr. MOSS. That is all the questions I have, Mr. Chairman, at this time.

The CHAIRMAN. Mr. Bennett?

Mr. BENNETT. Mr. Aubrey, this morning, our colleague, Mr. Rogers, of Florida, suggested that possibly it would be well to regulate the rating companies under the Federal Communications Commission. Would you care to comment on that?

Mr. AUBREY. Congressman Bennett, I do not agree with Governor Collins in his remarks on that subject. I would be—

Mr. BENNETT. I was not referring to Governor Collins, I was referring to our colleague, Congressman Rogers, although I guess Mr. Collins agreed with him.

Mr. AUBREY. I would also take a dim view of the suggestion of Congressman Rogers on that subject.

Mr. BENNETT. Why? Would you give us your reason?

Mr. AUBREY. Well, sir, as a matter of opinion, I am against Government regulation of any form, and I would suggest that it is never necessary until the business involved has clearly indicated that it is unable properly to handle its own affairs.

Mr. BENNETT. Now, there are a lot of areas where the Federal Government requires licensing of businesses but not on the basis that they are not able to govern themselves.

Mr. AUBREY. Well, sir, I recognize that. I was, speaking broadly as a matter of principle.

Mr. MOSS. If the gentleman will yield?

Mr. BENNETT. Yes.

Mr. MOSS. Your answer to my colleague, Mr. Bennett, intrigues me, because you are dealing with an industry which, without regulation and careful control and allocation of the spectrum, would be one of complete and utter chaos, would it not?

Mr. AUBREY. That is correct, sir; but it is my understanding that it would be chaotic because of the limited facilities within which it operates.

Mr. MOSS. You really could not invest in a broadcast facility with any assurance that someone would not come along and either put you out because of more power, or so confuse and scramble that nobody would be able to listen or view; is that correct?

Mr. AUBREY. Under those conditions, I can recognize the validity of regulation. However, in the area of ratings, where there is no such—

Mr. MOSS. In this factor which has been described as the lifeblood of the industry which we must regulate to make valuable, you would object to any kind of regulation?

Mr. AUBREY. Yes, sir; I would.

Mr. BENNETT. I assume for the same reason, you would object or continue to object to any proposal to license the networks?

Mr. AUBREY. Yes, sir; I would.

Mr. BENNETT. That question, the question of whether the networks should be regulated or licensed by the Federal Communications Commission has been before our committee from time to time for a number of years.

In fact, if I remember correctly, we have issued reports recommending legislation to require that licensing of networks be adopted by the Congress.

Unfortunately, that recommendation has not yet been followed.

But on this question of ratings, it is too complex for me to understand, but I wanted to ask you about the networks themselves. Now, in setting up a program, or deciding whether you are going to air a program to be passed on to your affiliates, these ratings play an important part. Yet the station which airs your programs has no voice whatsoever in determining whether or not the program should be aired.

Is that not true?

Mr. AUBREY. That is true.

Mr. BENNETT. That decision is made by the network.

Mr. AUBREY. The thing I want to get clear is you are talking about the primary decision of the show going on the air, not whether or not

it is carried by the station? Whether or not we offer it. There is a difference, Congressman Bennett.

Mr. BENNETT. Well, whether you offer is the sole decision of yours?

Mr. AUBREY. That is correct.

Mr. BENNETT. Whether it is aired by the station is——

Mr. AUBREY. A sole decision of the station.

Mr. BENNETT. Well, if they refuse to air the programs you present, what happens to them as far as your affiliation is concerned?

Mr. AUBREY. Well, it happens to us constantly. They fill that time, then, with a program which they feel more suitable for their particular local audience.

Mr. BENNETT. You have no requirement or exercise no control over stations as to whether they air, as to what part of your programs they air?

Mr. AUBREY. No, sir; we do not.

Mr. BENNETT. They could air 1 percent, or 10 percent, and still not violate their contract with you if they wanted to?

Mr. AUBREY. If they so desired.

Mr. BENNETT. Would their contract be renewed if they aired 10 percent of your program?

Mr. AUBREY. Not if we could find another station who would air 20 percent.

Mr. BENNETT. If there is something wrong with the ratings, and I am not saying there is, because I do not know about it, but if there is something wrong, and if it results in something that is adverse to the public interest, the station affiliates of the networks throughout the country have not a single solitary thing to say about that or any control over it; do they?

Mr. AUBREY. Yes, sir; they always have the ultimate control.

Mr. BENNETT. But they have no knowledge of whether or not a rating would have an adverse effect upon a particular program or not, any more than they did in the case of these great television programs that we went into some years ago. The networks arranged for the packaging, gave it to the station, the local station aired it. Is that not true?

Mr. AUBREY. That is correct.

Mr. BENNETT. The same thing would happen here, if there were some fraud that resulted or could result in something adverse to the public interest; there is not a single thing that the station operator who aired the program could do about it, is there, because he would not know anything about it?

Mr. AUBREY. I can only assure you, sir, that it would only get on the air if we knew nothing about it as well.

Mr. BENNETT. Yes. Well, that is perhaps true. But you have the means of ascertaining the facts, whereas a station up in my congressional district, several hundred miles from New York City, where the program originated, would not have such a means.

Mr. AUBREY. We must assume the responsibility for what we feed on the network, yes.

Mr. BENNETT. What do the ratings do other than determine the size of the audience that is listening to the program?

Mr. AUBREY. That is all they do, sir.

Mr. BENNETT. Nothing more than that? That is their sole and only function?

Mr. AUBREY. Well, we do get information from them as to the composition of the audience, as well as the size of the audience. But those two items are their primary function; yes.

Mr. BENNETT. And you are satisfied, as far as the two companies that you are dealing with, that whatever methods they are using are appropriate—whatever methods they use to determine the size of the audience are satisfactory to you?

Mr. AUBREY. Yes: within the limits or within the ability of our research department to determine their validity, we are happy with the methods that are used.

Mr. BENNETT. How can you check on their validity? Is there any way of checking on the accuracy of a rating? I am thinking now of something like the Gallup Poll, where Gallup takes this poll in a political campaign, for example. After election, we can determine whether he was right or whether he was wrong in his prognostications. But is there any way of making a similar check of a rating?

Mr. AUBREY. I think one of the ways in which perhaps it can be determined is by comparing the results of different rating services, because we know that they use different processes in arriving at their conclusions. One might be a diary study, and one might be the Audimeter, which is a mechanical system. We can doublecheck them against each other in that manner. However, within the area of probable error that exists in the system itself, as well as the fundamental errors that might be applied or the technique of a diary system, we have no way short of conducting a survey in the same manner that they have of checking the result.

Mr. BENNETT. You pay them a substantial amount of money and you are satisfied with the information they furnish you and the results that you achieve based on that information? Is that so?

Mr. AUBREY. As I have indicated, we are satisfied with it at the present time. We are always eager, as I said in my statement, to find a better system to encourage competition in this field, because we believe that is always helpful as far as efficiency is concerned.

Mr. BENNETT. Can you conceive of any way in which the use of ratings might be adverse to the public—the use of ratings either by a network or by individual stations might be contrary to or against the public interest?

Mr. AUBREY. Yes, sir. In my opinion, if a broadcaster ignored ratings to the extent that they represent what the public would like to have on the air and put only on the air what he felt the public should have, in spite of the fact that it was low rated, I think that would be an adverse use of ratings.

Mr. BENNETT. That would be misusing the ratings?

Mr. AUBREY. That is right.

Mr. BENNETT. I am speaking the other way. Can you conceive of any way, when a station owner, by using a rating, the use of the ratings might result in something that might be contrary to the public interest?

I do not know if I am making myself clear.

Mr. AUBREY. I am really not qualified to get into the station operation.

Mr. BENNETT. Or a network either.

Mr. AUBREY. From the network point of view—I must admit, Congressman, that I do not understand exactly what you are asking me.

Mr. BENNETT. Well, if a network buys the services of a rating company and uses them in connection with its broadcasting, can you conceive how a network following the recommendations made by the rating company could result in a situation that would be contrary to the public interest?

Mr. AUBREY. Well, I suppose any information could be misused if a network desired to misuse it. I do believe, however, that since, in our particular business, we live in a goldfish bowl, any such use of ratings for a purpose such as you speak of would be quickly discovered and I think the public would object to it.

Mr. BENNETT. Counsel showed me a quotation from Governor Collins, a speech by Governor Collins, in which he, speaking of ratings, says this:

I frankly worry about broadcasters becoming locked up in a jail which they built themselves. Creativity, for example, is now being curtailed by slavish addiction in some quarters to audience measurements or ratings of questionable validity and administered outside any qualitative control of broadcasters.

Do you know what he means by that?

Mr. AUBREY. I would venture a guess that that came from a speech that Mr. Collins made before he had become more familiar with the ratings in the broadcast business. If I am not mistaken, he indicated this morning that that was made prior to his testimony here today.

Mr. BENNETT. But in answer to questions this morning, he stated that he stood behind what he said, even after his experience.

Mr. AUBREY. Well, it is unfortunate that I find myself in a position of differing with Governor Collins, but I do.

Mr. BENNETT. You see nothing wrong with these ratings, as I gather it, and I have no information that there is anything wrong with them.

So, Mr. Chairman, I have no further questions.

The CHAIRMAN. Mr. Hull?

Mr. HULL. I have no questions.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

Mr. Aubrey, in regard to the measuring of the coverage of the station, which you say is done by an engineering process, do you compare your results with the engineering reports of the FCC on these stations?

Mr. AUBREY. To the best of my knowledge, we do, Congressman.

Yes, sir; we do.

Mr. YOUNGER. You compare them, so that the figures that you use will closely coincide with the coverage as determined by the FCC?

Mr. AUBREY. That is correct, sir.

Mr. YOUNGER. How do you determine, or how does the rating bureau determine the composition of the audience? Could you enlighten us on that?

Mr. AUBREY. The composition of the audience can be determined, insofar as I know, only by interviewing people who have looked at particular programs. The audimeter itself will not give us an indication of who is looking at a set, just whether or not it was turned on at a particular time.

Mr. YOUNGER. You will remember the example which Mr. Collins gave us this morning. You are familiar with that example, where it was designated that there were so many in each age bracket listed?

Mr. AUBREY. I am, sir.

Mr. YOUNGER. Is it your opinion that this can only be determined by interviews?

Mr. AUBREY. As far as I know, sir. By diaries kept by the viewers and by interviews, sir.

Mr. YOUNGER. In other words, there is no record made of a certain trade area of a certain station that the owners of the receiving sets are in certain classifications?

Mr. AUBREY. Well, that would fall in the category of the diary reports. That is, certain owners are given diaries in which they are expected to report the viewing habits within their household—that is, who viewed, which members of the household viewed at what time.

Mr. YOUNGER. And then they—

Mr. AUBREY. They mail those, then, into the reporting service which compiles the records and they are used, then, as ratings.

Mr. YOUNGER. You have those for each station affiliated?

Mr. AUBREY. That is a matter of affiliate choice. We do not have such a service for the network. But I understand that most of our major affiliates use such a service.

Mr. YOUNGER. Do you use it for the stations which you own?

Mr. AUBREY. We do.

Mr. YOUNGER. Refer to page 3 of your testimony as to the station's share of the audience among all stations in the market when you determine affiliates.

How do you determine that?

Mr. AUBREY. That is determined by the local ratings in that marketplace.

Mr. YOUNGER. Would not the ratings of a certain station be different as to the program that they might have on at a certain time?

Mr. AUBREY. Yes, they would.

Mr. YOUNGER. So that you would have to use more than just the rating, you would have to have other factors as to the type of program, the time of the day, and so forth.

Mr. AUBREY. Well, as I attempted to point out previously, Congressman Younger, that is correct. In other words, the coverage—that is, the signal strength of the particular station involved—the management, the type of programs which it had on the air, all of these things contribute to the rating of that station.

Mr. YOUNGER. How do you average for an overall rating of a station?

Mr. AUBREY. Well, that is the compilation and averaging of the ratings from the time they sign on in the morning until they sign off in the evening.

Mr. YOUNGER. Related to the type of programing that they have?

Mr. AUBREY. That is correct.

Mr. YOUNGER. Has CBS ever increased the price of a program during a contract where the rating has gone up rapidly and the audience acceptance has materially changed?

Mr. AUBREY. Talking about our price to the advertiser, sir?

Mr. YOUNGER. Yes.

Mr. AUBREY. In all the contracts which we negotiate with our advertisers, there are escalator clauses which provide for increased prices during the tenure of that program on the air, under the supposition that those programs which are not successful do not continue long on the air.

Mr. YOUNGER. Is that escalator clause based on ratings?

Mr. AUBREY. Not always. The escalator clause is based upon talent contracts by which performers who work a second year in a show receive more money than they do when they work the first year, by provisions for union increases, because we feel that our payments to the unions go up from year to year. In other words, the factors that enter into this can come from other than the program, the success of the rating of the program.

Mr. YOUNGER. Well, let's take an example. You have a program. You have the same actors, the same performers, same music, everything is the same all year. But during that year, because of the written material and acceptance on the part of the public the rating has increased tremendously. Then it would only be on the rating. Now, have you any examples, where, on the rating of that program, you have increased the price to the advertiser?

Mr. AUBREY. The answer to that is a qualified yes, but I would like to qualify it on this basis: The program, whether or not it had increased in rating, would cost the advertiser more in most instances the second year than it did the first. If it so happened that we had a show that was very successful and had a very high rating and the advertisers who contracted for it, for some reason decided to cancel their sponsorship and this program was then thrown on the open market, we would ask more for a higher rated program than we would for a program which had a lower rating, that is correct.

Mr. YOUNGER. That is on a proven product?

Mr. AUBREY. Correct.

Mr. YOUNGER. I am trying to get at where you have a case that proves itself tremendously and is way beyond expectation. Have you any cases where you have increased the cost to the advertiser due to the success of the program?

Mr. AUBREY. No, sir. I would like to think we can get advertisers who would enter into agreements with us like that, but the increases on the programs are always spelled out when they first enter into a contract with us.

Mr. YOUNGER. Does your escalator clause ever go the other way, that if the rating of the program goes down, do you decrease the contract price to the advertiser?

Mr. AUBREY. No, sir; we do not.

Mr. YOUNGER. He can get an increase, but he can get no decrease?

Mr. AUBREY. Well, we are in a position where, if the merchandise is not suitable, the advertiser has the option not to continue sponsorship.

Mr. YOUNGER. On what type of notice?

Mr. AUBREY. Well, we try wherever possible to sign business on a firm 52-week basis and the advertiser has the right, for example, on shows which are being put into the schedule now for next fall, our notice date can be the 1st of March on those.

Mr. YOUNGER. Yes; but it is a new program—

Mr. AUBREY. No, sir; I am talking about their picking up the sponsorship on programs which they already have.

Mr. YOUNGER. Yes, I understand. But if you start out with a new program—

Mr. AUBREY. Yes, sir.

Mr. YOUNGER. And the sponsor and you agree on a certain price for the advertising and it is not a success, the rating goes down. Does the sponsor have to continue for the entire 52 weeks, or does he have an opportunity in between to cancel it?

Mr. AUBREY. Depending upon the terms of the contract, he has an opportunity to cancel, he has an opportunity to remain in that time period and we can jointly fill it with another program, which we hope will be more successful.

What I am attempting to point out is it is of no advantage to us as a network to keep programs which do not get successful ratings on the air within the balanced schedule which we are trying to accomplish.

Mr. YOUNGER. Do all of your contracts provide for that, or only part of them?

Mr. AUBREY. Only those contracts generally on successful shows—that is, shows which have proven track records, call for firm sponsorship for 52 weeks.

Mr. YOUNGER. Now, is there any relation, so far as you know, through the increased sales on the part of the advertiser, related to the rating of the program?

Mr. AUBREY. There certainly is.

Mr. YOUNGER. Then that is one of the measures which you have to judge the rating, is that not right?

Mr. AUBREY. Well, it works the other way, but generally the sales follow successful ratings, yes.

Mr. YOUNGER. For instance, if you had a rating which was not very high and yet you put the program on and the rating is not too high, but it is a satisfactory rating, yet the sponsor finds a very ready acceptance on the part of the public over the country for the sale of the article, would not that rather prove that the rating was not well formed? Or would it?

Mr. AUBREY. It would not necessarily prove that, because we are dealing in such tremendous numbers in television that the sales response could come from what we would consider to be a low-rated show, the sales response could be very satisfactory to a sponsor of the program.

Mr. YOUNGER. Take the reverse. If you had a program that had a very high rating and yet the sponsor got no reception at all from the audience so far as sales go?

Mr. AUBREY. That has happened to us, yes, sir.

Mr. YOUNGER. Would not that somewhat indicate that the rating was probably incorrect, or would it?

Mr. AUBREY. Not necessarily. It might indicate that the appeal that the show had to the type of viewer was not the person who was interested in purchasing the product which was advertised on it.

Mr. YOUNGER. Then you cannot relate the sales increase or decrease, per se, to the rating of the particular show?

Mr. AUBREY. Only to the degree that the greater the circulation of a program, the greater the number of people that are exposed to the sales message or the commercial which is carried in the program.

Now, when you happen to have a happy marriage of the program which is high-rated and the commercial which appeals to the people who look at it, the results are quite phenomenal. We have had instances where we have had highly rated programs which contain commercials which for some reason do not sell the product. We have had low-rated programs which have commercials which sell the product exceptionally well. But by and large, most impulse consumer products desire to have ratings which are as high as possible.

Mr. YOUNGER. Thank you, Mr. Chairman. That is all.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. Mr. Aubrey, in reviewing your testimony quickly, on page 7 of your statement you kind of sum up the importance of ratings to your particular business; namely, you use them in determining affiliations, rates to be charged, sales and programing, I think, basically.

That is your statement?

Mr. AUBREY. That is correct.

Mr. BROTZMAN. There is one thing that isn't quite clear to me. I notice you have set forth a total expenditure here at page 2 for rating services, for what I assume would be the CBS Television Network, is that correct?

Mr. AUBREY. That is correct.

Mr. BROTZMAN. When you bring in an affiliate, is there a contractual relationship you enter into with that particular station, a local station, shall we say?

Mr. AUBREY. It is.

Mr. BROTZMAN. The \$307,900, is this a total expenditure by all of the affiliated stations, or is this by "headquarters," if I might put it that way?

Mr. AUBREY. This is by headquarters only.

Mr. BROTZMAN. I understand that. So that what we are talking about here is an expenditure by you at headquarters to assist you, but that the affiliate stations possibly are subscribers to these various rating services of their own volition, is that correct?

Mr. AUBREY. That is correct.

Mr. BROTZMAN. Do you happen to have any sort of an estimate as to the amount that you at headquarters and the various affiliates of CBS pay for rating services across the Nation?

Mr. AUBREY. No, sir; I do not.

Mr. BROTZMAN. Now, I don't like to use the word "headquarters." What do you call the home shop or office?

Mr. AUBREY. I think that is as good as any.

Mr. BROTZMAN. We will call it "home shop."

Now, I note that you have subscribed to three rating services at the home shop.

Mr. AUBREY. That is correct.

Mr. BROTZMAN. Do you do this to compare results between the findings of these particular rating services, or do they supplement or implement each other?

Mr. AUBREY. They supplement and implement each other.

Mr. BROTZMAN. Is there a correlation between, let us say, Nielsen and ARB that would enable you to evaluate the authenticity of the rate or of the rating service?

Mr. AUBREY. This year we do not subscribe to a national rating service of ARB. Last year we did. We did correlate the results, and we did find a substantiation.

Mr. BROTZMAN. Your testimony was a moment ago that you were satisfied with the result; is that not correct?

Mr. AUBREY. That is correct.

Mr. BROTZMAN. And I suppose you are satisfied because you are in business, isn't that correct? In other words, I mean the economic results of what you are doing is what you judge it by, I suppose, and your shareholders?

Mr. AUBREY. At the present time we are satisfied in that area, too.

Mr. BROTZMAN. All right.

Now, I would like to shift this just a little bit to a carefully drafted statement here on page 2, where you say: "Ideally"—I note the word "ideally"—"the public response to television programs would include in-depth analysis of each individual's reactions and desires."

That is if you could know what every person in this country thought about a specific program, this would be ideal, isn't that correct?

Mr. AUBREY. Yes, sir.

Mr. BROTZMAN. But you are mindful that the rating services you say fall short of the ideal. This is the last sentence of that paragraph.

Mr. AUBREY. Yes, sir.

Mr. BROTZMAN. Now, is it your intention to state there that they do not adequately go into depth, that the sample is not large enough? I am trying to find out what would be necessary to approach the ideal, in your opinion.

Mr. AUBREY. I certainly do. Let me answer it in this manner: I have been told by our research department, which is more expert than I in this particular area, that to the extent that we could determine the number of sets that are tuned to a particular program, the size of the sample is not of major significance.

I also have been told that it is recognized that in any method of reporting which depends upon the frailty of a human being's keeping a diary or being influenced by an interviewer, there are bound to be errors.

So I must say to you as I have attempted to in this statement, if we could determine a method by which we could accurately determine how people felt about the programs they saw and what they would prefer to have, rather than what we give them on the basis other than just numbers alone, that is, a qualitative analysis rather than quantitative, I think we could do a better job and we would certainly be willing to do our share in underwriting such a system.

Mr. BROTZMAN. You have anticipated another question that I was going to ask you, but I think it is an important one. Speaking for your

particular network, you would be willing to underwrite such a job in an attempt to improve this, is that correct?

Mr. AUBREY. Our share of it; yes, sir.

Mr. BROTZMAN. Have your affiliates ever complained to you that they were coerced into taking a rating service?

Mr. AUBREY. They have not.

Mr. BROTZMAN. That is all the questions I have.

The CHAIRMAN. What is a diary, I mean as the term is used here?

Mr. AUBREY. A diary, sir, is the detailed report of a household as to what programs it viewed and what members of the household viewed those programs.

The CHAIRMAN. In other words, each report of a particular household is a diary?

Mr. AUBREY. That is generally how the term is used, as I understand it, in the trade; yes.

The CHAIRMAN. Governor Collins mentioned this morning a typical example, based upon information taken from 346 tabulated diaries.

In this report that contains the conclusion that there are 145,700 homes tuned to station X, 201,300 homes to station Y, 203,500 homes to station Z. That is 550,000 homes that he accepts as a matter of fact from 346 tabulated diaries, and you say you have confidence in that kind of a report?

Mr. AUBREY. Well, sir, let me point out first that this is a local report which Governor Collins is referring to. I deal only in network ratings.

The CHAIRMAN. But the same principle applies, does it not?

Mr. AUBREY. Depending upon the sample and the techniques which are used, my research department assures me that such projections can be made quite accurately.

The CHAIRMAN. Mr. Aubrey, I think your statement is pretty well summed up in the last paragraph on the first page when you say: "Ratings are used by all advertising agencies with which we deal." And that your sole financial support comes from advertising. Therefore you have got to accept the tools they use. It seems to me that an industry which is as far reaching as yours is pretty much at the mercy of whatever tool that particular business uses. Would you say that is true or not?

Mr. AUBREY. I think we would only be at the mercy of the tool, sir, if we did not have confidence in it. But insofar as the national rating service which we use is concerned, we do have confidence in it.

The CHAIRMAN. There is a lot of power in one of those organizations, isn't there?

Mr. AUBREY. Yes, sir.

The CHAIRMAN. How many services do you have?

Mr. AUBREY. On the national level?

The CHAIRMAN. Yes.

Mr. AUBREY. Two at the present time, I believe.

The CHAIRMAN. Are they the ones you referred to?

Mr. AUBREY. That is correct.

The CHAIRMAN. What is the difference in the kind of service you receive from Nielsen and the kind of service which you get from American Research Bureau?

Mr. AUBREY. The Nielsen service is the only service which we have which measures on a weekly basis or gives us on a weekly basis the estimates of the audience of our programing. The ARB service is not used for that purpose.

The CHAIRMAN. What is it used for?

Mr. AUBREY. It is used for determining the audience analysis, that is types of audience rather than strictly the popularity of the program.

The CHAIRMAN. In other words, what you are saying then, is that there is no way to check against one of these services by a similar type service.

Mr. AUBREY. Not at the present time; no, sir.

The CHAIRMAN. Has there ever been?

Mr. AUBREY. Yes, sir; there was last year, as I indicated. We subscribed to a national audience estimate service which ARB had as well as the Nielsen service.

The CHAIRMAN. But you rely upon one service primarily?

Mr. AUBREY. That is correct.

The CHAIRMAN. On a national program do the other networks—and they, of course, can speak for themselves, but for the purpose of asking another question following this—do you know to what extent the other networks rely on Nielsen?

Mr. AUBREY. As a measurement of audience, it is my opinion that they rely on it primarily in the same manner that we do.

The CHAIRMAN. In other words, you have one rating service set up here to serve all three of the major networks?

Mr. AUBREY. That is correct.

The CHAIRMAN. And that is the only such rating service that serves all three of the networks, so far as you know?

Mr. AUBREY. So far as I know.

The CHAIRMAN. Governor Collins said that he was well aware of the need for reforms. You said you recognized the limitations.

I wonder if it is correct then that you rely on this because there is no other known method that you have available to you.

Mr. AUBREY. I would say, sir, that we rely on it because it is a proven method that is available to us.

The CHAIRMAN. At least proven so far as you have faith and confidence in it, and insofar as its being acceptable by the advertisers who are your sole financial support.

Mr. AUBREY. Yes, sir.

The CHAIRMAN. Mr. Aubrey, thank you very much. We appreciate having your testimony. It has been very enlightening.

Mr. AUBREY. Thank you, sir.

The CHAIRMAN. Mr. James M. Seward.

Sir, will you be sworn? Do you solemnly swear that the testimony you give to this committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SEWARD. I do.

The CHAIRMAN. Have a seat, Mr. Seward. Mr. Seward, will you identify yourself? You have a statement, which, if you care to read at this time, you may do so.

TESTIMONY OF JAMES M. SEWARD, EXECUTIVE VICE PRESIDENT,
CBS RADIO

Mr. SEWARD. Mr. Chairman and members of the subcommittee. My name is James M. Seward.

The CHAIRMAN. Speak up just a little bit, Mr. Seward, so the members can hear. You may proceed, Mr. Seward.

Mr. SEWARD. I am executive vice president of the CBS Radio Division which has the responsibility for the operation of the CBS Radio Network.

I think the members of the subcommittee will have a better understanding of the use of ratings at the CBS Radio Network if I discuss the changed nature of radio and, in particular, of radio networking.

The appearance of networks on the broadcasting scene brought something new. It became possible to reach a great number of people, and a great number of places, simultaneously.

This was a most important development in the long history of human communication. The four radio networks enjoyed a commanding position in the broadcasting industry for many years as the new major means of entertainment. Some of the greatest names in entertainment were heard over networks and attracted huge audiences. Programs such as the "Lux Radio Theater," "Kraft Music Hall," "Your Hit Parade," and stars like Jack Benny, Bergen and McCarthy, Fred Allen, Bob Hope, and Amos 'n' Andy were high-lights of this period of radio networking.

A rough rule of thumb then was that, in a given city, network-affiliated stations usually accounted for 75 percent of all radio listening with 25 percent divided among the nonaffiliated stations. But at the time this kind of audience division existed there was approximately 1 nonaffiliated station for every 12 we have today. The number of authorized standard broadcast stations has increased from approximately 1,000 in 1946 to just short of 4,000 at the end of 1962. While this increase was taking place and the radio audience was being split up among the greater number of stations, television had its period of great growth. Radio networking was required to change radically during these years because people began to listen to a specific radio station rather than special radio programs. This trend continues today.

We reacted by changing our programming emphasis from entertainment, which had been substantially preempted by television, to more news and informational programming designed for integration in the local programming efforts of the affiliates and to complement such local programming efforts.

Radio listening has become mobile through automobile radios and battery-operated sets. This development is most important to radio and betters our competitive position. But mobility has compounded the problem of audience measurement. I would like to stress that this additional and difficult measurement problem is a most acute one today. Radio is advertiser supported and until we have developed networking techniques for showing, with reasonable accuracy, the total radio listening on a per program basis, we are at a serious competitive disadvantage. We cannot utilize, fully, what we have every reason to

believe is a large audience plus resulting from radio listening mobility.

We started to deal with this problem some years ago by subscribing to a new Nielsen audience measurement service. This service was designed to provide information on the size of the automobile radio audience for each 15-minute interval during the normal broadcast day. This has become known as auto-plus. Three years later, a second radio network subscribed to this increasingly important feature of radio-audience measurement and last year a third subscribed.

The equally important problem of portable battery-operated radio listening remained. In July and September of 1961 separate nationwide studies, commissioned by CBS radio's research department, were conducted to determine the extent of ownership of battery-operated portable radios. Over 40 percent of the persons interviewed in each study claimed ownership of one or more in working order.

Early in 1962, the A. C. Nielsen Co. started issuing special reports twice yearly on battery-operated portable radio usage. These reports reflect the number of U.S. radio homes using portable radios 15 minutes or more during each 30-minute time period, expressed as a percent of homes using plug-in radios. This segment of the total audience might be termed "portable-plus."

These are important advances but far from adequate to meet today's radio needs.

The next step is to obtain data in these two areas of mobile radio listening which reflect not merely a plus to plug-in radios in use, but actual station-by-station listening which will then permit measurement of program-by-program listening.

I cite these studies, their results, and the additional information which is needed, in order to underline the scope of the problem with which we are confronted. It stands to reason that the techniques which are being developed to measure this large mobile radio audience can never be as accurate as some traditional techniques of audience measurement. But it is, in our judgment, imperative to the economic health of the radio industry to have this type of measurement. The financial data for the calendar year 1961, which was released by the Federal Communications Commission on December 6, 1962, indicated that almost 40 percent of the 3,469 AM and AM-FM stations in operation for that full year reported a loss, and it is common knowledge that radio networking has been an unprofitable business for a number of years. We are confident that the development of techniques to measure this non-plug-in radio audience will be of material assistance in bettering the economic picture in radio.

Now that I have expressed the concern of the CBS Radio Network with an area of radio audience measurement which is still in the process of development, I would like to turn to a discussion of the amount of money expended by the CBS Radio Network with the several rating services and the use by us of present rating services.

During the calendar year 1962, the CBS Radio Network paid \$171,348 to the A. C. Nielsen Co., \$1,714 to The Pulse, Inc., and \$75 to Sindlinger & Co. for its National Media Activity Reports.

We use ratings primarily in the areas of affiliation decisions, time sales and programming decisions. I will discuss each in that order.

The selection of the network-affiliated stations is a matter which involves many considerations. Within the CBS Radio Network we

have an affiliate relations department charged with the responsibility of maintaining and reviewing our affiliated station structure and making recommendations in this area for executive review. The type of research data which is used most extensively by this department in carrying out its responsibilities is the county-by-county station circulation reports. The most recent of these, the 1961 Nielsen Coverage Service, reflects measurements taken during the fall of 1960. Prior to this, a similar circulation report was released by the same company in 1956. While these services are perhaps, in a strict sense, not rating services, I would assume that they come within the scope of this subcommittee's primary concern for they do provide research data designed to measure individual radio station listening areas.

The CBS Radio Network subscribed to the 1961 survey known generally as NCS 1961, as well as previous similar surveys. We use a study of this nature to determine the listening areas of our affiliates and potential affiliates. The study indicates the extent of duplication of circulation between stations as well as the circulation strength of any given station and it assists us in recognizing any weak spots in our network coverage.

Where local area Pulse reports are available, these individual market ratings are examined by our research department. They indicate a station's relative standing with its competitors in the market.

It is difficult to evaluate in any overall sense the importance to us of these research data. I am sure that you appreciate the need for data indicating duplication of coverage between an existing affiliate and a station interested in becoming affiliated with the CBS Radio Network. Under these circumstances it is not only uneconomical for us as a network to have such duplication, but also duplication reduces the number of services available to the public in that area. When we have a situation of possible duplication we do not rely alone upon circulation data such as NCS 1961. We give very close attention to engineering data indicating the respective stations' coverage areas.

Other elements which in a majority of instances may play a more important part in the determination of station affiliation decisions are the past operating record of a station in its community and the caliber of station management; the line costs involved in network interconnection; the extent to which the addition of the station will contribute to our network as an advertising medium; and the power and frequency of the station and its directional antenna patterns, if any, as these affect the coverage of the station. All of these are weighed by us in the appropriate circumstances.

Now to sales. I have stated previously that radio networking is an advertiser-supported medium and is in competition with other media such as television, magazines, newspapers, for advertising dollars. An advertiser is vitally interested in the size of the audience to which his commercial message is exposed. Ratings provide a useful tool in this area. With them the advertisers are able to approximate audience potential and relative audience reach.

Our network sales personnel receive the monthly Nielsen Radio Index reports which reflect radio program audience measurement on a national network basis. From time to time upon request of the sales department, our research people analyze local area Pulse reports

for market-by-market information on CBS radio network program audiences.

I want to reiterate that generally audience size is a fundamental consideration in advertiser selection of media. Other factors such as the personality who is to be associated with the advertiser's product and the qualitative characteristics of the audience reached are, of course, important. In time, we believe qualitative characteristics of audience reached may achieve more importance as research techniques in the area are further developed. I think it would be a mistake, however, to anticipate any change in the fundamental importance of audience size. This has been important in the past. This is important now. And we have no reason to believe that it will be less important in the future. Our major current problem in radio is one of audience size definition. Until we are able to present reasonably accurate and complete estimates of our full audience reach based upon accepted techniques, we will continue to be placed at a substantial disadvantage with respect to other major forms of communication which are able to "count the house" with more facility.

Turning to the area of programing, I'd like to state what we consider a basic proposition. If we are to fulfill our obligation to the public to inform and to entertain, we must be aware of the relative success of the program vehicles which we have selected to accomplish these ends. Rating services and other types of research studies afford one basis of judgment. The weight which they are accorded varies with the circumstances and the type of program involved. A program intended to appeal to most people as entertainment fails if it is rejected by many and heard by only a few. But one designed for a selective audience can achieve its end with a much lower rating.

As I have mentioned previously, the prevailing character of network programing has changed because of the substantial increase in the number of radio stations, coupled with the rapid growth of television. Television made visible as well as audible what was our main stock in trade—entertainment. The audience turned to television for the dramatic, variety, and comedy programing, and radio turned to music and personalities which the stations could produce locally. Generally, listeners no longer tuned to their favorable radio programs but rather to their favorite radio station. Radio is there when the listener drives, eats, does housework, engages in recreation. These conditions of listening contribute to this pattern. What our affiliated stations required of us was more and more concentration on what we could do best—news, public affairs and informational programing. It was and is important to our affiliates that this programing complement their local efforts and we have designed an important part of our network schedule to achieve this purpose. In these areas ratings are not of substantial importance in preparing our program schedule. We provide the best news broadcasts and information programs that we can but their reception and success in any given area depends for the most part on the local programing which surrounds them. But we have not left the field of entertainment entirely to television. We continue to provide the Arthur Godfrey, Garry Moore, and Art Linkletter programs each morning, Monday through Friday. Ratings are of significance in the traditional sense with respect to these programs. Other factors which are important in our programing activi-

ties are management policies, program preferences expressed by affiliated stations, sales response, and, of course, program costs.

Therefore, as I have discussed, ratings are of assistance in the three crucial areas of radio network operations. Circulation studies provide us with valuable information in determining the station composition of the CBS Radio Network. Conventional ratings are an important means of attracting the revenue which pays for all programs, sponsored or sustaining, entertaining or informative, mass appeal or selective appeal. And finally, audience measurements are a factor in management review of programming policies and of specific programs.

Let me stress again the point which I discussed in the beginning of this statement. The most important problem to those of us in radio in the area of ratings is a successful culmination of our continuing efforts to measure more accurately in station and program detail the total mobile radio audience.

Thank you.

The CHAIRMAN. Mr. Moss, any questions?

Mr. MOSS. I have no questions, Mr. Chairman.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Mr. Chairman, I would like to get some information relative to the AM and FM stations.

Do you have both affiliated with your network?

Mr. SEWARD. The AM stations would be our affiliates, Mr. Younger, but a great many of our AM affiliates, which also have FM stations, will carry our network programs on the FM stations as well. They have that privilege.

Mr. YOUNGER. Do you have any information or statistics as to whether more people listen to AM than FM?

Mr. SEWARD. There have been very few rating studies, on a national basis, at least, of FM listening, but our general impression is that AM is by far the more popular medium.

Mr. YOUNGER. Is that because you have more radio stations that do not transmit FM?

Mr. SEWARD. There are, of course, about 700 FM stations in the country as against some 3,800, I believe, AM stations, and the AM stations by and large have a greater coverage.

They cover greater territory geographically, and beyond that I think that there has been a tendency on the part of FM stations to appeal to selective groups, minority audiences, as such, and to leave the mass appeal to the AM stations.

Mr. YOUNGER. And some of them have been very successful.

Mr. SEWARD. Yes.

Mr. YOUNGER. Financially.

Mr. SEWARD. Yes.

Mr. YOUNGER. We have one in San Francisco.

Mr. SEWARD. Yes.

Mr. YOUNGER. It has been tremendously successful, and it is not on a network at all.

Do you also use a number of your newscasters, for instance, on television and radio?

Mr. SEWARD. Yes.

Mr. YOUNGER. Do you have any relationship as to whether the listening audience is greater on the radio than television, where you have the same newscaster?

Mr. SEWARD. I am afraid it is larger on television, Mr. Younger.

Mr. YOUNGER. You think it is.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Hull.

Mr. HULL. No questions.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. Why can't other forms of communication count the house with more facility?

Mr. SEWARD. I don't think that television does count the amount of in-home listening with more facility, but our problem, sir, has to do with auto listening.

Mr. BROTZMAN. With what?

Mr. SEWARD. Auto listening.

Mr. BROTZMAN. Yes.

Mr. SEWARD. Listening in cars, and also to the listening that is done in homes or on beaches, in ball parks, on portable radios. Those are the two areas of the problem that I tried to outline in my statement.

Mr. BROTZMAN. That is all the questions I have. Thank you.

The CHAIRMAN. I don't suppose you would know how to find out just how many, what they refer to as plug-ins, there are?

Mr. SEWARD. I am sorry, I didn't understand you.

The CHAIRMAN. I don't suppose you would know how a rating service would find out just how many plug-ins there might be in a given market?

Mr. SEWARD. No, I don't.

The CHAIRMAN. All you do is just take what figures they give you and accept it as a fact?

Mr. SEWARD. Well, as I said in my statement, we initiated the studies ourselves in 1961 as to the ownership of portable sets, portable transistor sets, and we simply through these surveys, we found that just about 40 percent of the people questioned at that time said that their household owned one or more portable sets of the type that were not measured by the Nielsen Audimeter service. And, of course, we have statistics on the number of automobile radios.

The CHAIRMAN. I realize it is very valuable to you, but I am wondering as to the accuracy of it. For example, I have one there in my office right next door. I don't imagine that radio has been on half a dozen times in the last year, but yet that would be counted.

Mr. SEWARD. No.

The CHAIRMAN. Among the rest of them?

Mr. SEWARD. That would merely be counted as a set that is in existence, but at the present time the audience estimates of how much listening is done on that type of set is based on interviews, and as I said in the statement, Nielsen gives us a report twice a year of the percentage they estimate the portable listening augments in-home listening, but they don't associate that listening with any particular station or with any programming. They just say that in-home listening should be up by 40 or 45 percent, and so on.

The CHAIRMAN. And the factors that are controlling with your company in program activities are, No. 1, management policies?

Mr. SEWARD. Yes, sir.

The CHAIRMAN. And you make that determination yourself, don't you?

Mr. SEWARD. Yes.

The CHAIRMAN. And you have a chance and opportunity to analyze the management policies of any particular station that becomes affiliated with you?

Mr. SEWARD. That is right, and we also receive expressions of desire on the part of the individual affiliated stations as to what type of programming they want from us.

The CHAIRMAN. Yes. That is No. 2, and, of course, you can get that as a matter of record by your discussions, with decision, in the matter.

Mr. SEWARD. Yes.

The CHAIRMAN. Sales response is No. 3. That is very obvious, because that is the basis of your whole operation, is it not?

Mr. SEWARD. I would say with us that it is associated primarily with our three entertainment programs, the "Arthur Godfrey Program," "Linkletter Show," and "Garry Moore Show." Other than those three entertainment strips, Monday through Friday programs—

The CHAIRMAN. Would you call that sales—

Mr. SEWARD. Yes, I would say so, but, of course, prospective advertisers are also interested in the amount of audience that we have for our news programs and our other information programs that are for sale, but the initial decision to put on the news programs, the type of news programs, was not influenced by ratings, but simply by the desire to put on the best news programs that we could, and this, in turn, fits in with what our affiliates want from us.

The CHAIRMAN. And that becomes a part of your whole programming that you have developed yourself?

Mr. SEWARD. Yes, sir.

The CHAIRMAN. And then program cost is something that is very easy to obtain?

Mr. SEWARD. Yes.

The CHAIRMAN. It is a matter of record?

Mr. SEWARD. Yes.

The CHAIRMAN. But on ratings, all you know is that you are obtaining services from someone else who develops the ratings, and you accept it without any method, or known method, or attempt in any way to check on it as to the accuracy?

Mr. SEWARD. Well, only to this extent, sir.

We know the basic techniques used by the rating services with whom we deal, and our research people feel, and this is generally accepted in the industry, that if these techniques are followed—

The CHAIRMAN. But you don't go in and see their records, do you?

Mr. SEWARD. Oh, no, no.

The CHAIRMAN. You don't know what homes they check?

Mr. SEWARD. Oh, no.

The CHAIRMAN. You don't know who they see or who they talk to, do you?

Mr. SEWARD. No, we do not.

The CHAIRMAN. Therefore you have to accept what they give to you as to what they have done?

Mr. SEWARD. Exactly.

The CHAIRMAN. That is what I wanted to find out, to be sure it was a fact. I think that is pretty forceful. Not that I object to it, but it is a matter of fact, and that is what we want.

Mr. SEWARD. That is right.

The CHAIRMAN. What are the gross revenues from your advertisers on your network as of last year?

Mr. SEWARD. I don't like to object to a question, Mr. Chairman, but that is information which we think is important from a competitive point of view.

The CHAIRMAN. You mean that is not public information?

Mr. SEWARD. Oh, no.

The CHAIRMAN. I thought they published this, each network published their gross revenues for the year.

Mr. SEWARD. Each of the networks gives this information to the Federal Communications Commission, and the Commission combines the four figures and issues them as a total.

The CHAIRMAN. Is that the way it is?

Mr. SEWARD. Yes, sir.

The CHAIRMAN. I have seen reports in the press for certain network revenues for certain years, so many hundreds of millions of dollars.

Mr. FISHER. Those are consolidated, Mr. Chairman.

The CHAIRMAN. And that is a total?

Mr. SEWARD. All the networks. Separate figures for radio and television.

The CHAIRMAN. You say they are separate figures, but you don't mean they are submitted separately.

Mr. SEWARD. I mean that each—

The CHAIRMAN. I don't ask you to reveal anything, you understand.

Mr. SEWARD. No. Each of the television networks submits its figures to the FCC, and each of the radio networks submits its figures. The FCC then announces to the public on an annual basis the total of the television network revenue and the total of the radio network revenue.

The CHAIRMAN. Well, that is what I was asking for. What is it that you—

Mr. SEWARD. I thought you were asking for CBS radio's figure. The total for the four networks or for the four radio networks, I believe is in the order of \$45 million.

The CHAIRMAN. Does that include CBS?

Mr. SEWARD. NBC.

The CHAIRMAN. NBC and ABC?

Mr. SEWARD. And Mutual.

The CHAIRMAN. And Mutual.

This is for radio you are talking about now?

Mr. SEWARD. Yes, sir.

The CHAIRMAN. I don't suppose you would know the total for television?

Mr. SEWARD. No. I do not.

The CHAIRMAN. I will get that from another witness later.

Mr. HULL. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes, Mr. Hull.

Mr. HULL. Mr. Seward, aren't you all on the stock market, on the national board of the American Exchange, or somewhere?

Mr. SEWARD. Yes, we are.

Mr. HULL. Don't you make reports to your stockholders of your gross income?

Mr. SEWARD. For the gross income of the entire company, which combines the revenues for the radio division, the television division, the record division; yes.

The CHAIRMAN. Mr. Seward, may I thank you on behalf of the committee.

Oh, I am sorry, Mr. Sparger.

Mr. SPARGER. Just a few brief questions.

CBS radio relies on the Nielsen report for all of its rating information on network radio, is that correct?

Mr. SEWARD. Yes.

Mr. SPARGER. Do you this year subscribe to any other network radio service?

Mr. SEWARD. No, we do not.

Mr. SPARGER. Does CBS radio provide program lineups for the A. C. Nielsen Co., in order that it may produce its report?

Mr. SEWARD. Yes, we do.

Mr. SPARGER. Do you provide program lineups for any other network radio service?

Mr. SEWARD. Not at this time.

Mr. SPARGER. Now at the present time is Sindlinger & Co. providing a competitive network radio service, to your knowledge?

Mr. SEWARD. Yes, it is.

Mr. SPARGER. Do you provide program lineups to the Sindlinger Company?

Mr. SEWARD. No, we do not at this time.

Mr. SPARGER. Would it make it more difficult for Sindlinger & Co. to produce an accurate report without these program lineups?

Mr. SEWARD. I don't know. I don't think I can answer that question, Mr. Sparger.

Mr. SPARGER. Would you describe the Nielsen Radio Index service as ratings of competitive network radio?

Mr. SEWARD. For CBS, NBC, and Mutual.

Mr. SPARGER. Not for ABC?

Mr. SEWARD. Not for ABC.

Mr. SPARGER. Then it is not a network radio report?

Mr. SEWARD. I believe it is a network radio report in respect of those three networks.

Mr. SPARGER. A year ago, would you have defined it as a network radio report?

Mr. SEWARD. Yes.

Mr. SPARGER. Then it was a year ago a network radio report, in the judgment of CBS?

Mr. SEWARD. Yes.

Mr. SPARGER. Is the "Nielsen Radio Index" report the standard used by advertisers and their agents as the measurement of network radio by the advertising agencies at the present time?

Mr. SEWARD. To the best of our knowledge, yes.

Mr. SPARGER. Generally, how high do ratings run in a network radio report; what range generally do they run?

Mr. SEWARD. It normally ranges from about 500,000 to 1,500,000 homes.

Mr. SPARGER. Could you convert that back, briefly?

Mr. SEWARD. Yes. From say 1 to 3.

Mr. SPARGER. One to three rating points?

Mr. SEWARD. Yes.

Mr. SPARGER. In comparing ratings of two radio networks, when they generally run from a range of 1 to 3 rating points, when you consider statistical variance, is there any significant difference between many of the ratings figures?

Mr. SEWARD. Well, there are differences that we think of as significant, Mr. Sparger. I am not sure that the people outside the industry would.

Mr. SPARGER. Do you think that advertising agencies, in the placing of national business on network radio, take into consideration that there may, in fact, in some time periods be no significant difference between the——

Mr. SEWARD. Yes; I think they do.

Mr. SPARGER. Do you think at this time, or have you at any time in the past as CBS Radio, provided a guaranteed circulation figure to advertisers?

Mr. SEWARD. Well, I can't speak about the indefinite past, but I would certainly say——

Mr. SPARGER. In the past several years?

Mr. SEWARD. Well, the past 10 years we haven't.

Mr. SPARGER. If you had an increase of 1 rating point with ratings this small at CBS Radio across the board, which would mean ratings would have to be subtracted from other radio networks, would this aid CBS Radio significantly in the economic area?

Mr. SEWARD. Yes; substantially.

Mr. SPARGER. How substantially, could you guess or give us an estimate?

Mr. SEWARD. Well, assuming that the other networks held their present positions, obviously this would put us in a dominant position.

Mr. SPARGER. If you were in a dominant position then it would increase your network radio business, right?

Mr. SEWARD. Yes.

Mr. SPARGER. Will you tell the committee, sir, how many Nielsen homes would equate to 1 rating point? Would you say that it would be 11 to 12 homes?

Mr. SEWARD. I don't know, Mr. Sparger.

Mr. SPARGER. Mr. Harris, could he consult with his research director, Mr. Carraine?

The CHAIRMAN. He can consult with anyone he likes.

Mr. SEWARD. That is right, Mr. Sparger, for plug-in listening.

Mr. SPARGER. It would be approximately 11 to 12 homes?

Mr. SEWARD. Yes.

Mr. SPARGER. And these 11 to 12 homes, if they all tuned in and had not prior to this time tuned in to the CBS radio, this would represent a substantial economic benefit to CBS Radio?

Mr. SEWARD. With the projection that would be made, yes.

Mr. SPARGER. With the projection that would be made from this?

Mr. SEWARD. Yes.

Mr. SPARGER. I have no further questions.

Mr. YOUNGER. Mr. Chairman, I have one question.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Does CBS in any way, shape, or form have any interest in the A. C. Nielsen Co. financially or otherwise?

Mr. SEWARD. No, sir.

The CHAIRMAN. Thank you very much, Mr. Seward.

Mr. SEWARD. Thank you.

The CHAIRMAN. On behalf of the committee we thank you for your appearance here and for your testimony.

Mr. SEWARD. Thank you, sir.

The CHAIRMAN. Mr. Moore. May I inquire, Mr. Moore—I think even though it is late, if you don't mind, I would like to proceed with you this afternoon.

Mr. MOORE. Yes, sir. Did you say you would prefer to proceed this afternoon?

The CHAIRMAN. I would be happy to, if you don't mind.

Mr. MOORE. I would, too, thank you, sir. We would prefer that.

The CHAIRMAN. Mr. Thomas W. Moore, vice president in charge of the American Broadcasting Co. Television Network.

Mr. MOORE. If I may, may I swear in Mr. Julius Barnathan, with me, who can answer questions directly, too, or should he talk to me?

The CHAIRMAN. If you would like I will be glad to swear him in.

Mr. MOORE. Thank you, sir. I think that would be a better procedure.

The CHAIRMAN. Will you each hold up your hand. Do each of you solemnly swear that the testimony that you give to this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MOORE. I do.

Mr. BARNATHAN. I do.

The CHAIRMAN. Have a seat. I believe you have a rather short prepared statement. You may proceed, sir.

TESTIMONY OF THOMAS W. MOORE, VICE PRESIDENT IN CHARGE OF ABC TELEVISION NETWORK, ACCOMPANIED BY JULIUS BARNATHAN, VICE PRESIDENT AND GENERAL MANAGER OF THE ABC TELEVISION NETWORK

Mr. MOORE. Mr. Chairman, members of the committee, my name is Thomas W. Moore, and I am vice president in charge of the ABC Television Network. With me today is Mr. Julius Barnathan, vice president and general manager of the ABC Television Network, who will assist in answering questions of the committee.

The invitation for my appearance this morning indicates the interest of this committee in the importance of ratings and the use of ratings in all fields including programing, sales, and affiliation matters insofar as the American Broadcasting Television Network is concerned.

We believe, Mr. Chairman and members of the committee, that the entire subject of ratings and research data should be placed in the

context of our basic program philosophy. We have had occasion to express our television network program philosophy to the Federal Communications Commission during the recent hearings on network programing. We would summarize that philosophy as follows:

In assembling the overall program schedule of the ABC television network, we seek to provide a wide range of program choice in order to serve both majority and minority tastes. We approach the building of an overall program structure with the objective of developing and presenting the best possible programs of varied types. We are aware that there are different likes and tastes, that there are different segments of the total viewing public, and that within these various groups likes and tastes change. The key factor is public opinion itself, or perhaps we should say opinions, for we all know that often opinions may vary.

Since our program practices and policies seek to determine the wants of the people, we try to determine these divergent opinions through the use of all reliable data available to us. These include rating data from the Nielsen Television Index, the Nielsen Station Index, the American Research Bureau National Reports, the American Research Bureau Local Reports, Special Trendex Telephone Coincidental Surveys, and by the use of qualitative data such as TvQ's, audience reaction studies, letters from the public, and comments from the press, affiliates and advertisers.

To help us meet the tastes and needs of the general public as well as its many individual segments, we take many factors into consideration. These involve both research and non-research factors. To us, the overall balance of our programing is the most important factor involved in the program decisionmaking process.

Since this committee is particularly concerned with the use of ratings in this process, we would like now to deal specifically with this subject.

A rating, simply stated, is the statistical estimate of the number of homes tuned to a particular program. Ratings reflect the popularity of the program. Ratings are not absolute standards. However, they do provide valuable guidelines in assessing the relative popularity of competitive programs. We examine the trends reflected by the rating services and consider them as indicators of relative program acceptability by the public.

We recognize, of course, that great care must be exercised in their usage, with proper allowances for the margin of error inherent in any sampling procedure.

Of course there are other quantitative data which we must consider as well. For example, the composition of the audience of a particular program, the age levels of segments of that audience, the educational level and the family size.

In some instances we obtain special studies which give us additional data concerning audience characteristics such as the frequency of use of a particular product or service, the intention to purchase a particular product or service and similar information.

In addition, there is available to us qualitative information. This would include data as to the relative familiarity of the public with the particular program and the degree and extent of interest in that program.

In addition, experimental pretesting with audience juries of new programs in pilot form provides us with subjective reactions of the jury concerning production values, characterizations, subject matter, plot, appeal of the various performers, and overall indication of viewer interest in the program. After broadcasting is commenced, we also conduct special studies to determine the effectiveness or degree of interest of particular aspects of the program.

While qualitative and quantitative data are of significance in a program decision, there are many other factors which must be taken into account. For example, the acceptability of the program in terms of its quality, its content, the people involved in its production and creation, and the performers; its suitability in a particular time period, its compatibility with preceding and following programs in the schedule; its sales potential; its distinctiveness and timeliness; its cost; and most important, its contribution to the overall balance of our network program schedule.

Now, how do we use ratings in connection with our sales? The economic factors in the television medium today have been well publicized and, we are sure, are understood by all the members of this committee. We are equally sure that the committee recognizes that networks must remain economically sound in order that they furnish a complete program service in the public interest.

Sales which involve entertainment programing must be profitable in order that the network continue to subsidize at a substantial loss its news operations, other types of public service programing, and its radio network service which are not financially productive.

Program costs are very high. Our annual program expenditure is in excess of \$100 million. In order to maintain and increase the quality of the programs offered to the viewing public, we may expect to continue to increase the size of our investment in the program schedule. This we accept as part of our obligation to furnish, at our risk, a complete program service in the public interest.

The cost of the program and the cost of the time period are the obvious economic factors which are involved in an advertiser's consideration of a network television program purchase. If the total cost is too great a burden for a particular advertiser's purpose, he will simply not make that purchase.

The most common yardstick against which many advertisers evaluate their purchases is the cost per thousand of the viewing homes. Such an advertiser would also normally consider the audience composition which might be expected for a particular program in a particular time period, the day or night of the week on which the program is telecast, and the competitive programs on other networks or local stations, as primary considerations in making his selection.

This is understandable from the point of view of an advertiser who is interested in the advertising values which the medium offers in order to maximize the sale of his product or service at the lowest possible cost.

There are also a number of other advertisers who do not rely primarily upon this yardstick because of other advertising objectives. Institutional advertisers, for example, may not be concerned primarily with the number of different people who might view a particular program at a particular time. They generally are more concerned with

the types of people who might view the program, the corporate image that might be created by association with such a program, the suitability of the program for institutional type commercial messages, and the public service values of sponsoring such programs.

These are different standards from those mentioned above and quite properly so in light of the different advertising objectives. At the same time, this is entirely consistent with the network's objective of providing a balanced program structure which will serve both majority and minority interests of the viewing public.

You have also indicated interest in the use of ratings in connection with our affiliated stations.

First, we would like to explain these rating data do not play any significant role in our determination of affiliating with a station in a community where we had no such affiliation. Coverage data and other factors are primarily considered. While we have defined ratings simply as the statistical estimate of the number of homes tuned to a particular program, coverage, on the other hand, reflects the number of homes which are available to the signal of any given TV station as determined by engineering standards and audience surveys.

These factors include ownership, financial resources, experience in television operation, a determination as to whether or not the community already receives adequate service from an affiliated station in an adjacent community, the physical facilities of the new station, its power, antenna height, channel allocation, its location in relation to the area to be served, and its location with respect to other existing stations.

Rating services do play a role following affiliation. In our continuing evaluation of each affiliate's performance we review local programming by the station, community participation and service, promotion and publicity, and maintenance of high engineering standards, all of which are essential to the local acceptability of the station.

In addition, rating data are used to attain an estimate of the audience watching the various network programs on the particular station, and a comparison of this audience with the audience of competing stations serving the same area.

Ratings and other factors are also used in the establishment of a network rate for affiliated stations. Other than rating data, these factors include the size and importance of the market, an estimate of the total homes covered by the station, and the network rates of competing stations. The rating data are used in this connection to estimate the total number of homes viewing television in the area to be served and the probable share of audience the station will have as an ABC affiliate. All of these factors enter into the establishment of a network rate for the station.

We should like to stress that, as in the case of the relative use of rating data in the overall program decision-making process, so the use of such data in connection with affiliates must be viewed as only one factor in the total evaluation.

You have asked which rating services we subscribed to in 1962. They were: The Nielsen Television Index, the Nielsen Station Index, the American Research Bureau National Reports, the American Research Bureau Local Reports.

In addition, from time to time, we have ordered special reports from these services and other sources.

Attached, as an exhibit, is the amount of money we expended during 1962 for such services and reports. In this connection, the chairman and this committee are aware that the ABC Television Network has been operating for many years under a handicap which is not shared by either of the other major networks in that, due to a shortage of available VHF facilities, we do not have primary affiliates in a number of large metropolitan areas. Therefore, the National Nielsen Television Index does not always reflect the true popularity of ABC programing.

This is particularly true in the news and public affairs field, since our news programs in most instances are carried only by our basic primary affiliates. Because of these circumstances, it is necessary for us to subscribe to the Nielsen Multi-Network Area Rating Report which covers 30 markets in which the programing of all 3 networks are directly competitive. This additional service is furnished at an added expense to the network.

In conclusion, Mr. Chairman, we have attempted to state our views on the relation of rating services to our broadcasting operations. Stated in its simplified form, it is our position that rating services are an essential tool of the broadcaster but are only one of many important factors in programing, in sales and in station relations. We might add that it is our hope and expectation that other, and perhaps more meaningful, research tools will be available to us in the future to aid us in fulfilling our responsibilities to the public.

The CHAIRMAN. You have an exhibit that you wish to go along with your statement?

Mr. MOORE. There is an exhibit attached, Mr. Chairman, on the ABC Television Network expenses in 1962 for the indicated rating services and that is attached to this statement.

The CHAIRMAN. Let it be included in the record for the information of the committee.

(The exhibit referred to follows:)

EXHIBIT

ABC Television Network expenses 1962 for indicated rating services

A. C. Nielsen Co. :	
Nielsen Television Index.....	\$224, 459. 24
Nielsen Station Index.....	1, 211. 28
Nielsen Multi-Network Area Reports.....	34, 014. 00
Total.....	259, 684. 52
Nielsen Special Studies.....	38, 924. 36
Total.....	298, 608. 88
American Research Bureau : ARB National and Local Reports.....	31, 300. 04
Trendex : Special Trendex Telephone Coincidental Surveys.....	18, 245. 00
Total.....	348, 153. 92

The CHAIRMAN. Mr. Sparger?

Mr. SPARGER. Mr. Moore, in the 87th Congress, 1st session, you testified before the Dodd committee, and you said in part, and I will admit that I am taking something a little bit out of context, but not completely:

“ABC had to go into programing that it felt it could: one, sell to the advertisers and; two, that would get an audience acceptance and; three, that we begin to build audience acceptance for adjacent programing in subsequent years.”

This is referring to the history of the origin of the ABC Television Network and its attempt to get into competition. You said further: “These decisions were not made looking at the schedule and saying that the public deserves this kind of programing as such. It was a means for us to get into an equal and competitive position with the other two networks, and we built from this position to our present position.”

You further said today that: “The most common yardstick against which many advertisers evaluate their purchases is the cost per thousand homes.”

Now in this instance and in light of what has been said by earlier witnesses, would you take the position that this is the way that it was when you came into the industry and started to compete, and this is the way it is now?

Mr. MOORE. Yes, sir.

Mr. SPARGER. Would you say that ratings play a vital role in the area of deciding what performers might appear in a program?

Mr. MOORE. I am sorry, I don't understand. What performers might be in a program?

Mr. SPARGER. Right. In your choice of performers for a program?

Mr. MOORE. Are you referring to actors?

Mr. SPARGER. Yes.

Mr. MOORE. And stars?

Mr. SPARGER. Yes.

Mr. MOORE. I don't think that even ratings can relate directly to the stars that appear. There is no question that certain performers with substantial names and proven popularity in other mediums such as motion pictures could—

Mr. SPARGER. You would refer that to a track record when it was available on performs to see how they had been accepted in a rate situation?

Mr. MOORE. Oh, yes.

Mr. SPARGER. Would the same hold true with many of the companies with which you do business? If a syndicated producer or a producer, for instance, has had a number of successes, you would also refer to this?

Mr. MOORE. Yes.

Mr. SPARGER. After you affiliate with stations, isn't the rating figure the most important determining factor in determining what the rate for that affiliate might be?

Mr. MOORE. After we have affiliated?

Mr. SPARGER. After you have affiliated.

Mr. MOORE. Yes.

Mr. SPARGER. Then basically I think you are trying to say, or I think you are saying, that ratings are probably the major factor in certain types of television programing. I am referring specifically to the commercial type of television programing today.

Mr. MOORE. Yes.

Mr. SPARGER. What services has ABC subscribed to since 1959?

Mr. MOORE. I don't believe there has been a substantial change from these services that we have listed here.

Mr. SPARGER. Did you subscribe in 1959 to some of the Videodex services?

Mr. BARNATHAN. No. We subscribed to the Videodex service, only one small facet of it, to get the income, the distribution of the audience by income level.

Mr. SPARGER. When you evaluated the Videodex service, did you ask for a breakout from their national sample for this information?

Mr. BARNATHAN. Yes.

Mr. SPARGER. Do you recall approximately how large the national sample was?

Mr. BARNATHAN. I do not recall.

Mr. SPARGER. Would it have been in the neighborhood of 9,200 homes?

Mr. BARNATHAN. I believe that is around the figure.

Mr. SPARGER. Approximately?

Mr. BARNATHAN. Yes.

Mr. SPARGER. And you used this data in sales promotion?

Mr. BARNATHAN. Yes.

Mr. SPARGER. And did you make any other major decisions in which this would have been a major consideration?

Mr. BARNATHAN. No.

Mr. SPARGER. It was used basically in sales?

Mr. BARNATHAN. Yes. This was a supplementary piece of information that we needed for selling a quality show, to show that there was a high income level.

Mr. SPARGER. Was it offered to help influence an advertiser to purchase this show?

Mr. BARNATHAN. Yes.

Mr. SPARGER. Do you think that in part the advertiser might have based his decision to buy this show on the basis of this specific sales presentation, based on Videodex data?

Mr. BARNATHAN. I am sorry. Solely on it, or primarily?

Mr. SPARGER. No, in part.

Mr. BARNATHAN. In part, I would say yes.

Mr. SPARGER. Since it was a break of demographic characteristics?

Mr. BARNATHAN. Yes.

Mr. SPARGER. You have subscribed to the Nielsen MNA—multinet-work area—reports. Did you first approach Nielsen to put out these reports, or did Nielsen first approach you?

Mr. MOORE. This was handled by my predecessor, and I do not know. Perhaps Mr. Barnathan does.

Mr. BARNATHAN. The Nielsen Co. has always had a multicity report. It was 9 cities, it started as a 9-city report, and it was put out primarily to be competitive with the Trendex Service, and then it went to 14 markets, and then I believe it went to 19 and then to 24 and then to 30.

Mr. SPARGER. Prior to the time of the publication of the 24-market MNA, did ABC basically rely on Trendex multimarket reports?

Mr. BARNATHAN. We relied quite a bit on the Trendex, as well as the Nielsen.

Mr. SPARGER. Did you, after Nielsen started publishing its 24-market report, still subscribe to the Trendex reports?

Mr. BARNATHAN. No. Nielsen went to the fast 24, which is when they were coming out with a weekly report. We did not see the need for the Trendex report.

Mr. SPARGER. Did you request of the Nielsen Co. that they publish the multinet network area report in a similar form to the network television pocketpiece?

Mr. MOORE. Yes.

Mr. SPARGER. What was their response to this?

Mr. BARNATHAN. They said they would not do it.

Mr. SPARGER. Did they give any reasons why they would not do it?

Mr. BARANTIAN. They said it would be confused with the national report.

Mr. SPARGER. If it had been in the same form as the national report, would it have made easier the ABC-TV job in sales?

Mr. BARNATHAN. Yes.

Mr. SPARGER. At the present time, are there any other competitive multinet network area reports?

Mr. BARNATHAN. No, none that I know of.

Mr. SPARGER. Does the industry accept basically the multinet network area report, or does it rely still on the NTI?

Mr. MOORE. I would say that they rely upon primarily the NTI, but that the 30-market is a very effective tool and a much quicker tool to arrive than the other.

Mr. SPARGER. What services do you obtain presently from ARB?

Mr. MOORE. We have the National, it is listed here.

Mr. SPARGER. You do take the National?

Mr. MOORE. Yes.

Mr. SPARGER. The National Report.

Mr. MOORE. Six a year, every 2 months, yes.

Mr. SPARGER. Do you rely on this for audience composition or do you rely on it for a sales tool?

Mr. MOORE. I think we use it primarily for audience composition.

Mr. SPARGER. Primarily?

Mr. MOORE. And as a sort of check against the other system.

Mr. SPARGER. Would you say that the majority of advertising agencies with which you all deal rely basically upon Nielsen data?

Mr. MOORE. Yes.

Mr. SPARGER. I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Hull?

Mr. HULL. No questions.

The CHAIRMAN. Mr. Younger, any questions?

Mr. YOUNGER. I have only one. Does the ABC network have any affiliation, ownership or any connection whatever with any of the rating bureaus?

Mr. MOORE. No, sir.

Mr. BARNATHAN. No, sir.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. Only one to clarify your statement. I was going to ask you what VHF is.

Mr. MOORE. Very high frequencies. Those are the channels 2 through 13 that were the initial allocation by the FCC prior to the lifting of the freeze, I believe, in 1952.

All channels higher than that are in the UHF bands from 14 up. VHF has been primarily channels in the major markets of the country for expansion, very high frequency.

Mr. BROZMAN. Thank you.

The CHAIRMAN. Mr. Howze?

Mr. HOWZE. I have just one clarifying question, too.

In your discussion with Mr. Sparger on affiliates, Mr. Sparger used the term "the station rate." I would like to clarify whether we are talking about the rate that the network pays the station for clearing the program or the rate that the station uses for its advertising purposes.

Mr. MOORE. We are talking about the rate that the network pays the station for its time and resells it, the network resells that time at a certain rate.

Mr. HOWZE. I just wanted that to be clear for the record.

Mr. BARNATHIAN. The network rate.

Mr. MOORE. That is the network rate. Their local rate is controlled by them entirely.

Mr. HOWZE. Thank you. That is all.

The CHAIRMAN. Mr. Moore, thank you very much for your cooperation with the committee and your presence here today on this subject.

Mr. MOORE. Thank you.

The CHAIRMAN. The committee will adjourn until 10 o'clock in the morning, at which time the first witness will be Mr. Mort Werner of NBC television.

(Whereupon, at 4:45 p.m., the committee was in recess, to reconvene at 10 a.m., Wednesday, March 6, 1963.)

BROADCAST RATINGS

WEDNESDAY, MARCH 6, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

The first witness this morning will be Mr. Mort Werner, vice president in charge of TV programs of the National Broadcasting Co.

Mr. Werner, do you have others of your organization whom you wish to have participate in this discussion this morning?

Mr. WERNER. There are two other gentlemen from my organization who can provide answers if you cover an area that I am not completely in contact with.

The CHAIRMAN. Do you want them to testify, or do you just want to consult them if necessary?

Mr. WERNER. I would like them to testify if needed.

The CHAIRMAN. Let them come around. I think you should identify them for the record.

Mr. WERNER. This is David Adams, senior executive vice president of the NBC.

This is Dr. Thomas Coffin, who is director of our research department.

The CHAIRMAN. Do you, each of you, swear that the testimony you will give to this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WERNER. I do.

Mr. ADAMS. I do.

Mr. COFFIN. I do.

The CHAIRMAN. Mr. Adams, you can bring a chair up with you.

TESTIMONY OF MORT WERNER, VICE PRESIDENT IN CHARGE OF PROGRAMS FOR THE NBC TELEVISION NETWORK; ACCOMPANIED BY DAVID ADAMS, SENIOR EXECUTIVE VICE PRESIDENT, NBC; AND THOMAS COFFIN, DIRECTOR, NBC TELEVISION, NETWORK RESEARCH DEPARTMENT

The CHAIRMAN. Do you have a statement you wish to present first, Mr. Werner?

Mr. WERNER. I do, sir.

The CHAIRMAN. You may proceed.

Mr. WERNER. My name is Mort Werner. I am NBC's vice president in charge of programs for the television network.

Mr. Walter Scott, executive vice president in charge of the television network, was scheduled to be NBC's witness at this hearing, but he is ill at home under doctor's treatment and I am appearing in his place.

To cover properly the subjects on which the subcommittee wishes to develop information from NBC—the way we use ratings and their importance in our operations—my statement also includes some discussion of the rating services we use and the sort of information they provide.

In preparing this statement, I consulted with Dr. Thomas Coffin, our director of research, who is with me today. Dr. Coffin is prepared to answer questions on the techniques of rating services and how our research staff analyzes them for use in various NBC activities.

I believe I can respond to most general questions of NBC policy you may have in relation to the subject of these hearings, but if the questions go beyond my knowledge, Mr. David Adams, our senior executive vice president, is also here, and he will be happy to answer such queries.

My purpose in appearing before you today is to outline why the NBC television network needs program ratings and how we utilize them in our operations.

First, I should define what we mean by ratings. As we use the term, it refers to measurements of the size and characteristics of program audiences. These are developed through continuing surveys by independent research organizations and supplied by them to a variety of subscribers—advertising agencies, advertisers, program production companies, and broadcasters. NBC is one of the many users of these services.

These subscribers use audience-measurement information for the varying needs of their own operations. The NBC television network employs the data developed from the rating services in two broad areas. One is the program area, where the rating services give us systematic information and guidance on how audiences are responding to our programs and those of our competitors. This information also helps us in scheduling programs effectively, in the light of their relationship to each other, the nature of the audience they attract, and the appeal of competing programs.

Apart from these specifics, audience research material gives us a general body of information about the public's tastes, viewing habits, and program preferences that help us understand better how audiences react and assist in judgments and plans for the future.

The other broad area in which we use audience-measurement information is in connection with the sale of time and programs. In this area, ratings provide estimates, needed by advertisers and their agencies, of the size and nature of the audience they are trying to reach and the cost of doing so; and they give us selling tools to persuade advertisers that our programs will deliver the type of circulation they want.

In both of these areas, broadcasting needs rating information because it has no built-in measure of audience size. Unlike movies, theaters, and sports arenas, broadcasting does not have a box office through which the size of audiences can be counted; nor can it count

circulation, as newspapers and magazines do, by calculating the number of copies of the publication sold.

Yet broadcasters have the obligation of finding out as much as they can about the unseen audience for their programs. Since the success or failure of our programming efforts is determined by millions of viewers, making tens of millions of choices every day among all available programming, we need to know as best we can how we are doing. This freedom of choice by viewers is exercised in a highly subjective way, and we cannot, without some form of objective audience measurement, know its effect.

In the earliest days of radio, before there were rating services, guesses were made about stations' circulation on the basis of the number of sets sold, on engineering maps showing the area covered by the broadcaster, and on mail from listeners.

None of these really indicated the size and nature of program audiences, and rating services developed in response to the need of advertisers and broadcasters for this information—first on a very crude basis, and progressively over the years with more refinements and more types of information.

However, the various rating services provide only estimates and not absolutes, and no single method has yet been developed that is satisfactory for all purposes. Each service has certain advantages and certain weaknesses. Each uses a different measurement technique, samples different homes, and supplies a different type of information. In order to find out as much as we can about audience reaction, we subscribe to several different rating services.

I should emphasize that the material furnished by the services to which we subscribe is not usable in its raw form. It must be evaluated and analyzed by our staff of research specialists, who have learned how to take into account the strengths and weaknesses of the various types of estimates and how to put the jigsaw pieces together to draw out meaningful interpretations.

An individual rating figure usually means very little to us. It has to be analyzed in relation to previous ratings, the number of sets in use during the time period, ratings for competing programs, seasonal factors, the influence of adjacent programs and other elements. Through this analysis, a body of research experience is developed which gives some clues to the appeal of a program and the size and nature of the audience it is attracting or may attract.

Even though most of the public attention seems to be focused on the rating figure itself, the figures which are often of greater use in program analysis are those estimating "share of audience."

The share figures are estimates of how the homes using television in a particular period are divided among the programs being broadcast. Although, like other estimates, they are far from perfect, these share of audience figures tend to wash out such variables as time of day, day of week, and season of the year, and permit comparison of programs under more closely comparable conditions.

The television rating services our research department uses for analysis are the national Nielsen Television Index, together with Nielsen's subsidiary services—the multinet network area reports, familiarly called MNA's, and the Nielsen Audience Composition Reports; the ARB national and local reports; TvQ ratings; Trendex; and Arbitron.

I will describe these briefly and, if you wish, Dr. Coffin can supplement with additional detail.

I would say that our primary rating service—and that of most major advertisers and agencies in connection with network television—is the Nielsen National Television Index.

It is a continuing service, 48 weeks out of the year, and provides estimates of national audience size. Since it is based on meters attached to sets, it does not rely on what people say or remember about their viewing, but records on an impersonal basis all the set tuning activity of a nationwide sample of television homes, and projects estimates from this sample. However, it does not give us other information we need, such as who is watching the program, or the audience composition.

The Nielsen national data are supplemented by the ARB national diary studies, conducted six times per year, and the Nielsen Audience Composition Report, produced five times per year. These furnish us with estimates of viewing by individual family members, broken down by sex, age, education, and other groupings. This helps us judge whether any given show is being watched mainly by adults or by children, by men or women, young or old. By furnishing us with data on viewers per set, which can be combined with the Nielsen home figures, we can arrive at estimates of total number of persons viewing a program and the breakdown of this into the “audience composition.”

Although this material is useful in program analysis, it has real drawbacks in helping us with judgments about the “inherent strength” of programs, and by that I mean the audience attraction power of the program, uninfluenced by other factors such as length of station lineup, audience to the preceding program, and variable competing programs.

To try to offset this deficiency, we use various supplemental services. One of these is the Nielsen MNA service which I mentioned before. It covers 30 major markets in which all three networks have substantially equal opportunity to present their programs at their normal times. This eliminates audience differences based on differences in station lineup and delayed broadcasts, and gives us an indication of the comparative appeal of the programs of the three networks.

Still another means we use to gage program appeal is the TvQ service, which does not seek to indicate how many people are watching a program but how well they like all the programs available in a given time period.

This service also reports long-term trends in public attitudes toward each program—attitudes which in many cases foreshadow future changes in audience behavior.

On occasion we also use other rating services designed to permit a quick spot check on a program, often on an overnight basis. These include Trendex and overnight Arbitron services, which we use principally in connection with one-time special event programs, and sometimes for checking audience trends in a program as an interim guideline pending the receipt of the regular rating information.

For sales purposes, we may also use special surveys on product usage, conducted from time to time by Nielsen, ARB, Pulse, and Trendex, to show the potential of a program's audience as customers for the advertiser's product.

Our research is not limited to the organizations providing rating services. Our research department also develops and commissions studies in various aspects of audience, market opinion, and motivation research for various specialized purposes, and Dr. Coffin can describe these also if you are interested in them.

Attached to my statement is a tabulation of 1962 research department expenditures for rating services on behalf of the television network. These are broken down by the individual services, as requested by the subcommittee's staff.

In our day-to-day program operation and planning, two important uses of rating information which are often overlooked are the study of audience trends and the characteristics of program audiences.

The trend analyses indicate to us how the audience reacts to a program over a period of time, whether its appeal is growing or declining, whether it stacks up in the eyes of the audience with competing programs of the other networks or whether it suffers under comparison. Our research analysts are aware of the qualifications with which rating material must be used, but in analyzing trends some of these deficiencies are neutralized, because they tend to hold constant over the course of the program's history.

The material on audience characteristics gives us estimates of how the audience is composed as among men, women, and children, age group, educational level, and family size. From it we can draw various deductions, for example, regarding who is controlling the set at a given time of day and whether a program has special appeal among rural or urban, big-city or small-town viewers.

When this material is properly analyzed, it is useful in a number of ways. It can give us guidance on the period in which to schedule a program with particular appeal to men, or to older people, or to the whole family. And it can indicate opportunities for effective counterprogramming, as for example, where we find a sizable segment of the audience not being served by existing programs in a given time period and schedule a program that has particular appeal to that segment.

I would like to turn now to the various steps in the programming process to illustrate the ways in which audience measurement analysis comes into play at each step. We can begin with program selection—the tough job of reviewing many alternatives for our schedule and for a particular time period, and selecting from a mass of possible programs the few that we think will be best in providing an effective, balanced audience service.

This process starts with program development, coming out of the consultation and discussion constantly going on between the program department and program producing companies.

We may develop a concept for a new program or it may be initiated and brought to us by an independent producer. The concepts which seem most promising are developed to program outlines and then to scripts. From the best of these, we may commission pilot films, so that we may make a better judgment on the execution of the program concept, and from the pilots and other submissions the program department makes its final recommendations on the programs to be selected.

Throughout this process, we work closely with the creative people at the production organizations, so that in many respects, the program development is a joint effort. In the process of development and selection of programs, judgment is the principal ingredient, for there is no track record of audience reaction or audience performance with regard to new programs; and in this process, we rely heavily on what we know of the experience and abilities of the creative people behind the show—the producers, directors, performers, and particularly the writers.

To some degree, audience-information analysis can be of help to us in our evaluation, for example, in assessing the popularity of a performer who has appeared on television before; or in drawing on the general experience of the characteristics and nature of audiences to programs of the same general type. But basically, the selection of new programs rests on the judgment of people who have had long experience in program operations and program performance. And each selection is in the nature of an experiment, to be tested by public reaction and viewer choice after it goes on the air.

The selection of programs goes hand in hand with the selection of the time period in which the program is to be scheduled. Here audience research data can give us a little more help, in connection with analysis of the possible time periods under consideration, the composition of audiences available in those time periods, and the degree to which major audience segments are being attracted to existing programs in those time periods.

An example is the audience research which helped NBC decide on scheduling "Walt Disney's Wonderful World of Color" at 7:30 p.m. on Sunday. Various weekday periods were considered, but the analysis of our research department developed that the availability of children and total audience at 7:30 to 8:30 Sunday evening was greater than any other evening.

However, at 8 p.m., there had been a sharp dropoff in the number of children actually watching television—the opposite of what was occurring at other evenings of the week. Further investigation indicated that none of the programs in this time period had special appeal to children. All of this evidence pointed to Sunday 7:30 to 8:30 p.m. as an ideal place for the Walt Disney program.

It was scheduled there, has filled an audience need, and has been most successful.

In the same way, audience analysis can be helpful in connection with rescheduling existing programs into different time periods. Sometimes a show has a particular type of appeal which is not realized fully because of the period in which it appears, because of the surrounding programming, the competing programs, or the nature of the audience available in the time period.

A case in point was the move of "Bonanza," several seasons ago, from early Saturday evening to Sunday at 9 p.m. Analysis of TV data and other qualitative research suggested a greater popularity potential for the program than its rating reflected, and time period analysis indicated that Sunday 9 p.m. could best bring out this potential and make it available to larger audiences. The move was made and in this case—which does not always happen—the expectations pointed to by the research were realized.

As I said before, once a program goes on the air, it faces the test of viewer interest and viewer choice in competition with other programs. It is in this area that our research department conducts continuing studies, using all available audience-measurement data, to help us judge whether a series is showing an upward trend, is holding its own against competing programs, or is losing audience.

A detailed history is kept of all the evidence of every program's audience performance so that these trends can be identified. If the audience, for an entertainment program, declines over a substantial period of time, we regard this as evidence of decreasing public interest in the program and we consider replacing it.

We have no fixed rules on the level of audience acceptance which represents a successful program, because this varies with the type of program involved. A general entertainment show is expected, by its nature, to attract large audiences and wide popularity; at least a fair share of the audience in its time period. There are other types of entertainment programs which are not expected to attract maximum audiences.

We also schedule a great variety of more specialized programs, ranging from educational series to operas, from news documentaries to coverage of special events, each of which makes a special contribution to the diversity of our service and where broad popularity is not a primary consideration. But, in the general entertainment field, we do not think we would be properly serving the public by keeping on a program which all available evidence consistently indicates is being rejected by the public.

It is here that much of the criticism of ratings arises on the part of the minority which likes an unpopular program that is replaced, or dislikes a popular program that is maintained. But the ratings should no more be blamed than the box office manager of a Broadway play that closes because it does not attract an audience.

Indeed, Broadway plays often close for this reason after a few weeks, before there has been a real opportunity for theatergoers to sample the production; whereas in television, the programs stay on for thorough sampling by the audience, week after week, and with full opportunity for viewer choice.

This completes my discussion of how audience-measurement analysis is used in the programming process, and I will briefly indicate its role in the sale of time and programs.

Although I am not responsible for sales at NBC, I can deal with the subject on the basis of my knowledge of the operation within the television network and my previous experience as the head of television for a major advertising agency, as well as for a major advertiser.

Television is not only a program service but an advertising medium which operates in a framework of intense competition. The principal value television has to offer an advertiser is audience, and the rating services furnish us and our advertisers with the measurement of the audience generated by our programs. This is a business requirement of broadcasting, essential in soliciting and justifying the advertising expenditures that support our program services.

Our first task in sales is to sell the television medium itself, in competition with other national advertising media; with this as a basis, we can turn to selling the advertiser on the use of our network.

In both of these tasks, our selling efforts go beyond these efforts; our research people develop rating data demonstrating the overall reach of television, the extent of viewing per day, the fact that it cuts across all segments of the population, its impact, and its cost efficiency.

Much of this same material is used to document to the advertiser the special advantages of particular aspects of television such as, daytime television, nighttime television, the housewife audience, and the audience for specialized types of programing.

More specifically, ratings are used to evaluate the effect of a particular advertiser's campaign, which may include use of a combination of programs attracting different kinds of audiences. While such an advertiser may be interested in the total cumulative audience viewing all of his commercials, he may also want to know about more detailed elements estimated by the rating services: The total audience for commercials advertising individual products; the location of the homes he reached; and the cost efficiency with which he reaches them, in total and by products.

Different considerations apply in developing sponsorship for a single program. Here we must know whether the advertiser's principal concern is the use of television to enhance the image of his company and its product; to move goods off the shelf, or both. After the advertiser's goals have been specified, our research department assembles the audience analysis information to indicate the program sponsorship that will best meet those goals; or where we are seeking a renewal, to demonstrate the effectiveness of the sponsorship in terms of type, size, and cost of the advertising circulation the program has attracted.

Yet, as in programing, the research information developed by our professional staff for use in the sales area is not confined to program ratings. In recent years, advertisers have become more and more concerned with the qualitative impact of the various media, as well as their relative reach in quantitative circulation.

NBC has designed and conducted numerous studies of its own that demonstrate the unique advertising power of medium that combines sight, sound, and motion. We have also developed qualitative studies demonstrating the special effectiveness of color television, and rating studies documenting the extra measure of tuning to color shows in color homes. And our studies have emphasized the singular qualities of specialized programing as effective commercial vehicles, particularly in the news and information field.

The subcommittee's staff has asked us to cover the use of rating information in connection with station affiliations, and I can do so very briefly, since audience measurement data have minimum application in this field. In doing so, I will distinguish between coverage studies and program ratings.

In developing a television network structure through station affiliations, it was NBC's purpose to provide nationwide coverage with the least amount of duplication between the coverage of one affiliated station and another.

To accomplish this, we used coverage surveys and engineering studies indicating the areas in which a station's signal could be effectively received. The coverage studies use reported viewing to a sta-

tion as their base, but only as an indication that the station's signal is receivable in the area.

Since the network was developed, there have been very few changes in affiliation over recent years. These few resulted from situations where a station decided to switch its affiliation from NBC to another network, or where we have changed an affiliation or added an affiliate to get improved coverage.

I have tried to cover the uses of audience measurement material in our television network operations. The points I want to stress in concluding is that data on ratings, audience shares, audience composition and other aspects of program performance are estimates. They must be interpreted and evaluated by specialists who understand their deficiencies and take their weaknesses into account.

Each rating service has certain advantages and disadvantages. Our research people use each for the things it can do best and give us their analyses based on a combination of the different types of information each provides.

Even on this basis, all the rating services combined do not provide complete and infallible data. But they do supply a broad range of significant information and we make extensive use of it. Indeed, NBC devotes a major effort, in terms of money and manpower, to audience research and we would be remiss if we did not seek to learn as much as we can about the reactions of audiences.

Although the guidance we get from audience analysis helps us in deciding on time periods for programs and in judging whether a program designed for popular appeal has failed in its purpose, there are many program decisions in which ratings are not an important factor. In the process of new program selection, creative judgments, rather than ratings as such, are the principal factors. Every new program is an experiment, and by the law of averages, between one-third and one-half of all network programs on the air one season will have to be replaced the next season by new programs, representing new experiments. We continue to try for innovation, as we have in the past, and take our chances that the innovation will succeed.

Beyond that, our basic goal is to provide a balanced service of diversified programs, which over the course of a week or a month will offer the many different segments of the audience something rewarding.

Such a service will appeal in the main to popular tastes, but will also recognize more specialized interests with programing that does not win—and is not designed to win—broad popularity.

If all program decisions were controlled by the objective of maximum ratings, we would not have such presentations as "Meet the Press"; children's educational programs like "Exploring," and "Watch Mr. Wizard"; the NBC operas; or even such entertainment programs as "The Bell Telephone Hour" or "The Du Pont Show of the Week." We would not go for a variety of program forms, but would concentrate on the narrow range of the most popular forms and program them back to back throughout an evening.

As a program man and a network official, I believe there has been far too much emphasis put on ratings in the broadcasting press and even the general press. Because of this emphasis, ratings come to be falsely regarded as the end-all and be-all of programing, instead of

what they really are—broadcasting's form of market research that must be combined with creative judgment and program experience in making program decisions. And they tend to acquire a false position as status symbols, in terms of top 10 programs and of differences between programs of two or three rating points, which have little significance.

As indicators of audience acceptance of programs, of trends in program popularity, of audience characteristics, and of advertising circulation, audience-measurement data are useful to us. When properly evaluated and interpreted, they are helpful analytical tools. That is the way we regard them, and that is their role in our operations.

Thank you.

The CHAIRMAN. I notice you have an appendix to your statement with reference to your 1962 payments to rating services.

Mr. WERNER. Yes, sir.

The CHAIRMAN. You intended that to become part of your statement, did you not?

Mr. WERNER. Yes; I did, sir.

The CHAIRMAN. That will be received in the record as part of your statement.

(The document referred to is as follows:)

NATIONAL BROADCASTING Co., RESEARCH DEPARTMENT

Payment to rating service companies on behalf of the NBC television network, 1962

Nielsen-----	\$285,000
ARB-----	39,000
Trendex-----	2,500
Pulse (product usage study)-----	3,000
TvQ-----	13,000
Total-----	342,500

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

Referring to the amount that you pay out for these rating services, is there any particular reason why you use one over the other?

Mr. WERNER. I think I can answer that question myself. We feel that the most effective audience-measurement service that we have is Nielsen.

Mr. ROGERS of Florida. Why?

Mr. WERNER. From the program department's position, we feel that the research information as developed for us by Nielsen and then analyzed for us by our own research department gives more of a qualitative as well as a quantitative analysis and we find it more useful within the program department. For deeper thinking on it, Dr. Coffin could enlarge on it if you like.

Mr. ROGERS of Florida (presiding). I think it might be helpful just for a minute. You say you have a research department that considers this information given to you by the rating services?

Mr. WERNER. Yes; we do.

Mr. ROGERS of Florida. What personnel are devoted to this?

Mr. WERNER. Dr. Thomas Coffin, the head of the research department, is here on my left. While I do not know the total numbers, I

think they spend a large amount of money, in excess of half a million dollars a year. Dr. Coffin can give you the numbers, if you like.

Mr. COFFIN. I am Thomas Coffin, director of research for NBC.

We have a research staff of 32 persons. We have a total research expenditure, as Mr. Werner indicated, of well over a half million dollars per year.

Mr. ROGERS of Florida. Is this confined to rating services, programs rated, or research?

Mr. COFFIN. Not entirely. A rough approximation would be about two-thirds on ratings research and about one-third on other than rating research—other types of research.

Mr. ROGERS of Florida. What types of research do you carry out on ratings?

Mr. COFFIN. Sir, the breakdown of that is given here. The principal component would be the Nielsen service and we have included in here the analysis of data that they do for us.

Mr. ROGERS of Florida. What factors make, in your mind, Nielsen a better service than, say, Pulse?

Mr. COFFIN. Qualitatively, it would be my judgment that the service is superior in its methodology. From the standpoint of the use to which we put the data, they provide a great deal more richness, a great deal wider variety of information which, therefore, we can use in a great deal more analytical development of the information than would be the case in the other services.

Mr. ROGERS of Florida. Could this be obtained from the other services if you requested it?

Mr. COFFIN. Not in as great detail, principally because of methodology, the fact that Nielsen uses a greater panel, for instance, and time given to these people.

Mr. ROGERS of Florida. Could you give us the differences in methodology that are important?

Mr. COFFIN. The important difference, basically, is that Nielsen uses a meter which is attached to all the sets.

Mr. ROGERS of Florida. A meter?

Mr. COFFIN. Yes; an electronic recorder, which records on motion picture film when the television set, each one in the house is attached to this, when the television set is in use and which channel it is tuned to.

Mr. ROGERS of Florida. How many sets are used?

Mr. WERNER. There is a nationwide sample of about 1,100 homes which have an Audimeter in them. In the home, all sets are attached to the meter and recorded on it.

Mr. ROGERS of Florida. What does Pulse do?

Mr. COFFIN. Pulse uses a personal interview technique. They send persons around to talk to people in their homes and ask on a recall basis, "What were you watching some hours ago?" As an aid to this they show a roster, as they call it, of what programs were on those periods, and ask, "What programs were you watching then?"

Mr. ROGERS of Florida. I see. Do any other services use a different method than the two you have just described?

Mr. COFFIN. Yes; another common method is what is called the telephone sample, which is commonly done in terms of calling a sample of persons listed in the telephone book to ask them, "Was the set on when

the telephone rang? What channel was it turned to; who was watching?"

Mr. ROGERS of Florida. The Nielsen selection is 1,100—I guess you have gone into the selection of the families used?

Mr. COFFIN. Within the limits we are able to, yes; but we have not had access to all their information.

Mr. ROGERS of Florida. You say they go back to the same families?

Mr. COFFIN. They use the same homes in this panel for quite a long period of time, yes.

Mr. ROGERS of Florida. How long would you estimate?

Mr. COFFIN. There is a regular turnover process in that some of the homes drop out of the panel and are replaced with new homes, but on the average, a particular home would probably stay in the panel as long as some years, possibly.

Mr. ROGERS of Florida. A number of years?

Mr. COFFIN. Yes.

Mr. ROGERS of Florida. They represent all economic strata, I presume?

Mr. COFFIN. The Nielsen sample attempts to get a good geographic representation of all the economic strata, and so on.

Mr. ROGERS of Florida. I understand that some have been in since 1947, some in the same panel; would that be possible?

Mr. COFFIN. That could be possible, yes. I would think a minority, but it could be possible.

Mr. ROGERS of Florida. Do you, yourself, do any actual direct research with families using television as to ratings?

Mr. COFFIN. Not as to ratings as such. We do other, as I indicated, other sorts of research, often having to do with audiences' feelings about programs, but not in the sense of ratings.

Mr. ROGERS of Florida. You do not actually go out and spot check yourself to see if maybe this Nielsen rating is correct?

Mr. COFFIN. No.

What we would do would be rather, from time to time, we might commission another special rating from a different service, as was indicated in Mr. Werner's statement. For example, an overnight Arbitron or a Trendex rating.

Mr. YOUNGER. Would the gentleman yield on that point?

Mr. ROGERS of Florida. Yes.

Mr. YOUNGER. Do letters you receive from the listeners have any influence at all with your research department?

Mr. COFFIN. They are taken into consideration within NBC as a company, or a network, but it is not a part of the research operation.

Mr. YOUNGER. Do they have influence on whether they coincide with the Nielsen report to whether a majority of letters which come in are favorable or unfavorable to a program?

Mr. COFFIN. Not a great deal of bearing.

Mr. YOUNGER. That is all.

Mr. ROGERS of Florida. Do you know if your studies or the information you get from Nielsen indicate that people whom they say they have been testing since 1947 are still watching television? Maybe they have gotten tired of it if they have been watching television since 1947.

Mr. COFFIN. This is a consideration to which we have given thought.

For example, Nielsen does not make use of the records from the given home until they have been on the Audimeter for several months, in order to let them get accustomed to it. After that period, it is felt that the homes get so they pay relatively little attention to this, because it does not demand anything of them in the way of recording what their viewing is, as some of the other methods would.

Mr. ROGERS of Florida. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN (presiding). Mr. Springer?

Mr. SPRINGER. Mr. Werner, is anybody from your advertising department here?

Mr. WERNER. Anybody from our advertising department? From our sales department.

Mr. SPRINGER. Yes, sir.

Mr. WERNER. No one is here from our sales department, but I think I can answer that question.

Mr. SPRINGER. You take a program like "Bonanza." Who is the advertiser on "Bonanza"?

Mr. WERNER. The current advertiser on "Bonanza" is the Chevrolet division of General Motors.

Mr. SPRINGER. When did you start that contract with Chevrolet?

Mr. WERNER. I believe this is Chevrolet's third year. They are in their second season now and this is the middle of their second season.

Mr. SPRINGER. With "Bonanza"?

Mr. WERNER. With "Bonanza"; yes, sir.

Mr. SPRINGER. Suppose tomorrow that Chevrolet should withdraw from "Bonanza," you probably would then offer that to somebody—Ford, Lux, Lucky Strike, Old Gold. I would assume that they probably did not know too much about "Bonanza," except someone has seen it. When you sit down across the table to talk with Lucky Strike about "Bonanza" what would you say to them with reference to the program?

Mr. WERNER. Taking that hypothetical situation, whatever we would tell them, they would undoubtedly know, because as advertising agencies, they have somewhat the same information that we have as to what its audience level seems to be and its performance. They would probably also know, as we did, how effective commercials seem to have been in this program because they have done a wonderful job for advertisers ever since they entered "Bonanza."

We would discuss with them the advisability of purchasing 9 to 10 on Sunday night as one of the, if not the best time periods in television, one of the best viewing time periods in television because of the available audience, the sets in use, the all-family structure of the audience, the performance of "Bonanza" ever since it started on the air on Saturday night at 7:30 and what we think from the program department is its long-term possibilities for continuing as a successful program.

Mr. SPRINGER. What do you mean by its performance?

Mr. WERNER. Its performance both for the network as a recruiter of audience—

Mr. SPRINGER. Who are you going to rely on to inform them as to its power as a recruiter of audience?

Mr. WERNER. We rely in the case of "Bonanza" on its track record from the data we have on hand, and on Nielsen. And its share of the audience.

Mr. SPRINGER. If you are going to sell any program to any advertiser, the first and big and only thing they are going to want to know is, outside of is it a good program, how many people have their sets turned on between 9 and 10 o'clock on Sunday night; isn't that right?

Mr. WERNER. I think the first thing they would ask, other than their general knowledge of the performance of the program, quality-wise, is would the same people be in it, would the same people be behind it, would the same producers be behind it, would they do the program?

I think the other important point would be what do we project as the possible share of audience for "Bonanza"? They will have done their own figuring based on some of the same material that we have, as will have their agency. And when you are projecting futures, it is just anybody's guess as to what the future will be, based on what knowledge you have.

Mr. SPRINGER. All right. But it is based upon somebody's estimate of how many sets are turned on on Sunday night and how many out of those sets that are turned on are watching "Bonanza."

Isn't that the crux of the problem?

Mr. WERNER. That is correct, Mr. Springer, adding one more thing, which is, we do not know—if we know at that time what our competition will be for the following season, this might change our projections, but it is, as you say, based on sets in use and available audience.

Mr. SPRINGER. And the probabilities are that General Motors goes to the same sources that you do, Nielsen, to get their information, don't they? If it is for sale to you, I assume it is probably for sale to them?

Mr. WERNER. I cannot speak for General Motors; but I would indicate that they would undoubtedly subscribe to the Nielsen service, as does their advertising agency.

Mr. SPRINGER. All right.

"Bonanza" has a high rating on Nielsen's index, does it not?

Mr. WERNER. That is correct.

Mr. SPRINGER. One of the highest?

Mr. WERNER. That is correct.

Mr. SPRINGER. Would your charge be the same if you moved Walt Disney up to that hour?

Mr. WERNER. I have to answer that by defining "charge." There are two things that are sold to the advertiser. There is the time which is a constant figure, as published in our rate card. Then there is the program. To say that one would charge the same for one program as another would have a lot to do with what the program cost us, because all programs do not cost us the same amount.

Mr. SPRINGER. Assume they cost the same: Are you going to charge the producer the same for "Walt Disney" that you are going to charge him for "Bonanza"?

Mr. WERNER. Well, let's see if I can try to answer that. If we move "Walt Disney" to 9 o'clock on Sunday night, and we paid the same for "Walt Disney" as we pay for "Bonanza," would we charge the same? I would say probably it would be very much in the same area.

Mr. SPRINGER. Mr. Werner, as a matter of fact, if "Walt Disney" did not get all the people viewing that "Bonanza" has, you could not possibly charge the same as you do for "Bonanza."

Mr. WERNER. But we would not know that at the time we made the decision.

Mr. SPRINGER. But that is what you are paying the \$230,000 for, for someone to tell you how many people are watching "Bonanza" tonight and then to project it ahead for the coming year to know how many people are going to be watching "Bonanza" in 1963.

Mr. WERNER. We use the ratings as you have generally stated, but the first thing we would have to point out to you is we would never put "Walt Disney" at 9 o'clock, because automatically, in our own judgment, we know that because there are a lot of children, whom we know from past experience are watching "Walt Disney," who aren't going to be in the audience.

Mr. SPRINGER. I am just a layman. But I have had some experience with TV in an election year. I am, in my small way, doing it the same way General Motors must be doing. I went to three TV stations and the simple thing I asked them is, how many people are watching at this 5-minute period in the day. They tell me. I say, "Where do you get that?" and they say, "We got it from the ratings," and they pulled the book out and there it was.

I did not know anything else, so I took it.

The 5-minute periods that had the greatest audience, which is what I wanted, I paid considerably more for than the 5-minute periods where the ratings indicated the audience was quite low.

Mr. WERNER. That could not happen if you were buying time from a network because our rates are prescribed for time periods. The program itself is what may generate more audience and subsequently change the cost of that program, because the cost of that program may go up. But the time charges are specified.

Mr. SPRINGER. But you charge more for "Bonanza" than you do for some other program on prime time, don't you?

Mr. WERNER. I could say we charge more for some other programs than we do for "Bonanza."

Mr. SPRINGER. But you are not charging any more for other programs than "Bonanza" who draw substantially less people on TV, do you?

Mr. WERNER. I cannot answer that directly, because I really do not know, but if I may go back for just a moment—we pay so much for a program. That is the first thing we buy. When we resell that program, it has escalation clauses in it so that the advertiser will know what his or her costs will be as each year goes on. There are programs on NBC that cost more than "Bonanza," yes, there are, now that I think of it.

Mr. SPRINGER. I would suspect that there are. You have not many people in "Bonanza." Do you have Mitch Miller?

Mr. WERNER. Yes; we do.

Mr. SPRINGER. You probably have at least five stars every time Mitch Miller is on, that I see. You have the Uggams girl, Mitch Miller and two or three others. In the lineup at the end there are at least 5 people in the front row and I assume you have 40 people. The

cost of that is going to be more than producing "Bonanza," which has no more than six or seven people in it.

Mr. WERNER. There are quite a few more than six or seven people. The people on Mitch Miller's show are not actually stars.

They have become very important people because they are on quite often and you watch them all the time. I am sure you did not know them before you began to watch the Mitch Miller show.

To know the cost of Mitch Miller, I would have to go to the front office.

But to sell a program before it goes on the air, we specify a price and the advertiser has options to continue. During the term of that contract, regardless of whether the rating goes up or down and if we continue the program and the advertiser stays with us, the cost of that program does not fluctuate to the advertiser other than as specified by contract.

Mr. SPRINGER. Mr. Werner, name me two programs now that will not appear on next fall's program that you have already decided. Is that for public information?

Mr. WERNER. Yes. On next year's, a program called "Saints and Sinners" will not appear and a program called "Don't Call Me Charlie" will not appear.

Mr. SPRINGER. I do not know anything about "Charlie," but let's go to "Saints and Sinners." I know about "Saints and Sinners"; why are you taking it off?

Mr. WERNER. Because it was an audience failure.

Mr. SPRINGER. How did you find out it was an audience failure?

Mr. WERNER. By the trend as shown to us over a substantial period of time by our Nielsen surveys.

Mr. SPRINGER. By ratings?

Mr. WERNER. Right.

Mr. SPRINGER. After getting through all this examination, Mr. Werner, I come to this as the crux. Suppose that in the course of this committee's hearings, we should show that Nielsen does not always do what it says it does, how great reliance would you place on Nielsen then?

Mr. WERNER. If you were to show that Nielsen does not do as it says it does, which in fact would then make the material we have subject to enormous question, I would then personally be very concerned and I think our research department would be working overtime to figure out what steps, if any, could be taken at that point.

Mr. SPRINGER. Mr. Werner, suppose that as a result of these hearings—I do not know what the chairman and the rest of this committee is going to want to do—suppose that in order to have some kind of supervision in the public interest to lend confidence, that we were to pass some law making it necessary for rating services which rate TV and radio to be registered or to be licensed with the Federal Communications Commission?

Mr. WERNER. My own immediate reaction to that would be that to the best of our knowledge, and having worked with the Nielsen Co. for a great number of years and other companies, they seem to be very responsible people, and that we are not within the network structure concerned with their responsibility or their reliability as organizations, while we are concerned with increasing new trends in methodology to improve.

I would think that, as in any other private enterprise, they should have the ability to work out their own problems should there be any that exist.

Mr. SPRINGER. You have mentioned here and you have used these words, I believe, "An individual rating figure usually means very little to us."

Mr. WERNER. That is correct.

Mr. SPRINGER. Now, has not the testimony you have just given here in the case of "Bonanza" and every other program you have been talking about meant either a success or a failure depending on what the rating was?

Mr. WERNER. Not an individual rating. An individual rating, if I may cite an example for you, is that when a program begins on its opening night at the beginning of the season, the rating it gets is interesting, but really does not mean a great deal, because a great deal of sampling has gone on that night because it is something new.

Over the first 4 or 5 weeks, you watch the rating carefully, because as the various shares of audience come in, they may have competing programs starting different weeks than we did.

The only value the rating share of audience has is when it comes over a period of time, when it settles down to normal viewing.

Mr. SPRINGER. That is perfectly normal, but still when you get back to that, you are back at ratings.

Mr. WERNER. Not an individual rating.

Mr. SPRINGER. Not an individual rating? You are separating it from all the rest of the programs, right?

Mr. WERNER. Let me clarify it. When I say an individual rating, I mean a rating from any Tuesday night of the "Dick Powell Show." That individual rating is meaningless to me. It is only valuable in context with a string of weeks or months to see how this program is performing.

You will find quite often that a share of audience will drop substantially one night with a program because of different competition on one night.

Mr. SPRINGER. Well, is it not a fact that the ratings of Nielsen come from the same homes?

Nielsen ratings come from exactly the same homes?

Mr. WERNER. I do not think that really, though, is related, because those same homes may perform differently one night than another night and we will find that out.

Mr. SPRINGER. But still, when you get to the end of it, even if it is the same homes, you are using the rating as an indication of the percentage of the audience watching "Bonanza" on Sunday night, the percentage of the audience?

Mr. WERNER. We are certainly using a Nielsen, but not an individual rating.

Mr. SPRINGER. I think we are engaged a little in semantics there.

But since you have said ratings, you do use them. The part that no one on this committee is convinced of yet, is, that there is very little substantially that you take observation of other than ratings. You just name me one, two, three, four, five—the things other than ratings which you use in determining whether or not you are going to retain a program on NBC.

Mr. WERNER. In relation to retaining of a program on NBC?

Mr. SPRINGER. Retaining or putting one on. I said retaining because you have ratings already.

Mr. WERNER. The category of a program and what our basic objection for that program is the most important. For example, we mentioned "Saints and Sinners" a moment ago. When that program was put on the air, it was designed to reach mass audiences, sold to advertisers on that basis, and programed in a very high, in-use time period. That program did not live up to its objective at all. As a matter of fact, it performed probably as badly as anything has on our network.

Mr. SPRINGER. Did you say that is the purpose of the program?

Mr. WERNER. The purpose of the program was to achieve mass audience.

Mr. SPRINGER. The purpose—this is another thing besides ratings?

Mr. WERNER. The objective of the program.

Mr. SPRINGER. In order to determine that, you had to find out what the rating was?

Mr. WERNER. That is correct.

Mr. SPRINGER. Because this is a question of mass appeal, right?

Mr. WERNER. Right.

Mr. SPRINGER. Go on to your second one.

Mr. WERNER. Another, exactly the opposite case, where the main objective was to have a program that we felt was important in our schedule for the balance that we always try to maintain at NBC, would be the "Bell Telephone Hour." The rating of that program is of secondary importance to both us and to the advertiser.

Mr. SPRINGER. Now, why?

Mr. WERNER. For two reasons. One, as broadcasters, we try to have a schedule that contains some measure of stability in various kinds of programing. The "Bell Telephone Hour," to us, is a program that has been on NBC for some time, is an important addition to the schedule, and the advertiser and the network realize that, regardless of what time period it is in, it will reach its group of people and therefore, we do not register concern whether its rating is high or not, because that was not our objective or our purpose.

Mr. SPRINGER. Is its rating high?

Mr. WERNER. No; by comparative standards, it is not.

Mr. SPRINGER. In that class of program, though, it is at the very highest, isn't it? Comparable with Firestone?

Mr. WERNER. I think—

Mr. SPRINGER. It is classed at the very peak with "Firestone Hour." In the cultural program, on music, it is at the very peak?

Mr. WERNER. I cannot answer that, because I do not have the ratings. But I would think its rating would be higher than Firestone.

Mr. SPRINGER. They are up there in the same category. But still it has an excellent rating. I got your point, that you put this on because you want to have balance of programing. Now let's go ahead to the third one.

Mr. WERNER. That is correct.

Well, take the "Du Pont Show of the Week" which is on Sunday night at 10 o'clock. NBC feels strongly that live drama, contem-

porary drama, is an important segment that should be included in our schedule.

Here we are after quality contemporary drama by the best performers and writers available to television. Here the advertiser is happy if his rating is better, but the objective is not to be in the top 10, because we know we will not be.

Mr. SPRINGER. Let's go to another point there. In that particular program, who is your advertiser?

Mr. WERNER. The Du Pont Co.

Mr. SPRINGER. What are they attempting to do?

Mr. WERNER. They have a variety of objectives. As you know, the Du Pont Co. is a rather big company that has a number of different divisions, and depending on the objective of each division, which may be the antifreeze division or may be—I cannot think of their trade name—this is an embarrassing thing—but their synthetic fiber division, or whether it be their corporate structure, talking about the Du Pont Co. as a whole—they may all have different objectives.

Mr. SPRINGER. One of the things they are appealing to is an economic group in a certain class, aren't they?

Tremendously?

Mr. WERNER. Each division may have its own objectives.

Mr. SPRINGER. But it gets that advertiser that purpose, they are getting the people they want. But we are talking about who they are. We are talking about an economic group they are talking to, at a very high level.

You are finding that out and they are finding that out through ratings?

Mr. WERNER. Through qualitative ratings, yes.

Mr. SPRINGER. And is this why you have that selective kind of program that they are attempting to reach?

Mr. WERNER. That is correct.

Mr. SPRINGER. Do you have another one?

Mr. WERNER. In the news and documentary field, we have individual programs by Chet Huntley and David Brinkley that reach less than maximum audiences, but are a regular part of our schedule, again because we feel that this is an important segment within our basic overall structure.

Mr. SPRINGER. This is still back at the news level, and I will admit you are all doing that, without regard, probably, to ratings, although you certainly look to see whether Chet Huntley competes with the fellow at CBS, don't you, at the same time?

Mr. WERNER. No; I am not talking about the "Huntley News Report." I am talking about the special Chet Huntley weekly show. This brings back a whole area of a different kind of program.

Mr. SPRINGER. Are you through with the number of points you wanted to make?

Mr. WERNER. I can make a great many more, if you like.

Mr. SPRINGER. All of these, though, Mr. Werner, come back to the same thing—you are either trying to get a mass appeal or you are trying to appeal to a certain economic group. But in the overall picture, you are trying to bring as many people as you possibly can to the feeling that NBC has good programing, aren't you?

Mr. WERNER. That is correct.

Mr. SPRINGER. And you are attempting to get the biggest part of the audience, aren't you?

Mr. WERNER. I would think the maximum objective would be, of course, to get as large an audience as we can but not in any way sacrifice our overall schedule to do it. In other words, if by taking off the "Du Pont Show of the Week," for example, and putting in another show at 10 o'clock to follow the very high-rated "Bonanza," there would be no problem in selling that hour and putting in a program that would get a much higher rating than the Du Pont show. But that is the furthest thing from our mind.

Mr. SPRINGER. Actually, you are trying to get a balanced program, if you can, and still keep the mass of people you can to listen to your network, aren't you?

And you are trying to find out the economic group and the appeal, what that appeal is, through ratings?

Mr. WERNER. That is true.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. I have no questions.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. I have only one question.

Does NBC have any control, interest, or is it otherwise connected with any of the rating bureaus?

Mr. WERNER. No, sir.

Mr. YOUNGER. That is all.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. Mr. Werner, would you say that you are satisfied with the services which are being afforded to you by these rating services?

Mr. WERNER. I do not think I would use the word "satisfied," Mr. Brotzman. I would say that on the basis of our research department's analysis and on having viewed the rating trends over many years in television, I think that the ratings, in fact, do give a good indication of what audience trends may be, but that I certainly subscribe to, as does our research department in the network, to any improvements in methodology that can make our analysis more accurate, if that can be done.

Mr. BROTZMAN. I think your statement in your colloquy with Mr. Springer has been very helpful to me in understanding how you operate and the significance you give to your ratings. But now let's turn our attention to some of the ways that you believe these services could be improved to do a better job, shall we say, in helping you do your work.

When I say "you" I am talking about, of course, not only your top organizations, but your affiliates.

Mr. WERNER. I think I would like to break that into two areas, that question, if I may.

If you talk about us as the network and how it could be improved, I am not sufficiently schooled in the methodology of rating practices to offer any solutions or suggestions, although I believe Dr. Coffin has had many conversations and continues to have conversations along those lines. And he would be glad to answer that for you if you so like.

As to the stations themselves, my area of knowledge and activity is in the NBC television network and I personally have no connection

with the stations. So as to how they could improve the use of the ratings, I am afraid I am not qualified to answer that for you.

Would you like Dr. Coffin to answer that for you?

Mr. BROTZMAN. I am correct, I believe, in assuming that one of the affiliates may enter into a contract with one of the services, independent of what you may do?

Mr. WERNER. I think so; yes.

Mr. BROTZMAN. This is within their own prerogative?

Mr. WERNER. Yes, sir.

Mr. BROTZMAN. I would assume that they do this?

Mr. WERNER. Yes.

Mr. BROTZMAN. You make no top-level recommendations or state that they should follow the same pattern of hiring the rating services that you do?

Mr. WERNER. No, sir.

Mr. BROTZMAN. Now, I would like to direct your attention, and perhaps Dr. Coffin would like to testify in this area—to areas where there might be weaknesses and if you have opinions as to how they might be improved, I would like to hear from you also.

Mr. COFFIN. I would distinguish sharply between the national services and the local services. Our reliance at the network level is placed principally on the national service.

Mr. BROTZMAN. I am sorry; I could not hear that reply. Would you state it again or read it back?

Mr. COFFIN. Our reliance at the network level would be placed principally on the national service rather than the local services. It will be my judgment that the national service does serve its purposes reasonably well. It is a pretty good service—not completely satisfactory, but substantially so. And I think this was the conclusion that they, as a committee, came to also.

Mr. BROTZMAN. Doctor, I hate to interrupt, but could you project just a little bit more? I cannot hear your answers very well.

Mr. COFFIN. It would be my judgment that the national ratings, and in particular the Nielsens, are reasonably satisfactory for the purposes for which we use them. And I think this was also the conclusion of the ASA report as I read it.

However, distinguishing the national from the local rating services, I think the local rating services leave a great deal to be desired. These are not nearly as well developed, technique-wise; which also was, I think, consistent with the conclusion of ASA.

Mr. BROTZMAN. All right; let's talk briefly about the national, because I think this is an important distinction, is it not?

Mr. COFFIN. Yes.

Mr. BROTZMAN. Let's talk about the national services. What are your answers concerning the national aspects, as to how—

Mr. COFFIN. How it should be improved?

Mr. BROTZMAN. Yes.

Mr. COFFIN. I would say the principal point we would like to see improved in the Nielsen service is to bring its sample up to date. It is our feeling that the Nielsen sample has not been brought up to fully reflect the changes which have occurred in the population of the country over the last several years.

Mr. BROTZMAN. All right. Could we take that point right there?
Mr. COFFIN. Yes.

Mr. BROTZMAN. This might have been answered before, but I would like to get back to this figure of 1,100 homes.

Did I understand that to be stated in the prior testimony?

Mr. COFFIN. Yes; that is correct.

Mr. BROTZMAN. Does that mean that there are 1,100 homes with these particular devices in them?

Mr. COFFIN. That is right.

Mr. BROTZMAN. 1,100 throughout the whole country?

Mr. COFFIN. That is correct, sir.

Mr. BROTZMAN. I think this was brought up a moment ago, but I would like to pursue it a little further.

Did I also understand that some of the machines have been in the particular homes since 1946?

Mr. COFFIN. I would not know of my own knowledge how long it has been in a particular home but it is possible that several have been in for some years.

Mr. BROTZMAN. How many affiliates does your network have?

Mr. COFFIN. Some 200, roughly.

Mr. BROTZMAN. 200?

Mr. COFFIN. Right.

Mr. BROTZMAN. I think the last census showed we had about 185 or 186 million people in this country; isn't that correct?

Mr. COFFIN. That is correct, sir.

Mr. BROTZMAN. So what you are really saying is that this is a very infinitesimal part of the whole population of this country?

Mr. COFFIN. That is correct, sir; yes.

Mr. BROTZMAN. Now, how long have you been doing business with Nielsen?

Mr. COFFIN. Approximately since the mid-forties.

Mr. BROTZMAN. What number of homes were covered at that particular time?

Mr. COFFIN. Just about the same number; actually, about 1,200 homes at that point.

Mr. BROTZMAN. So there has been no change—you do not know how much the population has increased in that number of years, do you?

Mr. COFFIN. Oh, quite substantially. I do not know exactly, but I am certain it would be many millions of persons.

Mr. BROTZMAN. Does this not cause you a great deal of concern in placing reliance upon this particular sampling device?

Mr. COFFIN. Not in terms of the size of its sample as such, so much as in terms of the composition of the sample. The size of the sample required to properly reflect a population of 150 million is about—it is not significantly different from the size of the sample required to reflect 200 million persons, when you get up that high.

Mr. BROTZMAN. It would strike me that a change resulting from very few homes would have a great effect on the result that is reported to you in the rating; is that not correct?

Mr. COFFIN. That is true, and that is one reason, among others, that we do not regard a rating figure as being an exact measurement, which states precisely what the audience is.

We regard that as a level around which there is a range of variation, that the true figure might be somewhat higher or somewhat lower than that, in fact.

Mr. BROTZMAN. So, assuming that someone did want to rig or control these, they could by changing the result in a very few homes actually have a tremendous impact upon that particular rating?

Mr. COFFIN. It would be my guess they would have to change quite a number of homes because of this point that we do not base judgments on any single rating which comes out regarding some single evening, but rather over a period of time.

Mr. BROTZMAN. Well, yes; but if they had control of a few homes and could control it over a few evenings—I understand your point, I think. But you would have to have some constancy to the rigging, if I might say that.

Mr. COFFIN. It would have to be rather extensive, because the homes that would be watching the show this week would be different from the homes that watched it the previous week and who might watch it the following week. So the number watching this week does not represent the total of homes who will, over a period of time, be found watching this show.

Mr. BROTZMAN. But because of the size of the sample and the fact that over a period of time they have been in this same spot for a long period of time, it would not be so difficult to find out where they were, I suppose?

In other words, they might be accessible to somebody who might want to misuse them?

Mr. COFFIN. That is conceivable. I am sure the Nielsen Co. takes precautions against that. I, for example, do not know where they are.

Mr. BROTZMAN. It would also be true, I think, to make a quick mathematical computation, that it would take 10 or 11 homes to make 1 rating point difference. Isn't that correct?

Mr. COFFIN. That is correct. This is again one illustration of why we do not use or base judgments on any single figure which comes out, or why, wherever possible, we check the Nielsen figure against figures obtainable from other sources, where that is the case.

Mr. BROTZMAN. Well, now, do those in your position in the industry generally recognize this as a problem?

Mr. COFFIN. I do not quite understand your question, sir.

Mr. BROTZMAN. I mean you said that you recognize this to be a problem, the size of the sample. Have you heard others in your position at other networks say the same thing?

Mr. COFFIN. I beg your pardon if I conveyed the impression that I regard size of sample as important. I do not substantially regard that as a major problem.

What I was referring to was that the sample should be kept more up to date in the sense of reflecting the development of new homes as they are generated in the population, shifts in the population from one region of the country to another, and that sort of thing, rather than size.

Mr. BROTZMAN. I was going to get to this point. I know there is a great population shift. I happen to live out in the western part of

the country, and we are getting a lot of people out there. I do not know, but it seems to me that it would be important in order to accurately reflect what people are thinking about programs to recognize this growth.

Mr. COFFIN. I agree.

Mr. BROTZMAN. Taking your statement at face value, do others similar to you in the industry share the same concern?

Mr. COFFIN. The concern that the Nielsen sample should be more frequently updated?

Mr. BROTZMAN. Yes.

Mr. COFFIN. Yes; I think they do.

Mr. BROTZMAN. Have you made demands upon a particular agency to do this?

Mr. COFFIN. We have made demands upon Nielsen a number of times to do this, yes.

Mr. BROTZMAN. I would glean from your answer that nothing has been done?

Mr. COFFIN. They are in the process of doing it. We want them to do it faster.

Mr. BROTZMAN. In the process of doing it—are you alluding to the fact that they are going to update it as to the areas that are going to be covered?

Mr. COFFIN. I am really alluding to the fact that over the last several years they have progressively updated the sample and shortly they will be incorporating the base of a new sample which they have recently drawn, as soon as the 1960 census figures become available.

They started drawing a new sample which they will gradually be moving to and we would like to see them move to this new sample a little faster than they intend to move.

Mr. BROTZMAN. I would assume they intend to change it in that regard, but not as to size of sample?

Mr. COFFIN. That is correct.

Mr. BROTZMAN. There is no demand from you, at least, that they increase the size of the sample?

Mr. COFFIN. That is correct.

Mr. BROTZMAN. This is a weakness that you mentioned in regard to the national picture. Are there other national weaknesses, if I might put it that way?

Mr. COFFIN. There are others, but of relatively minor character. I would again agree with the ASA report that substantially it gives us figures of reasonable accuracy for the purposes for which it is used.

Mr. BROTZMAN. Let us just hit a few of those minor points, if you do not mind?

Mr. COFFIN. I would say probably the first one to consider is the homes who refuse to accept a meter when the sample is chosen and the fieldmen go out to try to get the meters placed.

Mr. BROTZMAN. How do they get these into the homes? Do you know how they do this?

Mr. COFFIN. Nielsen maintains a staff of field engineers who spend their time going around. After the sample is drawn, first, then they have to go to the home and say, "We would like to attach an Audi-

meter to your set. In compensation for this, we shall assume half the costs of the maintenance and your repair bills, your TV repair bills, and your responsibility or your job here will be to switch the rolls of tape every week or two—film—and every time you do that, you get a quarter or a 50-cent piece.”

Mr. BROTZMAN. I could not hear that. Every time you do that, you get a quarter or a 50-cent piece?

Mr. COFFIN. Right, and the problem is that not all homes agree to have this device attached to their television sets. This is the problem which we call that of “refusals.” They refuse to have this done. I would say that is probably our most important problem, after the updating of the sample. The fact that these people who then do not get into the sample may have different tastes and characteristics might affect the ratings.

Mr. BROTZMAN. That is going to be pretty hard to change, I would think, unless they give more than quarters or 50-cent pieces. That is not much of an incentive, if a person has to be walking around changing the tape in his house. It has to be more than that.

Mr. COFFIN. I would say, sir, the problem is deeper than that. In almost all kinds of surveys, and even in many censuses, one is never able to get replies from absolutely every member of the population or sample that he would like to get replies from. So we share that problem here.

Mr. BROTZMAN. Are there other minor problems that you could name at the national level?

Mr. COFFIN. Associated with this problem is that of the characteristics of the people who are then substituted for the people who cannot be persuaded to cooperate with Nielsen, and the question of whether they have accurately reflected the character of the portion of the sample not obtained.

Another problem, but less severe than this, is that, as with any mechanical device, the meter is subject to some failures once in a while, and the film which is mailed back to the Nielsen headquarters in Chicago sometimes is inadequate for making records on, the tape has to be discarded from some particular home for some particular day, so there is a loss of some degree from the ideal.

Mr. BROTZMAN. You mean if something is wrong with the mechanical device, you cannot read the particular result?

Mr. COFFIN. You cannot read that tape for that day from that home, yes.

Mr. BROTZMAN. That could be quite a major catastrophe as far as producing a particular result. If 11 homes had a failure out of 1,100, you have a pretty bad situation.

Mr. COFFIN. That is correct, sir, and since it could be, we have required of the Nielsen Co. that they each month send us a record of how many usable tapes had entered into that month's rating figures. Typically, the figure is on the order of 10 percent of the tapes. Any time the number of tapes falls below 90 percent, we call Nielsen in and have a meeting with them and try to find out what the trouble is and urge them to fix up the trouble.

Mr. BROTZMAN. Let us say that there was a 9-percent failure instead of 10, would you call them in?

Mr. COFFIN. Nine percent is about the normal or average level, judged from past experience over the years. We would not call them in at that point.

Mr. BROTZMAN. Well, arithmetically, counting the homes, back to our formula of 9 percent, it would be 99 homes, would it not?

Mr. COFFIN. Yes.

Mr. BROTZMAN. On the basis of 1 rating point to 11 homes?

Mr. COFFIN. It is probable that these failures of mechanical equipment and film are distributed relatively randomly throughout the sample. I see no great reason to believe that they would be concentrated in some particular type of home, necessarily. Therefore, it would be my expectation that this depresses the overall size across the board, rather than in some particular specialized area, so that the overall rating, I would think, would—

Mr. BROTZMAN. Do you know where they come from, these failures?

Mr. COFFIN. No, I do not.

Mr. BROTZMAN. If you have the 99 homes all in one area of the country, it would give you a pretty distorted figure of what the people in that particular area were actually thinking about, would it not?

Mr. COFFIN. That is true. I would think if as unlikely a happening as that were to come about, Nielsen would notify us of this, because that would make a difference.

Mr. BROTZMAN. So maybe that would be a major point rather than a minor?

Mr. COFFIN. Yes; if that came to pass, that would be major. I think that would be very infrequent.

Mr. BROTZMAN. Are there other minor points which you can tell me of?

Mr. ADAMS. I wonder if I could add this: I have discussed this with Dr. Coffin. Our research people have visited Nielsen and others of the rating services we have used, at their headquarters to examine their procedures and methods. We have not gone into the field to any extent to check on the actual implementation of the design of the research. That produces a rather unknown area to us. So in your questioning of Dr. Coffin as to whether there are other deficiencies, all I am trying to do is point to an area where there may be deficiencies with which we have not gotten experience or knowledge.

Mr. BROTZMAN. The real question I have, you can say this many different ways, is how much do you folks rely upon ratings? I have heard testimony from several people here, and it varies as to how they say it, I know that. Some say this is the lifeblood of the industry, or words to that effect. Some of them put it in different context, as you have here today. But it is a pretty vital thing, it seems to me, in your consideration.

Mr. ADAMS. In one way or another, audience measurement information is used extensively. In our case, it is used with some reserve and caution. If an audience measurement figure were to indicate 10 million homes viewing a program—and do not hold me to this figure, please, I am just using this as an example—we would look on it as an indication of between 7½ and 12 million homes.

I am saying we do not use the material literally as absolutes.

Mr. BROTZMAN. Now, taking this general statement, that they certainly have significance, we shall have to admit that, whether you call it market research or some other factor, they are important, and I can see how they are important to you in making judgments in several areas.

Now, in a very few minutes here, you have pointed up some places where there could be failures in the system. I think you would have to honestly admit that this is true.

Mr. ADAMS. Yes.

Mr. BROTZMAN. Because of the significance of the role these ratings play, my question now is, what are you doing to try to assure yourself of their validity and to try to improve upon it? What are you doing in this particular area? Would you think they are all right the way they are? This is what I am driving at.

Mr. ADAMS. We think they leave much to be desired. I think Dr. Coffin can deal in greater detail than I, as to what we have been doing about it. But we have suggested the same proposal that the Madow Committee suggested: an industry effort. Because it is not only broadcasters that use audience-measurement information, but advertisers and advertising agencies.

On that basis, we have proposed an all-industry effort of all users to establish some continuing methodological investigation which would seek, point by point, within the limits of these abilities, to improve the reliability of the services.

We have proposed to the Advertising Research Foundation, which is a major organization on a tripartite basis, in which advertisers, advertising agencies, and all media are represented, an effort along these lines. The ARF has appointed a committee to consider methods and feasibility, and that is the stage at which it is now within the industry.

Mr. BROTZMAN. We were talking a moment ago about the western part of the country. I do not want to belabor this point, but naturally, I am interested in the State of Colorado. Do you know if there is one of these devices in the State of Colorado?

Mr. COFFIN. For the national sample, there would not be. They leave out the mountain time zone.

Mr. BROTZMAN. So in my State, there is not one of these measuring devices in a home there. And my people have an interest in these programs; I know they do.

The CHAIRMAN. Would the gentleman yield?

Mr. BROTZMAN. Yes.

The CHAIRMAN. I have listened to a great deal of this discussion about these sampling devices. I have been waiting for something to come out. I think this would be a good time, if the gentleman will permit.

You say you, as an industry, know that there are 1,100 such devices?

Mr. COFFIN. To state precisely, we are told this. I have never seen them.

The CHAIRMAN. You are told by whom?

Mr. COFFIN. By the A. C. Nielsen Co.

The CHAIRMAN. And you rely on that as being correct?

Mr. COFFIN. I do.

The CHAIRMAN. Then you have answered questions which I think have been exceedingly well put here this morning in the development of this thing, as to the application of it. You seem to have a great deal of information about how they operate, the business of them, but then you say you do not know anything about them. I mean by that where they are located.

If that is the case, how do you know there is not one or more in Colorado?

Mr. COFFIN. Of my own knowledge, I do not know.

The CHAIRMAN. What?

Mr. COFFIN. Of my own knowledge, I do not know. I am told, and this has been true of the Nielsen service all these years, as I have been told.

The CHAIRMAN. Does the Nielsen service tell you there are so many in New York and not any in Colorado, so many in California and not any in Arkansas?

Mr. COFFIN. Those latter points about Arkansas and California, no, he does not tell us that, but about the mountain time zone, no, there are not.

The CHAIRMAN. None in the mountain time zone, but he does not mention States?

Mr. COFFIN. The mountain time zone is technically defined to include certain States.

The CHAIRMAN. He does not tell you how many are in New York?

Mr. COFFIN. I have an approximate understanding of how many are in New York, not of where they are.

The CHAIRMAN. Well, you have an approximate understanding, then, of how many of these 1,100 are in the East, how many in the South, and how many in the West, do you not?

Mr. COFFIN. I do not know how many of the meters as such are in each of those areas. I have been told, and I have not disbelieved, that the representation is approximately proportional to the population in each of these areas. That is the basis on which the assignments to various areas have been made.

The CHAIRMAN. Well, the point is, it is very interesting to me how much you do know about it, and then immediately after that, how little you know about it, and how much then, you depend on what was stated here yesterday, as the lifeblood of your industry.

Thank you, Mr. Brotzman.

Mr. BROTZMAN. Did you have anything further, Doctor, that you would like to state about these minor imperfections at the national level?

Mr. COFFIN. None that come to mind at the moment.

Mr. BROTZMAN. Now, a few paragraphs back, we were talking also about local level, if you will recall. Now, I wonder if we could draw upon your knowledge in this particular area and talk about the weaknesses, or shall we say areas that need improvement at the local level?

Mr. COFFIN. First, I should say that I am not as familiar with local details as with the national, because we do not use them very extensively. In fact, they just have a supplementary function only.

In the local—are we now referring to local Nielsen specifically, or local ratings in general?

Mr. BROTZMAN. Let us take it from the general, if you do not mind.

Mr. COFFIN. In general, then, local ratings use different methodologies than are used on the national level by Nielsen. The principal method used by local rating services in television is the diary, and a great many of the problems, then, I think, stem from the fact that the diary does now require human cooperation, human memory, and requires people to enter what they did, what viewing they did, and these are all points at which the human being may fall short, and therefore introduce imperfections.

Mr. BROTZMAN. The diary could?

Mr. COFFIN. The diary, yes. This is one of the reasons why we prefer the meter, feeling it is somewhat more objective and more free from human error.

Mr. BROTZMAN. Just quickly, could you explain to me how the diary system operates?

Mr. COFFIN. Basically, a sample is drawn from telephone directories, and those people are then called on the telephone and asked to keep a diary for the subsequent week. If they agree, the diary is sent to them and the method of handling it is that there is a single diary for each television set and the family is supposed to write into the diary what programs they watched at what times during that week.

Mr. BROTZMAN. Are they compensated for doing that?

Mr. COFFIN. Not normally; no.

Mr. BROTZMAN. Is it a voluntary effort on their part?

Mr. COFFIN. There is a different way between the different services. I believe the Nielsen service does and the local ARB does not.

Mr. BROTZMAN. So in local areas, there is no incentive, and I guess people do not care much what they put down. If they have no incentive, they do not take the time to put it down carefully.

Mr. COFFIN. I think that is true in an immediate sense, except that we find in market research in general, most people tend to be cooperative. They sense that the person doing the research has a need, and being reasonably agreeable, they cooperate with us. But not entirely, of course.

Mr. BROTZMAN. All right, now, that is one of the problems, generally speaking. Are there others?

Mr. COFFIN. That leads to several other problems such as, again, the same problem we have in any survey of any sort, the degree of cooperation. There is a considerable proportion of people who do not either accept the diary in the first place, or who do not complete the filling out of it and sending it back in. In the case of a diary, this is obviously a problem, because people have to fill it out for the whole week.

Another problem, of course, is that the source of the sample tends to be telephone directories, which confines itself to the telephone-listed population.

A problem in the diary is the concern we have over whether people fill out the diary record at the time that the viewing is actually done. Perhaps they let it go to the end of the day, or something like that.

Another concern, analogous to that, would be whether the person who did the viewing fills it out or whether somebody else fills it out in the household, asks them, and then puts down what they said.

The problem of, even if they can keep the diary, do they get it back into the office, the central headquarters, and does it get there in time to be tabulated for the report, is there, too.

Mr. BROTZMAN. It is not really too scientific, is it? That is a relative term, but it is not really very scientific?

Mr. COFFIN. It is an approach which has tried to build a service that will have utility to us, but not have ultra-accuracy, I would agree with that.

Mr. BROTZMAN. Do we have a problem here, the same problem we talked about before, relative to size of sample as related to accuracy?

Mr. COFFIN. Normally, the diary samples tend to be somewhat larger than the meter samples. With respect to size, and this would apply to any of the rating services, I would obviously be happy to have larger samples, but it would be my judgment that the diary sample is large enough for the ratings.

Now, however, when it comes to breaking the diary reports down into fine detail about just how many of what kind of persons were watching: there, I think, the sample size problem becomes very acute.

Mr. BROTZMAN. Are there any others you would like to mention? Defects at the local level?

Mr. COFFIN. The problem of correct identification of channel and program comes up in the case of the diary, which is more automatically taken care of in the case of the meter. Likewise, we concern ourselves over the point that there may be some biases entering into the question of just what program a person notes down. There may be some kinds of programs, for example, which suffer from what we call prestige bias. Too many people want to claim that they have watched programs which have a high value in people's eyes—a news program, for example—and not enough people are willing to admit that they watched programs which are socially less well regarded; the same kind of problem that we have in other research, in which everybody wants to claim they read the New York Times and nobody will admit that they read True Confessions. This is always a problem when you are working on the basis of reports.

Mr. BROTZMAN. Thank you very much.

The CHAIRMAN. Mr. Howze, do you or Mr. Sparger have questions?

Mr. HOWZE. I would defer to Mr. Sparger.

Mr. SPARGER. How long has the present Nielsen national sample been in effect? Do you have any knowledge about this?

Mr. COFFIN. That is a difficult thing to say because of the fact that the sample turns over continually.

Mr. SPARGER. How long has the basic sample been in effect, and I might ask you to expound, have you been advised by Nielsen that the homes remain the same, even though the family changes?

Mr. COFFIN. The sample consists of the homes, so I do not see how—

Mr. SPARGER. Has Nielsen told you that the family changes, but that the sample homes remain the same whenever possible?

Mr. COFFIN. Perhaps you refer to the point that if a family living in a given dwelling unit should move from that dwelling unit and another family move in, then Nielsen attempts to persuade that other family to accept the application of the Audimeter to their set?

Mr. SPARGER. Yes.

Mr. COFFIN. Yes; that is correct.

Mr. SPARGER. How long has the same sample been in effect, basically?

Mr. COFFIN. I do not know how to answer that, because of the fact that it turns over and I would have difficulty in picking an average figure. But would presume it to be on the order of some years.

Mr. SPARGER. Has Nielsen told you that the same sample was designed in 1947 that they are using today?

Mr. COFFIN. It is not my understanding that the sample currently in use today is the same sample drawn in 1947.

Mr. SPARGER. Let me ask you this, sir: Since you have not gone in and seen the homes, what other things are important? You said sample size is not significant if the other criteria are met. What would these other criteria be?

Mr. COFFIN. Representativeness is the principal criterion.

Mr. SPARGER. In other words, the sample design itself would probably be the most important factor?

Mr. COFFIN. Right.

Mr. SPARGER. Since you have not been able to go out and check the sample, has NBC made a study or has it evaluated the sample design of the Nielsen Co., the method they used in drawing their sample?

Mr. COFFIN. In general, but not in particular. In general a probability sample is regarded as the best kind of sample, and we have general representations from Nielsen as to the steps that they take in drawing this. But we have not verified those steps by observing them taking those steps.

Mr. SPARGER. Did they provide you with a small brown book which is entitled "A Description of Broadcast Sampling Procedures?"

Mr. COFFIN. I do not remember it specifically, but I would presume yes.

Mr. SPARGER. Here is a Thermofax of this booklet, which is the same, with certain data extracted. Is this what you used in basically going through their sample and evaluating it?

Mr. COFFIN. I cannot recall as to whether I have ever seen this specifically and whether we have ever been provided with this. I simply do not know at this point.

Mr. SPARGER. Have they told you that they have 178 counties that are sampled on a certain basis?

Mr. COFFIN. Yes.

Mr. SPARGER. Have they told you there are 300 county clusters and that they select a sample county from each of these clusters?

Mr. COFFIN. I do not remember the precise numbers, but that is the kind of thing, yes.

The CHAIRMAN. I think you should let him have that.

Mr. SPARGER. He has it.

The CHAIRMAN. I know he has that down there, but he has not identified it. Let him have a copy of it and present it and see if he or anybody with him can identify it.

Mr. COFFIN. Can you tell me what date this was put out?

Mr. SPARGER. 1957.

Mr. COFFIN. It is possible that we have received this, but we do not recall having seen it.

Mr. SPARGER. Then starting from the first page, sir, where it says:
The first stage of the NRI and NTI sample,

Nielsen says that—

First we select 178 counties.

This is what they have told you?

Mr. COFFIN. Yes.

Mr. SPARGER. Then they say, a couple of lines down:

The remaining 2,892 counties are grouped into 300 clusters of counties.

Mr. COFFIN. That has been my understanding, again, not with respect to the 300, but this process.

Mr. SPARGER. Then it says:

Within each of the 300 county clusters, a single county was selected with the probability of this proportionate population size.

Is this what Nielsen has represented to you that they do?

Mr. COFFIN. Yes. I would say that that has been my understanding of the county selection.

Mr. SPARGER. That has been your understanding.

Then on the next page they show a map which outlines the county clusters. I will admit it is not very clear, as it is photostated. Is that how they have represented it to you?

Mr. COFFIN. I do not recall ever having seen such a map, myself.

Mr. SPARGER. Then next they select a sample county and they describe that the one sample county that they select in the cluster has a self-weighting feature, and so on.

Mr. COFFIN. May I just skim through this, please?

Mr. SPARGER. Yes.

Mr. COFFIN. Yes.

Mr. SPARGER. Is it your understanding from what this says here, and has been represented to you, that they select only one county in a sample cluster?

Mr. COFFIN. I cannot recall specific representations in that detail. It would be my understanding and impression that that is the normal procedure.

Mr. SPARGER. That is the way you understood it was represented, at least the way it was represented to you?

Mr. COFFIN. My recollection is not that precise as to how exactly they represented it.

Mr. SPARGER. Did you not, in fact, evaluate the way their sample is designed?

Mr. COFFIN. Yes.

Mr. SPARGER. Well, when you evaluated their sample design, was this information provided to you, or this type of information?

Mr. COFFIN. As I have said, I do not remember whether this specifically was. In general, yes. This type of information, and I would have found that kind of a statement acceptable.

Mr. SPARGER. To the best of your knowledge, you would say that they represented that they select one sample county from the sample cluster?

Mr. COFFIN. That would be my general impression, yes.

Mr. SPARGER. Then going back further in the book, they have a demonstration showing the sample, which we are not actually in-

terested in here. Then they say that they select within that county certain sample segments. It is on page 4—no, excuse me, that is the sampling materials used.

On page 5, they start on this. They say in the second paragraph that they are setting up a list of finite geographical areas of segments.

Is this what they have told you generally that they would do?

Mr. COFFIN. This would be my understanding of how they have done it. That would be the normal technique.

Mr. SPARGER. Then on page 7 they describe their selection of their system for selecting segments which would be in the sample. If you would like to skim briefly through that, I shall be happy to have you.

Mr. COFFIN. Yes.

Mr. SPARGER. Then on page 8—

The CHAIRMAN. What is your answer?

Mr. COFFIN. Yes, I have skimmed through it.

Mr. SPARGER. And this is the way it has been represented to you?

Mr. COFFIN. Yes.

The CHAIRMAN. Mr. Sparger, you are referring to something here that—

Mr. SPARGER. I am going to ask that it be included in the record.

The CHAIRMAN. This, whatever you have, has not been identified and I think as a matter of procedure, if you are going to refer to something which you have before you, somebody had better identify it, at least so we shall know that it is authentic.

Mr. SPARGER. This was provided to the committee staff by the A. C. Nielsen Co., and it was represented to the staff that this was their description of their sampling procedures for determining their national samples for their Radio Index and the Nielsen Television Index.

The CHAIRMAN. And it is authentic?

Mr. SPARGER. It is the document which was given to us by the A. C. Nielsen Co., yes, sir.

The CHAIRMAN. All right.

Mr. SPARGER. Then would you say from this, sir, that they select an individual sample segment within the sample county to be the segment that they will use in their sample?

Mr. COFFIN. That would be my understanding.

Mr. SPARGER. Then on page 8, they begin to describe how they determine which household will be selected and put into the sample, and they say that they use not infrequently the entire city or town as the second stage of the field survey?

Mr. COFFIN. Yes, that is true, they do say that.

Mr. SPARGER. And this is as it has generally been represented to you?

Mr. COFFIN. That would be reasonable, yes.

Mr. SPARGER. Then on page 9, sir, they discuss the third stage, which is the actual selection of the household which will be the sample dwelling unit. And they say in the first paragraph:

We were endeavoring to locate only one sample home within each segment, except for those cases where new construction had increased the particular segment enough that it should be permitted to continue more than one home to the NRI-NTI sample.

Is this as it has been represented to you?

Mr. COFFIN. I find myself now a bit confused as between their former techniques and their coming techniques in their new sample.

In the new sample it had been my understanding that they were going to select more than one, they were going to select additional homes which could be used as replacements if the original home refused.

Mr. SPARGER. But basic homes are what we are discussing.

Mr. COFFIN. As basic homes, yes, sir.

Mr. SPARGER. This is as it has been represented to you?

Mr. COFFIN. Yes.

Mr. SPARGER. One other question, sir, relative to this: Would you say generally that this document, what you have looked at of it, is basically as Nielsen has represented their sample design to you?

Mr. COFFIN. Basically so, yes.

Mr. SPARGER. You have not evaluated this particular document, to your knowledge?

Mr. COFFIN. Not this particular document, to my knowledge.

Mr. SPARGER. Could you verify and supply for the record whether or not this document has been presented to you by the A. C. Nielsen Co. for this purpose?

Mr. COFFIN. Yes, sir.

[EDITORIAL NOTE.—The information supplied on this point by NBC was that their files did not show such a document, but that "NBC believes that the substance of the information contained in this document may well have been made known to the NBC personnel by the Nielsen Co."]

Mr. SPARGER. Mr. Werner, how long have you been with NBC, sir?

Mr. WERNER. I joined NBC in July of 1961. Prior to that, I was with NBC from approximately the middle of 1951 to the middle of 1957.

Mr. SPARGER. The statement which you presented to the committee relative to your use and the importance of ratings generally reflects the feelings of NBC for how long a period? Is this a new thing?

Mr. WERNER. No. I can speak specifically as to my use of the ratings from the middle of 1961 until the present, but I think that, generally, this reflects the general attitude of the National Broadcasting Co. in prior years.

Mr. SPARGER. Mr. Adams, you have been with NBC for a period. I believe, beginning in 1948?

Mr. ADAMS. 1947.

Mr. SPARGER. Would you say that the statement NBC has presented today generally reflects their attitude on the importance of use of ratings during this period?

Mr. ADAMS. I would say generally so, although we have been talking primarily here about national television ratings and the use of ratings and the analysis of ratings in that area would go back essentially to the beginning of television networks.

Mr. SPARGER. Yes, sir. In 1951, did not NBC come out with, in network radio, a guaranteed circulation plan?

Mr. ADAMS. I have a rather hazy memory, but let me speak to my memory.

I believe there was a period where an experimentation, which was rather significantly unsuccessful, was undertaken in connection with guaranteed ratings. Although my recollection is not precise on this, I think that experiment was never continued.

Mr. SPARGER. Yes, sir; but it was designed, was it not, for television originally?

Mr. ADAMS. That I do not know.

Mr. SPARGER. I have this question of Mr. Werner.

Does NBC presently have any guaranteed circulation contracts with any advertisers or agencies?

Mr. WERNER. No.

Mr. SPARGER. If you had a guaranteed circulation to an advertiser or to an agency, would you not, in effect, be using ratings to point out where you were down past a 10th of a rating point?

Mr. WERNER. That is a hypothetical question, of course, and I must again reiterate, we do not have any guaranteed circulation plans with any advertisers, nor do I project that we ever will. Therefore, to answer your question, I do not know if that would really be of any value.

Mr. SPARGER. Let me ask you this, Mr. Werner: If you make a decision to change a program from one time period to another and it is necessary to convince an advertising agency or an advertiser that this is a good change, would you present this on the same basis as your reasoning when you made the decision?

Mr. WERNER. Basically, yes.

Mr. SPARGER. Is Mr. Don Durgin still with you in that work?

Mr. WERNER. Yes.

Mr. SPARGER. In hearings before the Subcommittee to Investigate Juvenile Delinquency of the U.S. Senate Committee on the Judiciary, 87th Congress, 1st session, a letter was submitted from Mr. Don Durgin, who was at that time in charge of sales. The letter is dated December 3, 1959, to Doyle, Dane & Bernbach, Inc. That is an advertising agency; is it not, sir?

Mr. WERNER. That is correct.

Mr. SPARGER. They represented one company, and I understand William Esty was also involved. It was relative to the program, "The Man and the Challenge," its time period, and changing it with "The Deputy."

In this, it states that:

In moving from the 8:30-9 p.m. period to 9-9:30 p.m., "The Man and the Challenge" will have the advantage of 54 percent more adult viewers. As the following chart shows, the time periods' edge in sets in use begins with the considerably greater number of adults per set to provide the availability of more than 20 million additional adults.

Would you say this is basically the reason the change would have been made?

Mr. WERNER. I cannot address myself to that particular change, but I would think that the figures there that were presented by Mr. Durgin for making that change were drawn from the existing data that we have on the existing performance in that time period, and the long background of sets in use in that time period, and the background of what the audience composition would be. On that basis, it would seem to me that that is why those figures were pulled together.

Mr. SPARGER. Your research department compares figures on time period potential in situations such as this?

Mr. WERNER. Yes; they do.

Mr. SPARGER. The letter states only in relation to sets in use that Saturday, 8:30 to 9, has a sets-in-use figure of 63.8. Saturday 9 to 9:30 has a sets-in-use figure of 64.6. This question occurs to me, sir: You are recommending a change on the basis of less than one rating point; are you not, sir?

Mr. WERNER. Well, the first thing that comes to my mind, and again I am dealing in something that I do not have exact knowledge of, but if those sets-in-use figures were quoted and numbers then were projected from that, there may also be other things such as the lineup at 9 o'clock might have been different than that at 8:30, which might have allowed for further projection of more homes to get to those—I heard you say 20 million additional adults.

Mr. SPARGER. Yes, sir, but the time-period potential, as reflected in this letter from Mr. Durgin to Mr. Dane relates homes watching to sets in use, which must be related to sets in use. Sets in use, as I understand it, and you can correct me, is the combination of the rating points to reflect the number of homes that actually are viewing or listening in a specific period?

Mr. WERNER. That is right.

Mr. SPARGER. So if you are saying to an advertiser or its agency that you should make a change based on a difference between 63.8 rating points and 64.6 rating points, you are urging a decision based upon less than 1 rating point.

Mr. WERNER. We are urging a decision based on, very definitely, an estimate there; that is correct. And I am sure—

Mr. SPARGER. Well, it is an estimate of one rating point.

Mr. WERNER. That is correct.

Mr. SPARGER. So this decision, possibly, was made on the basis of one rating point—actually less.

Mr. WERNER. Again, speaking to a decision that I am not familiar with, I am sure—you are talking now of Don Durgin.

The CHAIRMAN. I think we are going to have to recess. The House is in session and I have been asked to come over there for the program we have today. I think it would be a good time to recess until 2 o'clock, since this is one of your on-the-record cases. Perhaps you can get familiar with it.

So we shall recess until 2 o'clock.

(Whereupon, at 12:15 p.m., the hearing recessed until 2 p.m., this same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. Sparger, you may proceed.

Mr. SPARGER. Mr. Werner, when the committee went into recess we were discussing the letter from Mr. Durgin to Mr. Joseph R. Dane, dated December 3, 1959.

We were discussing the fact that the sets-in-use figure from which projections are made on the time-period potential was a change of less than a rating point.

Mr. WERNER. That is right.

Mr. SPARGER. I also have a question relative to the adults per set. Isn't that a feature of the program, rather than the time period?

Mr. WERNER. I think that that could be a feature of the time period—at 9 there are more adults available than at 8:30. Also I think it could be a function of the program attraction at that time.

Mr. SPARGER. Well, to review briefly, then, you are actually making projections for the purposes of this decision, which is discussed in this letter, of changing a show on the basis of less than a rating point, are you not?

Mr. WERNER. Well, I think it is in conjunction with several other things.

First of all I would like to point out to you that this is not a decision, but a recommendation. That is the first point. And this was not acted upon because the agency decided they would prefer to stay where they were. This was also made in conjunction not only with the history of from January to June 1959, but a special tabulation of audience composition, giving us a 6-month history of this period.

In addition to that we had a special Trendex, I believe, and special TvQ information available to us. And in the letter we do state a combination of circumstances led us to believe that this would be more effective if we made the switch. The agency chose to disagree and the switch was never made.

Mr. SPARGER. You mentioned TvQ. In this case were you projecting, trying to get a projected audience rating on the basis of TvQ information?

Mr. WERNER. I think that on the basis of TvQ information, we were trying to find out at that point the appeal to younger people for one of these programs. And I believe TvQ, if I can refer to this letter just a moment—quoting the letter, it shows that “The Man and the Challenge” is especially strong with younger people.

Mr. SPARGER. Does TvQ feed a rating into the base of their data when they are going to project?

Mr. WERNER. No; I do not believe so.

Mr. SPARGER. Let me ask you this: On page 2 you refer to the Nielsen multinetwork “share of audience” and you refer under “The Deputy” show that as of October 31, 1959, NBC’s “Deputy” had 34 percent, on November 7 it had 26, and on November 14 it had 30 percent.

If you were going to convert this to a rating figure, assuming a sets in use level of approximately 50 percent or slightly higher, if you could use 50 percent, you would in fact be talking about a rating of 12 and a rating of 13 and a rating of 15; is that correct?

Mr. WERNER. I will turn to Dr. Coffin.

He says “Yes”; that would be correct.

Mr. SPARGER. There are similar situations under the CBS program and the ABC program—I think you would agree.

Mr. WERNER. Yes.

Mr. SPARGER. In this case you are saying that there is a 25-percent increase, and you are using the audience share in this case, in an instance where you are referring to three rating points; is that correct?

Mr. WERNER. Yes, yes; that is right.

Mr. SPARGER. Now, when you refer to three rating points with the Nielsen multinetwork area information that you are using, all of these would fall within statistical variance; would they not?

Mr. WERNER. That is correct.

Mr. SPARGER. So actually there is no significant difference between the 24-percent share and the 30-percent share? And the base which you are using for your judgment in this case, there really is no significant difference between these, is there?

Mr. WERNER. I think there is a somewhat significant difference. First of all, we are showing a very definite trend here as evidenced by the October 31, November 7, and November 14 rating. In addition to that, as I said a moment ago, there seem to be a combination of factors that made this out to be a desirable move on the part of NBC, other than just a share of audience.

Mr. SPARGER. Now, you say this is a trend. Does NBC as a matter of policy consider 3 weeks, three MNA reports, as a trend?

Mr. WERNER. As a matter of policy, 3 weeks is the beginning of the trend, whereas 1 week, as we stated previously in our testimony, does not really mean a great deal to us. And that when you start to see a regular trend, 24, 26, 30, although I do not have the figures past this, the trend may have continued.

Mr. SPARGER. Let me ask you this question, sir:

When a new show goes on to the network and it is decided that show will be canceled, is this normally in the first 13-week cycle?

Mr. WERNER. The decision or the cancellation?

Mr. SPARGER. The decision.

Mr. WERNER. Well, a decision to cancel a program can come about for different reasons, such as a trend in the first 13 weeks, or a change of competition or a change of audience structure.

Mr. SPARGER. Let me ask you about a specific program.

Mr. Kintner, in his speech before the affiliates, December 5, 1962, said:

In relation to the show "It's a Man's World," it did not succeed, it had one of the lowest station lineups of all our evening shows, and although it got good sampling from the audience in the initial episodes, the audience kept going down until it became our lowest rated evening show. The advertisers could not justify buying it. So that as of midseason it was going to be without sponsorship. After extending the life twice, hoping it might develop more response, we had to conclude that it was not satisfactory to the public, the stations, or the advertisers, and decided to drop it from the schedule.

Is this what substantially did, in fact, occur?

Mr. WERNER. That is substantially what did in fact occur.

Mr. SPARGER. When did this show go on the air and when was it first broadcast?

Mr. WERNER. I do not remember the exact date, but I would estimate that it was around the 17th of September. If that was a Monday night in September, I believe that was the date.

Mr. SPARGER. When did the show go off the air?

Mr. WERNER. The show went off the air—I believe its last broadcast was about the first of February—end of January.

Mr. SPARGER. The last week in January or the first week in February?

Mr. WERNER. Yes.

Mr. SPARGER. Now, sir, you have a contractual obligation of some sort when you purchase a program?

Mr. WERNER. That is right.

Mr. SPARGER. If you were going to purchase a replacement to go on the air the first of February, how much notice would you have to give a program syndicator or producer?

Mr. WERNER. Depending on the type of program that you would indicate that you were going to purchase—let's say another hour film show—I would say that if you did not give at least 90 days, you would be in serious trouble to meet your production dates. And that would be a minimum for doing a filmed program.

Mr. SPARGER. Did you replace "It's a Man's World" with a filmed program?

Mr. WERNER. We replaced "It's a Man's World" with a type of filmed program; namely, feature motion pictures.

Mr. SPARGER. Major feature motion pictures?

Mr. WERNER. That is right.

Mr. SPARGER. Let me go back a little further, sir. You have also a contractual obligation to the producer and to the packagers of a show to give them some notice that they will be canceled?

Mr. WERNER. That is correct; depending on how your contract is written. Or you may purchase a specified number of episodes from a supplier with the right to purchase more.

Mr. SPARGER. Right. And in that case, sir, would you have to give them notice as to whether you wanted to continue or not?

Mr. WERNER. That is right.

Mr. SPARGER. When would you have had to give that notice?

Mr. WERNER. I do not have the "Man's World" contract with me, but I remember that the original purchase on "Man's World" was for 13 episodes.

Now, in that 13-week period there was a date sometime before the expiration of that 13 weeks which would be considerably in advance, where we would have to advise them whether we were going to buy more episodes or not.

Mr. SPARGER. Well, this speech was made by Mr. Kintner on December 5. The show went on the air September 13. The decision evidently had been made prior to that date.

Mr. WERNER. Yes.

Mr. SPARGER. Could you clarify for us as to when that decision was made?

Mr. WERNER. If I had a calendar in front of me—well, maybe I can estimate.

First of all, we bought more than 13 episodes of "It's a Man's World," so that whatever our contractual date was to notify for additional episodes, we did in fact buy more episodes of "It's a Man's World."

I believe we bought, and I cannot make this a statement of fact, but I think it is accurate that we bought 3 more, to a total of 16, and then 3 more, to a total of 19.

Mr. SPARGER. Let me ask you this, sir.

In this situation, when did you decide to cancel "It's a Man's World"?

Mr. WERNER. The cancellation decision must have been made, of course, prior to the statement by Bob Kintner, but it was after the latest Nielsen report at that time, so we could take a look at the longest number of MNA's to spot our trend.

Mr. SPARGER. Then you use the MNA's as the basis for your program.

Mr. WERNER. In this case we had more MNA than we had National, because of the time lag, and we used both sources of information. We used the MNA's, as I recall, right up to the last MNA that came in, because this was a program that we had high hopes for.

Mr. SPARGER. Then you are basically concerned with, in this instance, at least—with the top 30, or at least largest 30 cities in the country, and what they think of the show, rather than the reception in the other areas?

Mr. WERNER. There were two reasons for that. Our basic concern was, (a) we would have more MNA information available to us. And also this program did not have as long a lineup as many of our existing programs do, so that the National Nielsen could be a little bit misleading to us anyway, because of our smaller lineup.

As a result, we made our judgment—and this is only in the rating area—based on all information we had, in addition to our own program judgment as to the way the program was performing, because we saw episodes long before they went on the air.

Mr. SPARGER. Do you believe that the National Nielsen television sample is large enough to give you an adequate reflection of popularity of a program in order to make a judgment?

Mr. WERNER. Yes. If we have enough National Nielsen reports which we can take a look at.

Mr. SPARGER. Well, now, how large a sample would you say is in the MNA?

Mr. WERNER. The MNA shows how the program operated competitively in its 30 markets, so we could get a good idea of its performance.

Mr. SPARGER. That is not my question, sir. How large do you think the sample is?

Mr. WERNER. The number of people?

Mr. SPARGER. Yes, sir.

Mr. WERNER. I will have to consult. About 500.

Mr. COFFIN. About half the size of the total Nielsen.

Mr. SPARGER. Approximately half the size of the total Nielsen.

Do you believe that it would be as accurate as the National Nielsen, as the NTI?

Mr. WERNER. I would think so, yes.

Mr. SPARGER. You think it would be as accurate?

Mr. WERNER. I think we have to qualify it. Would you state your question again, please?

Mr. SPARGER. Do you think that the MNA would be as accurate as the NTI?

Mr. WERNER. I would like to have Dr. Coffin answer that in detail.

Mr. SPARGER. Dr. Coffin?

Mr. COFFIN. I would say that any single figure out of the MNA would not be as accurate as any single figure out of the National Nielsen, definitely not. However, the thing that we are looking for here also is trend, as was explained. We are looking at the pattern of growth or lack of growth over a period of several weeks.

Mr. SPARGER. When did the first MNA report come out after the first showing of "It's a Man's World?"

Mr. COFFIN. The MNA's are typically available within about a week.

Mr. SPARGER. Within about a week?

Mr. COFFIN. Yes.

Mr. SPARGER. And if you made your decision, say, the first week in November, you have had approximately four MNA's.

Mr. WERNER. I think our decision was made later than the first week in November. Near the end of November, I believe.

Mr. SPARGER. Excuse me?

Mr. WERNER. Near the end of November, I believe, would be more accurate.

Mr. SPARGER. Well, we have this other question relative to this particular program. You said that there were other program considerations. I would like to hear what the other programing considerations were in addition to the rating.

Mr. WERNER. "It's a Man's World" was a program that was purchased without a pilot. This was purchased on the background and record of probably one of the most creative writer-producer-directors in the business, named Peter Tewksbury. It was presented to us by his representatives. We liked the concept. But more than that, we liked Peter Tewksbury, his background, his record, and his devotion to this particular property.

When we first saw the original episode, the first episode came in, which would have been a pilot had we operated in the more usual procedure—like all first episodes they leave something to be desired. This one we felt had some major problems within it.

There is a long history of conversations from our creative end and the review productions of which Peter Tewksbury at that time was operating for, for changes, for some ways to add other elements to the program that would make it more compatible for viewing. This was prior to its going on the air.

However, the creative head, Mr. Tewksbury, prevailed, and he did the program the way he saw fit, and when it comes to that point, we would certainly agree he is about the best man there is. But in this particular case it did not work. And when the program went on the air it had, as I recall, excellent sampling due to audience promotion and due to some very excellent promotion prior to it going on the air, such as closed circuit press conferences with Mr. Tewksbury and the showing of the film, something that we do not do as a regular basis. But we were so intrigued with the prospect of this kind of a 7:30 show that we pulled out all stops to go in favor of it.

But as it went on the air, from the time it was first sampled, the audience levels seemed to drop rather alarmingly.

Mr. SPARGER. This is the rating?

Mr. WERNER. Beg pardon?

Mr. SPARGER. This is the rating?

Mr. WERNER. This is the rating. But again, because these were first ratings, and first samples in the first and second week, we watched this one very closely. And after some date near the end of November, we felt that the quality of the program, high as it was, was not living up to its anticipation either as a whole unit of entertainment, and that the indications were it was not appealing to large numbers.

This indication was further brought about by the advertising agen-

cies and the clients coming to us saying "maybe we have all guessed wrong on this—it doesn't seem to be working."

Then we began hearing from our affiliated stations as to the fact that this program does not seem to be catching on as we had all hoped. And after seeing everything that had been on the air, plus more episodes yet to be aired, the program department judgment was that this program just did not look like it was going to live up to our creative anticipation, and whatever information we have available up to that date, both in Nielsen national books that were published, plus the additional multicity Niensens, we made the decision to cancel the program.

Mr. SPARGER. Then what you say, sir, is that insofar as NBC was concerned, it did not have a high enough rating, and so far as your affiliates were concerned, it did not have a high enough rating. And further, so far as the advertisers, as represented by their agencies were concerned, it did not have a high enough rating?

Mr. WERNER. That was one of the very important factors.

Mr. SPARGER. Now, you say it was one of the very important factors.

Mr. Kintner, in his speech, pointed with a great deal of pride to the affiliates about the investment in how this was a fresh approach. And yet the reason that he gave as president of your network, was that it was not satisfactory to the public, again reflected in ratings to the stations, or the advertisers.

Mr. WERNER. That is correct.

Mr. SPARGER. Now, is this ratings or is this something else?

Mr. WERNER. No; in echoing what Mr. Kintner said, that is absolutely correct. I simply added to it that there were additional factors as well as that which were not covered in the speech.

Mr. SPARGER. He also said, in this same speech, that just as there is diversity in the public, there has to be diversity in the schedule.

NBC has the obligation to put on substantial programs for the great mass audience, programs like "Disneyland," "Bonanza," "Mitch Miller," and "Dr. Kildare."

He goes on to say he believes these should be supplemented by shows which do not have such wide appeal, such as the operas.

We at NBC have the policy of buying from every source we can.

Now, was this to be a commercial entertainment program or would you classify this program in the same category as you would an opera?

Mr. WERNER. No; this was to be an entertainment program designed to reach a maximum audience.

Mr. SPARGER. Well, the next sentence of his speech was—

We have a policy of quality production, of getting the best people behind the camera as well as in front, because so much depends on writers, directors, and producers. I have to be frank with you in saying that sometimes we don't succeed, and when we don't, it sometimes costs us millions of dollars.

Then he uses "It's a Man's World" as an example.

Now, he is saying, when he says "succeed" that it does not get the rating in entertainment programing.

Mr. WERNER. That certainly was one of the major factors.

Mr. SPARGER. Mr. Sarnoff, in testimony before the 84th Congress, 2d session, in the television inquiry before the Senate, said that the sale of national advertising opportunities furnished by the simul-

taneous nationwide broadcast of the program is a specialized advertising function filled by a network.

In conducting this advertising function, a network competes with every other network and all other national media for the patronage of national advertisers.

He goes on to say :

To achieve its national network, NBC has to deal in two kinds of minimums, and it must continue to deal in them. One is a minimum audience. NBC must be able to assure a sponsor of the minimum audience or he will not pay the amount necessary to cover the cost.

Do you think this accurately reflects the policy of NBC?

Mr. WERNER. Are you saying this in relation to "It's a Man's World," or just generally?

Mr. SPARGER. Generally.

Mr. WERNER. I think that generally, where our objective is mass audience, and we do not reach mass audience, we then look very favorably upon changing that program—if our original objective was, as in the case of "Man's World," to reach maximum audience. But then again I think you must go on a category-by-category basis that, yes, "Man's World," and yes, other programs such as "Bonanza" are designed for maximum audience, and as we stated earlier in the testimony, programs like the "Du Pont Show of the Week" and the "Bell Telephone Hour" and our news actualities, we do not anticipate that they will reach maximum audience, such as our other programs do.

Mr. SPARGER. Mr. Sarnoff also said :

Providing a good advertising value for a network, this means delivering national circulation large enough to meet the needs of national advertisers.

Mr. WERNER. That is correct.

Mr. SPARGER. Now, in this instance he was saying we have to get the ratings in order to finance the entertainment shows, in order that we can finance our public service programs. Is that correct?

Mr. WERNER. Will you repeat that?

(The reporter read the question.)

Mr. WERNER. I think that is substantially correct.

Mr. SPARGER. Well, that basically is the policy of NBC, is it not?

Mr. WERNER. Of course, that is stated within a speech. And I am not quite sure what the whole—

Mr. SPARGER. This is within testimony before a congressional committee.

Mr. WERNER. I would say that basically our policy is to have a balanced schedule. Our maximum audience programs will undoubtedly be profitable to us. And we must do, because of our responsibility and our desire, other programs that will not reach maximum audience, and in some ways will not be economically as happy for us.

Mr. SPARGER. Let me ask you this question, sir. Also in your statement you refer to the fact that NBC does not take ratings into consideration in its decision to affiliate with a particular station.

Mr. WERNER. That is correct.

Mr. SPARGER. However, in hearings before the 84th Congress, Antitrust Subcommittee of the Committee on Judiciary, Mr. Robert Sarnoff inserted a memorandum from Mr. Harry Bannister, of your organization, which said in part—

We now have an opportunity for a change in television and radio affiliations in Richmond, and I recommend that we do so. In share of Richmond radio

audience, he runs a poor fourth, well behind the CBS and ABC and Mutual affiliates, and this is an indication of where he may be in television when it loses his monopoly and has to compete with two other VHF stations which will be in operation within the coming year.

Now, in this case don't you think that ratings were playing some kind of a part?

Mr. WERNER. I think Mr. Adams is most qualified to answer that.

Mr. ADAMS. In that case, Mr. Sparger, as you say, ratings played some sort of a part. Mr. Werner's statement points out that in connection with affiliations, we have had so few changes in recent years. That is also a fact. The changes that we have had in recent years have been ones where an affiliate has decided to switch the network with which he is affiliated, and we have to seek another affiliate—ones where we have added an affiliate to obtain better coverage—and ones where we have initiated an affiliation move to provide better coverage.

This goes back some years before that. And this is one case where the audience performance of the station was one among a number of factors that prompted our seeking a change of affiliation.

These changes in affiliation were much more prevalent as television networks were being built and developed, and as new stations came on the air, and as there was competition between networks for favorable affiliations, and competition between stations, among stations, for favorable networks—affiliations that were favorable to them with one network or another.

The taste of affiliation changes has considerably slowed down as the medium has matured in its facilities. The primary factors that motivate us to add an affiliate or to change an affiliate is relative coverage.

Mr. SPARGER. Let me ask you this, sir. When you decide to establish the network rate, for an affiliate, do you use a cost per thousand or rating factor in determining that rate?

Mr. ADAMS. In the first establishment of a rate, in the first instance, we have to look at what competitive rates are in the market for other stations with similar coverage and similar facilities.

We have a rate formula. This gets rather technical.

Mr. SPARGER. All right. Would you provide the rate formula for the record of the hearing?

Mr. ADAMS. Certainly.

(The material referred to follows:)

N.B.C. AFFILIATE RATE FORMULA

The "indicated" rates are derived from a rate curve which provides a 95-percent increase in "indicated" rate for each 100-percent increase in circulation. The construction of the rate curve produces the following "indicated" rates at the levels of circulation shown below:

	<i>"Indicated" rate</i> (nearest \$10)
TV home circulation:	
25,000-----	\$370
100,000-----	1,390
500,000-----	6,430

The "indicated" rate is derived by applying as the "circulation" factor ARB estimates of average number of television homes reached by the station per quarter hour, between 6 and 10 p.m. daily, averaging the most recent March and November reports. Statistically expressed, the formula underlying the rate curve is $R=17.5465 A^{0.95}$ (where R is the "indicated" rate and A is the circulation estimate described above).

Mr. ADAMS. May I add to the submission of the submission of the rate formula that the rate formula provides a theoretical rate which we use to keep some framework on where our actual rates are going. And on the network as it is today, I think there are only two affiliates whose actual rate is the same as the indicated rate derived from the rate formula.

Mr. SPARGER. Let me ask you this, sir. Why does NBC subscribe to local Nielsen reports if they do not play any role in ratemaking for affiliates or in evaluating the affiliates?

Mr. ADAMS. I do not say they did not play a role, Mr. Sparger. In our rate formula—

Mr. SPARGER. Well, in evaluating your affiliates?

Mr. ADAMS. The two elements are a rate curve, which provides a declining cost as units of circulation rise, which is built into the rate structure as it is in most media, and homes delivered—the homes delivered are indicated by ARB ratings over the course of a year. That is our present method of deriving indicated rates.

What I said is the actual rates of an affiliate are not identical to the indicated rates. The rate formula I am talking about provides a theoretical rate structure and gives us guidance that we do not depart too far from in our total network rate, so that we will be uncompetitive, and so that relationships between the rates of one affiliate and another affiliate won't get completely out of gear.

Mr. SPARGER. When you make your reports to advertisers, in this instance, the one I have in my hand is a progress report to Ford Division of the Ford Motor Co., and J. Walter Thompson, which is an advertising agency, I assume, you discuss on page 7 of this, cost efficiency.

In keeping with its superior overall performance, the Ford show is a top media buy as judged by the critical measure of cost efficiency. Assuming the \$38,000 gross program cost reported by Nielsen, the Ford show delivers a thousand homes per commercial minute for \$2.41, or put another way, reaches 415 homes per dollar.

Now, in this instance you are using ratings to quite an extent.

Mr. ADAMS. Yes, sir.

Mr. SPARGER. And it says further this is 34 percent more efficient than the performance of the average evening program.

Now, when you get homes per dollar per commercial minute, down to 415, you are using the rating as a science; are you not?

Mr. ADAMS. No, I shouldn't think so, Mr. Sparger. Ford Motor Co. and its agencies had the same information as given there.

Mr. SPARGER. Let's trace how you are using this, how you are obtaining this figure.

You obtain a rating which you project to homes, approximately—one rating point projected to 500,000 homes. Then you are starting back down the ladder. You are cutting that up, down to the hundredth of a rating point in order to project a figure, present a figure of homes per dollar per commercial minute.

Now, I would consider that using ratings to a pretty fine point.

Mr. ADAMS. Well, I think you would get the same result if, as the Madow committee suggested, instead of using that form of expression, if the expression were in terms of numbers of homes per hundreds of

dollars. I do not think you would make the same criticism of that sort of a figure. Yet it would mean about the same thing.

Mr. SPARGER. Well, of course, when we get into cost per thousand, which is an expression of a similar nature, you again are getting down to a pretty low rating point.

Now, let me ask you this, sir.

Do any of your advertisers come to you and say "We must reach a cost per thousand between—we will buy on a cost per thousand basis between \$3 and \$5?" Does that ever happen?

Mr. ADAMS. I cannot answer of my own knowledge. I would believe that within those ranges some advertisers, whose primary purpose is circulation and cost efficiency rather than the mood of the program, or the identity of the program, or enhancement of their company in general, will buy within ranges of that magnitude on a cost-per-thousand basis.

Mr. SPARGER. If you are buying on cost per thousand, this range of \$3 to \$5 which is a pretty good range, according to the information we have seen, at least—if you related this back to a difference in ratings, what would be the difference in a rating for the same show, same cost, to provide a \$5 cost per thousand and to provide a \$3 cost per thousand?

Mr. ADAMS. Dr. Coffin is better at calculation than I am. I think he is calculating it.

Mr. COFFIN. I am not that good at calculation, to do it right off the bat. Perhaps you have already calculated it. I would be willing to accept your figures.

Mr. SPARGER. I would be happy to have your figures.

Mr. WERNER. We can calculate that for you, if you would like.

Mr. SPARGER. Would you say it would be a very, very, very few rating points?

Mr. COFFIN. In terms of whole numbers of rating points it would be a few, yes.

Mr. SPARGER. In terms of whole numbers. Would it be less than two rating points?

Mr. COFFIN. My mental arithmetic skills are not sufficient to answer that right off the top of my head.

Mr. SPARGER. I see you have someone figuring it back there.

But when you are dealing in cost per thousand, and you have a cost-per-thousand range, in many cases, which is less than this \$3 to \$5, are you not dealing in minute rating points?

Mr. COFFIN. Yes.

Mr. ADAMS. You are dealing in small rating points, Mr. Sparger—but again, an advertiser who lays down such a range as his specification is comparing that with other ranges and other types of buys. So we are on a comparison basis.

Mr. SPARGER. We do not debate that point at all. All we want to find out is how you are using them, how important they are.

That is all the committee is interested in.

Mr. ADAMS. The facts that you have stated I believe are true. There are advertisers whose specification for cost efficiency will include a range of the magnitude that you have indicated.

Mr. SPARGER. If you were to provide us with the progress reports of every show for which you related cost-per-thousand figures during the past 5 years, about how many of these would we have?

Mr. ADAMS. We would have a large number.

Mr. SPARGER. Well then, advertisers are interested in it, are they not?

Mr. ADAMS. They certainly are. What I was saying before is that not all advertisers are interested in it; many are. Advertisers of mass produced goods are.

Mr. SPARGER. In commercial entertainment programing they are interested in this rating figure, are they not?

Mr. ADAMS. Yes, but to different degrees of magnitude and different degrees of interest.

Mr. SPARGER. What is the widest cost-per-thousand range, which again is ratings, that you are ever faced with?

Mr. ADAMS. I cannot answer that question. I don't know.

Mr. SPARGER. Would you say it is hundreds of dollars?

Mr. ADAMS. Could you repeat that? I don't get the thrust of the question.

Mr. SPARGER. Would you say that the cost-per-thousand range is hundreds of dollars, or would it be a few dollars as a maximum?

Mr. ADAMS. I think a few dollars—\$5, \$6, \$7.

Mr. SPARGER. In some cases would it be a few cents?

Mr. ADAMS. No, I doubt that very much, because—as you have pointed out, when you get the underlying material that lies behind the difference of a few cents, if that is your question—

Mr. SPARGER. Well, would it be less than a dollar on some occasions?

Mr. ADAMS. I think advertisers who believe they are buying with great precision, and who probably place undue weight on the precision with which they are buying, may be interested in a difference in cost per thousand within the range of a dollar. I think that is an over-precise measurement from their point of view.

Mr. SPARGER. I would say that would be pretty scientific, wouldn't it?

Mr. ADAMS. It sounds scientific, but I do not think it is.

Mr. SPARGER. Well, let me ask you this question, sir.

When "Saturday Night at the Movies" went on, you had a different situation than you do with sponsorship of a program. You virtually are selling spots within that time.

Mr. ADAMS. We are selling 1-minute participations to a variety of advertisers, and that is a type of advertiser that is particularly interested in circulation rather than in identity or sponsorship.

Mr. SPARGER. That ought to be a pretty good indication that you are interested in the ratings as a result of the fact that you have just announced programing or have started programing 2 nights a week with nothing but movies.

Mr. ADAMS. That is correct.

Mr. SPARGER. And 2 hours on each of those nights.

Mr. ADAMS. That is right.

Mr. SPARGER. So would you say that this is a principal consideration and is in the entertainment programing area the lifeblood of this business?

Mr. ADAMS. Well, "lifeblood" is a colorful phrase. Dr. Stanton used it; I did not. I do not know quite how much it covers and how much it means.

If you are asking whether audience measurement information is used extensively in the sale of network time, the answer is "Yes."

Mr. SPARGER. Now, in the situation of "Saturday Night at the Movies," when you started it, and it proved to have higher ratings and new advertisers through their agencies were coming in to participate in this—after, say, the first 8 weeks, what happened to your rates on NBC's "Saturday Night at the Movies"?

Mr. ADAMS. For new advertisers?

Mr. SPARGER. For new advertisers, after it had been on 7 or 8 weeks.

Mr. ADAMS. I believe, and maybe Mr. Werner can correct me, because he is closer to the program sales area than I am—the rates which were started in the case of these participation buys, in terms of time and talent charge per minute, were increased for new advertisers.

Mr. WERNER. That is correct.

Mr. ADAMS. The questions you were asking yesterday, I think, went to the increases in rates within the term of a contract, depending on the increased audience success of the program.

Mr. SPARGER. You mean this was not a result of increased audience success?

Mr. ADAMS. No, no. I was saying that we do not increase rates for advertisers who are already in the term of the contract.

Mr. SPARGER. Who have a contract?

Mr. ADAMS. That is right. An advertiser who comes in and takes a chance on a show will often have a protected rate, so that he is protected at a lower rate than the program may justify in future periods through increasing audience.

Mr. SPARGER. Let me ask you this, sir:

You have, as I understand, the top-rated news show in the "Huntley-Brinkley Show"?

Mr. ADAMS. That is correct.

Mr. SPARGER. And you do not have any problem selling it?

Mr. ADAMS. No. The show is sold out.

Mr. SPARGER. The show has been sold out.

Now, would you consider that in relation to the fact that this show has received an "Enemy," that this was advantageous to NBC from a prestige factor, and also possibly from an economic factor?

Mr. ADAMS. It is advantageous to NBC from both factors. It is a successful show, it meets an audience need, it provides what we think is a fine daily news report, and it is a profitable operation. When you have all of those put together, you are reaching the best of all possible worlds in television.

Mr. SPARGER. Well, let me ask you this, sir: Are there lots of employees of NBC that are members of the American Academy of Television Arts and Sciences?

Mr. ADAMS. Yes.

Mr. SPARGER. Is membership in this academy which selects the Emmy Awards—is it a voucherable expense at NBC?

Mr. ADAMS. Yes, it is.

Mr. SPARGER. Does NBC encourage their employees to join?

Mr. ADAMS. Yes, it does—this and other organizations.

Mr. SPARGER. I am just interested in this one now.

Now, does NBC, when these people get ready to get their ballots to vote on the Emmy Awards, particularly in the NBC news department 2 years ago—did a member of the publicity staff of the news department collect those ballots from the people that had been requested to join, at the request of NBC?

Mr. ADAMS. I don't know the answer to that question. Did a member of the publicity department collect the ballots?

Mr. SPARGER. Did Mr. Arthur Hepner, who is in charge of NBC news publicity, collect those ballots and fill them out?

Mr. ADAMS. I just don't know. He may have collected them. I would doubt whether he filled them out, unless he filled them out on the instructions of the people from whom he was collecting.

Mr. SPARGER. Well, I think we probably should get into that a little bit. I think we will verify that.

Do you think this would be a thing that would be of economic value to NBC, if they could control a certain number of the ballots for the Emmy Award?

Mr. ADAMS. Economic value to NBC?

Mr. SPARGER. Economic value. A moment ago you said it had an economic value.

Mr. ADAMS. It has an economic value because of its cost in relation to circulation permits charging of rates which then returns a profit to NBC. I had no reference, and I was not thinking of such awards as it may have won. Our rates are not based on awards to a program. We are proud of awards we get.

Mr. SPARGER. Has NBC ever had the locations of any Nielsen homes?

Mr. ADAMS. Not so far as I know. I think the answer to that is "No." I think I can make it more specific than "not so far as I know."

Mr. SPARGER. Does Colgate-Palmolive sponsor any shows on NBC at the present time?

Mr. WERNER. Yes, they do.

Mr. SPARGER. Have they made any requests or demands on NBC to provide them with a guaranteed audience minimum?

Mr. WERNER. Not to my knowledge.

Mr. SPARGER. Would you check that and advise us for the record?

Mr. WERNER. Yes, I will.

(The information referred to follows:)

(Information submitted by the National Broadcasting Co. states that on the date the question was asked, Colgate-Palmolive had not made a request or demand for a guaranteed audience cost per thousand. However, since NBC's appearance at the hearing, "*** a representative of the Colgate-Palmolive Co. has asked NBC to consider the proposal.")

Mr. SPARGER. I have no further questions.

The CHAIRMAN. Mr. Brotzman, do you have anything further?

Mr. BROTZMAN. I have no further questions.

The CHAIRMAN. Mr. Moss, do you have anything further?

Mr. MOSS. I have just one or two, Mr. Chairman.

Mr. Coffin, you indicated that you did not regard sample size as of any great importance.

Mr. COFFIN. I did not think I had indicated—

Mr. MOSS. Specifically discussing Nielsen.

Mr. COFFIN. What I was trying to say, sir, was that I was reasonably satisfied with the size of sample which their national service had. I regarded it as of importance. But I did not place an increase in that size of sample as of major importance.

Mr. MOSS. You emphasized that you were more concerned with the representative nature of the sample.

Mr. COFFIN. That is correct, sir.

Mr. MOSS. Something that interests me—I have in the past few weeks inquired among some of my friends, to get a reaction, and I find very few of them say they would be willing to have either a diary or a meter in their house.

What kind of studies have been made by anyone to determine the types of persons willing to take one of these boxes in the house and have it on their television, or take the trouble to fill out a diary?

Mr. COFFIN. This is one of the sorts of questions which the office of research methodology would want to address themselves to. There has been some but not a vast amount of research on this sort of thing.

Mr. MOSS. Isn't it most important?

Mr. COFFIN. It certainly is.

Mr. MOSS. Isn't it important that you have a sample, which we will say is representative of an economic group, or a cross section of the economy, a cross section of the professions, vocations or occupations—that you have some understanding of the types of persons in any of these groups willing to take on the burden of filling out a diary or of having a meter in their house?

Mr. COFFIN. Yes, I would certainly agree to that. I think we have a general feel as to what types of persons are so willing—not in terms of such categories as occupation, because the samples are not set up in those categories.

Mr. MOSS. If there are common characteristics among persons willing to do this, doesn't it make your sample far less representative of the whole?

Mr. COFFIN. It certainly does. But by and large our understanding is that the people at the highest ends and the lowest ends of the occupational or income ranges are the least likely to accept cooperation in these things. So we probably cut off some very high income, highly educated people, and some very low income, low educated people, and have a foreshortened representation.

Mr. MOSS. Now, you also, in some of these ratings, exclude those who have no telephone.

Mr. COFFIN. That is correct.

Mr. MOSS. You also exclude those who have telephones but do not list them.

Mr. COFFIN. That is correct.

Mr. MOSS. I noted recently where it was of major concern to the telephone companies across the Nation, the growing number of Americans who do not want to list their telephone. And it now is approaching 10 percent in some areas or more.

You have not determined the characteristics of those who do not want their telephones listed. You have excluded this group. You do not really know too much about the characteristics other than you assume that economic forces work to keep a person from having a telephone at all—although there may be others.

Mr. COFFIN. Also I think it is our understanding, though perhaps not documented with a great deal of precise detail, that the desire not to have one's phone listed is probably more prevalent at the top end of the income range, so that again, as I indicated—

Mr. MOSS. Well, now, I think that was the original assumption of the telephone companies. But I noted in the article I read just a few days ago they now feel perhaps it is becoming a status symbol. So this brings about another type, then, doesn't it?

Mr. COFFIN. It could well be, yes.

Mr. MOSS. Sometimes it is a simple matter of retreat from unwanted intrusions. But if it is a status symbol, then you have excluded another type.

Mr. COFFIN. That is certainly true.

Mr. MOSS. The total number is about 10 percent.

Mr. COFFIN. I thought I understood you to say it reaches as high as 10 percent. On the average perhaps it would not be as high as 10 percent.

Mr. MOSS. The averages were beginning to climb up near this point. In some communities I think they cited instances as high as 14 percent. I have a hunch these very communities might be the ones where there would be the greatest concentration of polling activities—metropolitan areas.

Mr. COFFIN. That perhaps might be the case. I am not familiar with the figures you are referring to.

Mr. MOSS. But aren't all of these questions which go about in my mind very pertinent to the validity of the conclusions or the uses to which you put any kind of a poll?

Mr. COFFIN. That certainly is true.

Mr. MOSS. Or a rating?

Mr. COFFIN. Yes, that is very true. And this is one of the reasons—not the only—but one of the reasons that we make more use of the Nielsen national sample than of the ARB sample.

Mr. MOSS. A national sample is this one that has the 1,100 and some-odd meters.

Mr. COFFIN. Yes.

Mr. MOSS. Well, now—how long ago did they stake out these 1,100 meters?

Mr. COFFIN. There is a constant process of turnover here, and as some people drop out and new ones are added.

Mr. MOSS. Well, don't they try to keep them in the very same neighborhood? As one person moves out of number two, they try to either get the incoming tenant to take it, or they get number three.

Mr. COFFIN. That is correct.

Mr. MOSS. So then if that is the turnover you are referring to—that is a turnover within fixed limits.

Mr. COFFIN. Roughly.

Mr. MOSS. On a sampling which was projected a number of years ago.

Mr. COFFIN. Yes.

Mr. MOSS. Now, we have had some very interesting things occur. In my home State there has been a tremendous growth. My congressional district that I represent, in the last 11 years has grown almost 100 percent. And these areas where the consideration of viewer preferences are completely overlooked, the mountain time zone, we have a State with dramatic growth—Arizona.

How can you—unless this is a very current, carefully evaluated placement of meters—how can you rely on this for anything?

Mr. COFFIN. It was that very sort of thing which I had in mind when this morning I answered a question whose general intent was what are your complaints about the Nielsen service, what would you like to see improved about it. And if I recall correctly, I stated that one of the things we have pushed for hardest with Nielsen is to update their sample. And it was exactly that sort of thing I was thinking of.

Mr. MOSS. Well, take this matter of the overall mobility of the American population in recent years. It reaches a very high percentage of the total population.

Now, this apparently is overlooked in the placement of these meters.

Mr. COFFIN. I do not think completely overlooked. My understanding of the figures run on the order of about 20 percent of the homes moved, or families moved each year.

Mr. MOSS. All right. Let's take it as a matter of trying to freeze one of these meters within the neighborhood. If the present occupant of the home moves out, they try to get the incoming tenant to take on the responsibility. I suppose these selections were based on economic factors. Or what were they based on? You are going into a neighborhood, and you say in this neighborhood we should have, in order to make up the totality of our effort, a set. But in recent years, in many parts of the Nation, there has been substantial redevelopment. I live over in Alexandria. I have lived there in the same neighborhood for 7 years. The whole character of the neighborhood has changed in the 7 years.

How much lag time do you think you can have in locating these fixed recording stations and retain the validity of the sample?

Mr. COFFIN. It would be difficult to specify a specific amount of lag time. But I agree with the burden of your point that they should be updating these and improving the representativeness of them periodically.

Mr. MOSS. We are talking now about the most significant rating device employed in television—the Nielsen survey.

Mr. COFFIN. That is right.

Mr. MOSS. Taken from meters—the most significant.

Mr. COFFIN. Right.

Mr. MOSS. It is the one upon which primary reliance is placed. Its impact is upon programing, upon the sales of advertising. And yet we can agree, we can stipulate that it is of very questionable validity at this point.

Mr. COFFIN. I would not use language quite as strong as that myself. But it certainly has not kept up—

Mr. MOSS. Would you tell me precisely how you would modify it?

Mr. COFFIN. I would say it is questionable, without putting the "very" in.

Mr. MOSS. Is it only moderately questionable?

Mr. COFFIN. It is hard to separate out the exact intensity of language here.

Mr. MOSS. Would you say it is moderately questionable?

Mr. COFFIN. Definitely; I would agree.

Mr. MOSS. You do not think it would go beyond the bounds encompassed within a definition of "moderate"?

Mr. COFFIN. I would be willing to use a stronger word than "moderately." I just did not want to use "very."

Mr. MOSS. Then we agree it goes beyond the point of moderation?

Mr. COFFIN. That is correct.

Mr. MOSS. In the degree of invalidity?

Mr. COFFIN. Taking all things into consideration, I think that it is—

Mr. MOSS. It is not a very good tool, then, is it? When you talk about the projections, where it becomes the most significant component, and you reduce them to fractions of a percent, that is an awfully long way to travel with a pretty weak undercarriage.

Mr. COFFIN. Before making decisions, we endeavor to gather numerous figures, instead of just a few, in which case—

Mr. MOSS. I realize that. That is your job. But you rely upon many things which basically are derived from other forms of rating polls?

Mr. COFFIN. That is true.

Mr. MOSS. And basically to all of this there is the fact that many people who are willing to cooperate in these polls have never been examined as a group to determine whether they are typical or atypical of the groups you assign them to.

Mr. COFFIN. There has been one recent investigation and earlier investigations of less elaborate character of this sort of thing. So that we have a general feel for the kinds of shortcomings that it probably has.

Mr. MOSS. In fact, I think if we just took the case of taking a list out of the telephone book and trying to engage people in conversation, we would find that perhaps the average you contact would not be very responsive.

Mr. COFFIN. I would think that the average would be reasonably responsive. If I recall correctly, the ASA report addressed itself to the question of the net effect of these things on the representativeness of a telephone-based sample, telephone listings. And I don't remember the precise figures, but I think it was on the order of in the 60 percent, 60 to 70 percent of the desired population would be able to be picked up through a telephone basis sample.

Mr. MOSS. I have talked a little on advertising with some of these people out in my district who complain bitterly about the department store that calls up to solicit them for some magazine subscriptions or someone else calls to tell them that you just won a free course of dancing instruction at our studio, and all these other gimmicks. And I imagine if you followed with your polling call shortly after a neighborhood had been inundated with that type of inquiry, you might get less than a response.

Mr. COFFIN. We certainly would, sir. This is an object of considerable concern to us. And one of the functions that the Profes-

sional Organization of Researchers have concerned themselves with is the misuse of the telephone to solicit sales under the guise of pretending to be doing a survey.

Mr. MOSS. How do you determine the economic makeup of this group if you pull it out of a telephone directory?

Mr. COFFIN. We don't

Normally, in these days, sampling techniques, one does not specify quotas of so many of such and such an economic group, or so many of such an age group. Rather the specifications in terms of an attempt to draw people at random into the sample in which each person has either an equal or if not an equal a known chance of entering into the sample. This is considered a superior technique to setting up quotas of so many of high income, so many medium, and so many low.

Mr. MOSS. That is all the questions I have at the moment. I wanted to get your view as to the validity of some of these groups.

The CHAIRMAN. You have testified rather vigorously in your support of the rating procedure, as has been, I assume, developed and approved to meet your requirements over a period of time.

You have been very frank with the committee in giving information about the problems from your own experience.

You have testified about the information made available to you as a network from the rating services—these services are purchased, as you have so explained.

Is this information made available to you also made available to the advertisers?

Mr. WERNER. Yes, sir.

The CHAIRMAN. Is it made available to advertisers by you or by the rating services?

Mr. WERNER. It is made available to the advertisers by the rating services on the assumption that they are subscribers to the rating services.

The CHAIRMAN. In other words, the rating services then sell to the local stations, to the networks, to the advertisers.

Mr. WERNER. That is correct. And the advertising agency.

The CHAIRMAN. And the advertising agency?

Mr. WERNER. Yes, sir.

The CHAIRMAN. That is really an important service, isn't it?

Mr. WERNER. Yes, sir.

The CHAIRMAN. What percentage of the total ratings would you say the one company had that has been talked about so much in this discussion so far?

Mr. WERNER. You mean of the different rating companies?

The CHAIRMAN. Well, there have been three or four or five mentioned here during these discussions, and each one of the networks has given information about how much you purchased from Nielsen, how much you purchased from ARB, and how much from Pulse. I think one had \$100 from Pulse.

Mr. WERNER. I would answer that by saying that from the testimony I heard yesterday, and also the experience of NBC, that the Nielsen service is the one most widely used by the networks.

The CHAIRMAN. Well, apparently from this information we have here, it is not only the most widely used, but almost to the point of a monopoly, isn't it?

Mr. COFFIN. In our own expenditures, I don't have the exact percent, but I would guess that it will run between 85 and 90 percent of our ratings expenditures are made to the Nielsen Co.

The CHAIRMAN. Well, now, how much of that is for the national poll?

Mr. COFFIN. The majority of that. I don't remember the exact figure. But I think we have only about a thousand dollars of our Nielsen expenditures spent on the Nielsen local reports, and by far the great majority is on the Nielsen national, together with its supplementary services of MNA.

The CHAIRMAN. Well, it is quite amazing to me that in view of the fact that we have got three major networks in television, and four networks in radio, that some other competitive company has not developed during these years, if it is such an important part of this whole industry.

Mr. COFFIN. There have been several such developments over the past several years. There have been a number of other companies. It is, however, a complex, as is obvious, business, and a difficult one to run properly. You have to know a lot of different things. It requires a substantial amount of capital oftentimes to get into it, and so forth, so that many of the other businesses have not been able to succeed in this area. But there have been many.

The CHAIRMAN. Well, I think admittedly, they must be a very fine company certainly to have the confidence of three major networks that serve the whole United States and the market that we have in the United States—the television stations throughout the United States—with an industry that is as competitive as your industry is. It is amazing to me that such a competitive industry uses the same company to obtain the information which you rely on so heavily for your income.

Mr. COFFIN. We definitely do make use of the other services. And it might perhaps be worth—

The CHAIRMAN. Oh, yes; you make use of the other services. Somebody, as I said, included \$100 for one of them.

Mr. COFFIN. One of the reasons—

The CHAIRMAN. How much impression does that make to anybody, when you are putting \$300,000 or more into another? So let's just recognize the fact that there is virtually one company. I am not passing judgment that it is bad. But I just raise the question to find out if any thought had ever been given to—under a system that we have here in this country—to more competition in this field.

How is it that each of you great networks will rely on the same individual? Are you trying to get as close as you can to watch what your others—what your "sister" is doing somewhere?

Mr. COFFIN. My answer would be, though I cannot speak directly for the others, it certainly is true of me—that this is because we feel this is the best of the services.

However, it is also worth observing that due to their methods of collecting information, services such as ARB and Trendex can produce ratings at a much lower cost—therefore, the fact that our expenditures are in lower ratio doesn't necessarily mean that our attention to these is that much lower. The Audimeters cost a lot of money. This is one of the reasons the Nielsen service costs a lot of money.

The CHAIRMAN. Well, you get in a particular market, and you get a report from these rating services as to the share of the market, a particular market, that you have—whether it is 26 percent or 60 percent—you get that; don't you?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. Then I assume by deduction you find out what the others are doing.

Mr. COFFIN. Normally they would be directly reported, if you are speaking of the ratings still.

The CHAIRMAN. Yes. Well, do you obtain information as to what rating—is there a book that is put out showing what the ratings are given in a different market?

Mr. COFFIN. Yes, sir.

The CHAIRMAN. For all of the stations in that market?

Mr. COFFIN. Yes—typically all. Not absolutely everyone. Some might have an audience which naturally censor whatever the service found itself unable to measure, and they would leave a blank for that, indicating why.

The CHAIRMAN. As competitive as NBC, CBS, and ABC are, how did it happen you never did develop one of these services yourself?

Mr. COFFIN. The users of this service represent three different sets of interests—the broadcaster, the advertiser, and the advertising agency. And I do not think it would be very acceptable to the other representatives at interest here to have a service which was supported or designed and run just by one arm of the business.

The CHAIRMAN. Well, in that way whatever information you developed, you would keep it in the family, wouldn't you?

Mr. COFFIN. Yes; except that some of our purpose in having this information, of course, is not to keep it in the family, but to pass it on to others.

The CHAIRMAN. Particularly the advertisers.

Mr. COFFIN. And his agency.

The CHAIRMAN. And then in this way, the advertisers can go around you, with an end run of some kind, or a long forward pass, and find out themselves.

Mr. COFFIN. Surely. They have this information, in most instances those advertisers we feel have the same information we do.

The CHAIRMAN. Now, did I understand you to say earlier in the day, again, that you have no information, and so far as you know, your company has never had any information as to the location of these devices?

Mr. COFFIN. That is correct, in the sense of specific locations, yes.

The CHAIRMAN. In the sense of specific locations?

Mr. COFFIN. Yes.

The CHAIRMAN. Even in the town or city itself?

Mr. COFFIN. I know, for example, that there are meters in New York. One could hardly sample the country as a whole without having some meters in New York. And in such large cities as Chicago, Los Angeles, and so forth. But where they are in New York, I do not know.

The CHAIRMAN. But as an example, you do not know whether there are one, none, or half a dozen in El Dorado, Ark.?

Mr. COFFIN. I do not.

The CHAIRMAN. Well, I was going to talk to you later if you did. [Laughter.] Now, I do not want to detain you any longer. I know you have to make another meeting tonight. But I must ask this very brief line of questions.

Do you have anything to do with whether or not a particular rating service obtains information on the basis of the metropolitan area of a particular city or community or market?

Mr. COFFIN. I don't—

The CHAIRMAN. Or combined metropolitan areas?

Mr. COFFIN. Not substantially, if I understand your question correctly. We have little to say in the choice of how that would be done—that would be a local rating. We are not a major subscriber to the local ratings. We play a small part in the overall purchase of local ratings.

The CHAIRMAN. Yes. But you consider this in the question of affiliation, don't you?

Mr. COFFIN. Not substantially in recent years.

The CHAIRMAN. And your ratings are based on what you have and accept from a particular rating service?

Mr. COFFIN. Nationally more than locally.

The CHAIRMAN. Well, if you have a community in which you have a particular market, and there is a city grade service over that particular market, and then a few miles away, there is another community, maybe half the size, and a city grade of service over that particular community, why aren't both of those communities considered when you deal with your advertisers and give ratings and show the extent of the coverage of that particular facility?

Mr. COFFIN. That would be taken into account. Though again, in dealing with advertisers, we normally are talking national ratings rather than local.

The CHAIRMAN. Well, let's talk about local right now where you have affiliates which cover a particular area, and the difference in what you give to the facility in a smaller community than you do where the facility is giving city grade service to both communities.

And is it not true that in that instance you consider primarily the major market, which is the larger known city that facility covers?

Mr. COFFIN. If that is the facility in question, located in that larger city, would that be home county you have in mind?

The CHAIRMAN. Well, it could be, and it may not be.

Mr. COFFIN. We would look at both the metro area rating and the entire coverage rating to the extent we would concern ourselves with the rating.

The CHAIRMAN. Well, I have in mind one of those situations in which a particular rating service had been requested to include the two counties where the smaller communities are, and where its city grade service is provided. And I must say this happens to be one of your affiliates. Do you receive and accept and use the information from this rating service in which there is ignored the smaller community, though it has, within the city limits itself, a population of more than 50,000 people?

Mr. COFFIN. We may protest about the definition that the rating service uses in rating a particular area. Whether those protests are

going to be very effective in influencing the actions of the rating service is a bit dubious.

The CHAIRMAN. Well, let me give you just a little information as to what happens, then.

At a given time of day, in the market so designated, which you and your advertisers give most of your attention to, and go by, one station has a share of 19 in this particular market, another 29, and another 52.

Now, in the smaller community there is a share of 23, 49, and 28. In the combined market the shares are 20, 34, and 46.

Now, the point is what you go by there, the station which at one time was affiliated—called rather by the name of the smaller community, and is now a part of the large community, gets a rating of 29, where if you give full consideration to what they covered it was 34.

Now, can you say that that is a fair procedure with a given facility who gives coverage?

Mr. COFFIN. From our standpoint, in using these figures, we would look at both parts of this. From the advertisers' standpoint, he might prefer to place more emphasis on an area defined in one way than emphasis on an area defined in another way, because of his particular marketing program.

The CHAIRMAN. But you do not question the decision of the rating service which refuses to include in its rating reports the combined metropolitan service that is given where city grade service is provided by that facility?

Mr. COFFIN. In this instance, I don't know whether we did or not. But yes, we would at times question that sort of thing.

The CHAIRMAN. Well, the question has been raised—and you should have a copy of it, because it was provided by one of the rating services.

Apparently, with these reports on each station, it seems to me that there is an injustice being done. And if it is being done in this instance, I am sure it is being done in others. As a matter of fact, it is the same problem, Mr. Adams, that I had with you about the station in my hometown about a year or so ago, when the policy apparently that was being pursued with the industry—even though the same service was given, city grade, the result was to try to move the facilities to the well recognized, more populated area.

Mr. ADAMS. Was that, Chairman Harris, a case where a station proposed to move its transmitter to cover two areas?

The CHAIRMAN. The last one was, yes. And the question that I raise, just for your consideration here—we are talking about inequities—if a city grade service—or grade A—you call the city grade, grade A and grade B: is that right?

Mr. ADAMS. Yes, sir.

The CHAIRMAN. And then city grade service is to throw a certain DBU on that area. What is the minimum, 79?

Mr. ADAMS. I am sorry, Chairman Harris, I don't know.

The CHAIRMAN. Well, it is something along in that neighborhood. And that comes in with these ratings that you receive, with reference to how many homes and so forth get a particular service: doesn't it?

Mr. ADAMS. I am not sure it comes in through rating services as much as through covering surveys.

They are both based on unit of homes to signals. One concerns itself with the estimated audience to a program, the other concerns itself as to whether a signal is receivable and the intensity of that signal.

The CHAIRMAN. But Mr. Adams, isn't it a fact that the industry generally, in dealing with advertisers, takes into consideration the large metropolitan area where the market is known?

Mr. ADAMS. Yes, sir.

The CHAIRMAN. And the smaller outlying communities that get the same services are ignored as far as these ratings are concerned?

Mr. ADAMS. I do not know, Chairman Harris, if they are ignored.

The CHAIRMAN. But they are not included.

Mr. ADAMS. In connection with affiliations and in connection with advertisers' orders, an advertiser will buy those he wants in his lineup.

An advertiser will often select a station that includes large coverage and omit from his order smaller stations on the periphery of that coverage.

We have on the network a sales plan which encourages the purchase by network advertisers of smaller market stations by making the purchase of stations more attractive to an advertiser through a discount system that reduces their costs to him.

The CHAIRMAN. I want to hasten to say I am not critical about what happened, what we referred to in our hometown service, because that worked out very satisfactorily.

The station stayed where it ought to be. But I am raising the question because I have had in mind all the time what appears to me must be a gross inequity when you consider the area of coverage of city-grade service known to a particular market.

You call it say, Shreveport. You say Shreveport as a market.

Mr. ADAMS. Yes, sir.

The CHAIRMAN. Well, then, when you give no consideration to the population in Homer, for example, or some other community around there, though the population is much smaller, it does add up to it.

Mr. ADAMS. Yes, sir.

The CHAIRMAN. I cannot see why these surrounding areas are not included.

Now, is it not a fact that if you include the total audience measurement where, if they would all be included, it would show your rating of 34 instead of a rating of 29, if that would not enhance the prestige of that particular station where the facts are shown?

I mean by that, is there not a difference between 29 and 34 for this purpose?

Mr. ADAMS. I think there is, Chairman Harris.

The CHAIRMAN. That is what I am trying to show.

Mr. ADAMS. Advertisers would so regard it. I should say that in connection with network station rates, the indicated rates which are general guidelines take into account for every station the total viewing to that station from whichever area it comes.

So that the factor of duplication of coverage is eliminated in that context.

The CHAIRMAN. Well, there is a substantial difference between city-grade service, grade A and grade B, though, isn't there, from the standpoint of selling advertisers?

Mr. ADAMS. That is true. I was addressing myself to the rate for the stations. The indicated network rates for stations is based on total viewing as per 1 year of ARB reports. It is for all the viewing stations, whatever its area.

The CHAIRMAN. I have been wanting to raise this question, because, coming from a rural area, I am a little bit sensitive to it. In a place like New York, the metropolitan area, I can very well recognize there would not be a problem there at all. But in certain areas of the country, I can understand, and the way I have viewed it, from what experience I have had with two of these situations, it seems to me a little unfair to a station, the way it has been treated by the national advertisers and they get their information from the rating services.

Mr. ADAMS. Yes, they do, Mr. Chairman.

The CHAIRMAN. I bring that to your attention for whatever consideration might be given to it.

Mr. ADAMS. I should mention, Chairman Harris, that over the course of the past 3 or 4 or 5 years, we have greatly increased the lineups ordered by network advertisers, the number of small market stations, by providing special incentives through discounts which NBC absorbs by encouraging the order by national advertisers in small market stations.

The CHAIRMAN. Well, that is commendable, and for the rural people of the country, or those who live in rural areas, I want to thank you for it.

We did not intend to keep you here this long, but I hope you make it in time. Let me thank you on behalf of the committee, each of you, for your appearance here and the information you have given us. You are excused.

Mr. William K. McDaniel.

Mr. McDaniel, will you be sworn?

Do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McDANIEL. I do, sir.

TESTIMONY OF WILLIAM K. McDANIEL, EXECUTIVE VICE PRESIDENT IN CHARGE OF THE NBC RADIO NETWORK

The CHAIRMAN. Mr. McDaniel, you are in the radio end of NBC?

Mr. McDANIEL. That is correct.

The CHAIRMAN. You have a statement, but I would suspect that most of the questions have already been asked. I cannot think of anything that has been left off. But if you have a statement, you may present it.

Mr. McDANIEL. All right.

My name is William K. McDaniel.

I am executive vice president in charge of the NBC radio network. In preparing my statement, I, too, have consulted with Dr. Coffin. Also here with me is Mr. Howard Gardner, director of sales administration and development of the NBC radio network. These two gen-

tlemen are prepared to answer your questions on the techniques of rating services and how our staff uses them.

The regular program schedule of the NBC radio network consists mainly of news, information, and public affairs programs. Approximately 80 percent of our programming falls in these categories. The remainder is a variety of entertainment and sports programs.

The radio network's program structure has been devised primarily to meet the needs of our affiliated stations for quality news reporting and to provide a maximum information service to the public. Since the bulk of the schedule is news coverage, there is no great change of programs from season to season, although the content of the programs varies with the news.

In this situation ratings are rarely used in connection with programming on the radio network. The structure of radio programming, the nature of radio listening—which is spread over multiple home sets, portable and car radios—and the difficulties of measuring the radio audience with sufficient precision, all combine to prevent ratings from being an important programming factor in network radio.

The NBC radio network uses audience measurement data almost exclusively as a sales aid. It is important for that purpose because advertisers must have some measure of the size and characteristics of the audiences they can reach with network radio.

The NBC radio network subscribes to the Nielsen Radio Index, which serves as our basic service for measuring circulation. As in television, Nielsen uses meters attached to sets to measure listening to network radio. The homes in the Nielsen radio sample are also in the sample used for the Nielsen television ratings.

The Nielsen Radio Index provides us with cumulative audience estimates of an advertiser's campaign as well as estimates of his commercial frequency—that is, how many times the average tuning home hears the advertiser's message over a 1-week or 4-week period.

Because Nielsen measures the television viewing of the radio sample, it can also provide us with information as to how network radio can be used by advertisers to supplement their television campaigns. As far as it goes, this is helpful information, which we can use in selling campaigns on the NBC radio network, and in obtaining renewals of sales, based on the circulation the advertiser has obtained.

Nielsen also provides information on the characteristics of the radio audience, the number of young homes, old homes, large families, small families and urban and rural families that are tuned to network radio programs.

One of the advantages of the Nielsen service is that the ratings are based upon the advertiser's lineup of stations. Another advantage is the fact that the measurements cover the entire broadcast day for 48 weeks of the year. However, Nielsen provides no measure of the composition of the radio audience, such as the number of men, women, or children listening to a particular program, and this is a real disadvantage. Also, Nielsen principally measures the audience to plug-in sets, and does not give us adequate information on the growing audience to portable and car radios.

Although our research department, on behalf of the radio network, also subscribes to the Pulse local radio reports for all markets covered by that organization, these reports are used very little by us.

Unlike Nielsen, which reports listening on a national basis, Pulse provides reports on listening in individual markets.

Pulse covers most of these markets only once or twice a year. In only 25 of them does Pulse rate the weekend, when an important part of the NBC radio network schedule is broadcast. Because of these differences, we use Pulse only to answer specific questions raised by advertisers about NBC's programs in a particular market or group of markets.

The NBC radio network spends \$175,000 a year on Nielsen network radio service and \$2,200 a year for all the Pulse local radio reports.

There are various other services providing some sort of radio rating data, but they are so inadequate for our purposes that we do not subscribe to them.

Unhappily for us, none of the existing services adequately measures the total audience for network radio. For that reason, network radio has been unable to obtain evidence which will convince advertisers of the real extent of our entire audience. This has hindered us in our competition for the advertiser's business and in the rates we can charge, since our true circulation is being sadly underrated.

I do not mean to imply that the measurement services have done this deliberately. The fact is that measuring the radio audience in our present state of electronic technology poses some extremely difficult problems. This is due to the fact that three-quarters of the 25 million radios sold annually in the United States do not plug into the wall. In other words, 80 percent of the sets are self-powered.

They are in automobiles. They are in shirt pockets. They move. They cannot be measured by stationary mechanical devices.

For example, Nielsen's meters are too large to be attached to many sets, and cannot readily be moved from place to place as the radios move—a problem which did not exist when all radios were of the plug-in variety.

The NBC radio network has been trying for some time to find a solution to this problem. We have conferred with measurement services. We have commissioned special studies. We have tried to arouse the industry.

But the techniques for accurate and comprehensive measurement of the total radio audience continue to elude us. One fear I have is that even if it were possible to develop these techniques, they might be too expensive for practical use. Even with the present inadequate techniques, the costs of the Nielsen Radio Index are tremendously higher for us, in relation to radio network revenue, at any rate, than the costs of the Nielsen Television Index in relation to the television revenue.

At present, we are concentrating our efforts on trying to stimulate an improvement in the Nielsen service. Several years ago Nielsen instituted periodic measurements of gross car radio usage.

In 1961 Nielsen began twice yearly estimates of the audience to non-plug-in radios. Although progressive steps, these are simply measurements of the overall listening to portable and car radios. They do not indicate the station or program tuned in. This is not good enough.

What we need is a technique for measuring the total audience to NBC network radio and to the programs and commercial messages we

carry. We hope that our continuing efforts to obtain a suitable service will be successful.

The CHAIRMAN. Mr. Sparger, do you have any questions?

Mr. SPARGER. Yes, sir.

In what general range, sir, do the NRI ratings run?

Mr. McDANIEL. For the four networks?

Mr. SPARGER. For the four networks.

Mr. McDANIEL. They run from 0.3 to I believe 2.5. Maybe during a World Series, you would have a large thing, but your average ratings during the year are from 0.5 to 2.5.

Mr. SPARGER. On an average day, would this be about how they would run?

Mr. McDANIEL. An average of 1.8, 1.7.

Mr. SPARGER. On some occasions, do they run less than this?

Mr. McDANIEL. Yes; I would say Sunday evenings.

Mr. SPARGER. Would you say most of the ratings within the network radio report would fall within statistical variance?

Mr. McDANIEL. Variance?

Mr. SPARGER. Yes.

Mr. McDANIEL. Yes, they would.

Mr. SPARGER. Would you describe the NRI report or the NRI service as a measurement of network radio?

Mr. McDANIEL. It is an inadequate measurement of network radio.

Mr. SPARGER. The report is described as a network radio index?

Mr. McDANIEL. That is correct.

Mr. SPARGER. Is the NRI report the standard used by advertisers and their agents as a measurement for network radio?

Mr. McDANIEL. Yes, it is.

Mr. SPARGER. Are there any other competing network radio reports?

Mr. McDANIEL. There is a new one called Sindlinger Service. This came into being in the fall. We have been in touch with them, they have made a presentation to us, we have not decided what we are going to do, whether we will take it or not.

Mr. SPARGER. How many homes does it take to make a Nielsen rating point, do you know?

Mr. McDANIEL. 11 or 12.

Mr. SPARGER. So actually the range of 0.8 would be less than 10 homes, up to a maximum for another network of 22 homes. Would there be an economic advantage to NBC radio to have a net increase, of one rating point across a day's schedule?

Mr. McDANIEL. I would always like to see it increased, but the way people buy our network, they buy cumulatively. They buy across the board, not one particular spot.

Mr. SPARGER. If you could in essence be assured of 12 Nielsen homes being tuned in during every period of the day to NBC, would this have a substantial economic advantage?

Mr. McDANIEL. In other words, if our ratings doubled, or across the board?

Mr. SPARGER. Yes.

Mr. McDANIEL. Yes; very definitely so.

Mr. SPARGER. That is all the questions I have, Mr. Chairman.

The CHAIRMAN. Mr. Moss, any questions?

Mr. Moss. No.

The CHAIRMAN. Mr. Springer?

Mr. SPRINGER. No.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. No.

The CHAIRMAN. Mr. Brotzman, do you have any questions?

Mr. BROTZMAN. No.

The CHAIRMAN. Thank you very much, Mr. McDaniel, for your presentation and the information which you and your associates have presented here today.

We appreciate it and I hope we have not detained you too long.

Mr. MCDANIEL. Not at all.

The CHAIRMAN. Thank you again.

Mr. Rand Dixon, Chairman of the Federal Trade Commission.

Mr. Dixon, we have a general procedure here of witnesses being sworn.

Are you going to have some of your associates join you?

Mr. DIXON. It is possible you may want to ask Mr. Tobin or Mr. Downs a question, sir.

This is Mr. Charles A. Tobin, who was the investigator for us when we looked into several questions.

The CHAIRMAN. If you don't mind, and to save any question later on, suppose they just be sworn?

Mr. DIXON. All right. This is Mr. Fred Downs.

The CHAIRMAN. Do you and each of you solemnly swear that the testimony you will give to the committee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. DIXON. I do.

Mr. TOBIN. I do.

Mr. DOWNS. I do.

TESTIMONY OF HON. PAUL RAND DIXON, CHAIRMAN, FEDERAL TRADE COMMISSION; ACCOMPANIED BY CHARLES A. TOBIN AND FRED DOWNS

The CHAIRMAN. Mr. Dixon, we invited you here because the Federal Trade Commission is charged with certain responsibility in connection with the commercial part of advertising and so forth, about the broadcasting industry, and in carrying out your responsibilities, you have, as we know, and as is generally known, been involved with rating services to some extent.

We are fully aware of the recent action of the Commission, and since it has to do with the study of this committee over the last few years, we thought it would be most appropriate for you to give us a report of your activities, such as you are able to disclose at this time.

Mr. DIXON. Thank you, Mr. Chairman.

I would like the committee to know that I am grateful for its invitation to appear for the purpose of reporting on the activities of the Federal Trade Commission in the field of radio and television ratings or audience measurements.

Preliminary to the taking of any corrective action in this area, it was necessary for the Commission to conduct a comprehensive investigation of the industry in order to determine whether any of the laws administered by it were being violated. In other words, we

had to find out whether any industry members were engaged in unfair methods of competition in commerce or were deceiving or misleading anyone as to the efficiency of their methodology or as to the accuracy of their ratings or other measurements. This included far more than the gathering of information from which conclusions could be drawn. We had to gather sufficient evidence that would stand up in a court of law to prove any charges that we were to bring.

Since there are many facets to the problem of radio and television ratings, and since we have only so many people that we can detail to an investigation of this nature, it was necessary to make a judgment at the outset as to the perimeter of our investigation.

Consequently, it was limited to the methodology of the industry, in part because the congressional hearings had disclosed this to be the most likely area of violation. This investigation involved not only a detailed study of the methodology established by various industry members, but also required an extensive time-consuming field inquiry, including the interviewing of hundreds of persons to determine factually the extent to which the methodology as established in principle was actually carried out. I might state at this point that the various companies that we investigated were generally helpful and cooperative.

At the conclusion of our field investigation another judgment had to be made. Based upon an analysis of the massive volume of prospective evidence thus collected, what violations of law could be proven and against whom? We also had to make a judgment as to whether such violations of law as we thought could be proven were of sufficient public interest to warrant corrective action on the part of the Commission.

The Commission issued complaints against three of the rating services. A number of factors such as their size, the type of service rendered, the representations made and the public interest were controlling in the Commission's selection of the three companies against whom complaints were to be issued at that time; namely: A.C. Nielsen Co., the Pulse, and C-E-I-R, Inc.

The three companies against whom the Commission issued complaints all sell syndicated services. They are the dominant members of the industry and their ratings can be characterized as having a definite and substantial competitive impact upon the broadcasting industry.

While the complaints that were issued in this area were disposed of by the entry of consent orders to cease and desist, which obviated the necessity of proving the charges, such a disposition of them could not be anticipated at the time the complaints were written: therefore, those complaints contained only such charges as the staff had recommended to us it felt could be proven by competent evidence available at the time they were issued. For this reason we do not contend that these orders cure all of the ills of this industry and that all will be sweetness and light in the future.

The complaints that I have mentioned charged that the respondents named therein represented that their datings and other measurements were arrived at through the use of techniques or procedures that are free from error. The complaints go on to state that such respondents use techniques and procedures that result in bias or error which

adversely affect the represented accuracy of their ratings or other measurements and that such ratings or other measurements are in fact nothing more than estimates. Each of these complaints contains a list of practices engaged in by each of the respondents which adversely affect the accuracy of its measurements.

Each complaint also contains a list of statements or representations deemed to have been made by each respondent which are considered to be false, misleading, or deceptive. These complaints further allege that the respondents named therein, by selling their reports and data, have also placed instrumentalities in the hands of some radio and/or television stations whereby they are enabled to compete unfairly with other radio and/or television stations.

By consenting to the orders, the respondents did not admit that they violated the law in any respect, but they did agree to be bound by such orders, and they are subject to the same penalties for violating these orders as had the cases been tried and such orders issued.

We feel that the action taken by the Commission in this area is a positive step forward notwithstanding what we have read to the contrary in trade publications and elsewhere. It is true that the orders as issued in these cases do not directly assure or require that radio and television ratings or other measurements be any more accurate in the future than they have been in the past. They do, however, require the publication of sufficiently detailed explanations of methodology as actually practiced to allow buyers of radio and/or television time to make their own assay of the value thereof.

This would seem to be in keeping with certain conclusions and recommendations of the so-called Madow report. It is anticipated that, in addition, the orders may have the indirect effect of improving some aspects of the methodology, inasmuch as the rating services might well prefer to improve methodology rather than disclose any of its shortcomings.

It has been said by some apologists that the users of ratings are sophisticated individuals who are aware of the inaccuracy of the ratings and thus no one is deceived. Even though this were true, which we seriously doubt, the Commission felt that from a competitive standpoint the situation would be improved if the services were required to tell the truth about their methodology and the results attained thereby.

The ideal situation, of course, would be precisely accurate ratings, but that appears to be impossible of absolute achievement from either an economical or a statistical standpoint.

Furthermore, the Federal Trade Commission does not have direct authority to require the seller of any product to improve on that product. We can require a seller to tell the truth about his product and not misrepresent it in any manner.

In the present posture of the cases in which the Commission has acted, those three services are required to disclose, among other things, that their ratings are estimates, and nothing more. If, after knowing the truth about these ratings, the users are still willing to buy them and be guided by them so be it. It could well be like the inveterate gambler who was told that the roulette wheel at which he continually lost was crooked, to which he replied, "I know, but it is the only wheel in town."

Having told you what the Federal Trade Commission has done about radio and television ratings, I hasten to add that we have a vital interest in the hearings of this committee and have requested that we be supplied with a daily copy of the transcript of your hearings and we intend to have a representative in attendance at every session.

In this way we will be aware immediately of the development of any situation which would appear to warrant further attention by the Federal Trade Commission, and of course we will be most receptive to any recommendation that this committee would care to make at the conclusion of its hearings.

Mr. Chairman, I think it is also incumbent upon me to state to you that although these are the only three complaints and orders that we have issued and obtained in this field, we are still actively investigating the problem, sir, from several other aspects.

The CHAIRMAN. Thank you, Mr. Dixon.

Does that conclude your statement?

Mr. DIXON. That concludes my written statement, sir.

The CHAIRMAN. Mr. Howze, do you have some questions?

Mr. HOWZE. Yes, sir.

Mr. DIXON. I would, before you start, sir, suggest if you do not already have it that attached to my statement and requesting that there be made a part thereof are the three complaints and orders that were issued and obtained that I have referred to in the statement.

The CHAIRMAN. I think they should be received for the record, in view of the fact that you have alluded to them.

(The documents referred to are as follows:)

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

DOCKET NO. C-289

IN THE MATTER OF C-E-I-R, INC., A CORPORATION

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that C-E-I-R, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

Paragraph One: Respondent C-E-I-R, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at One Farragut Square South, Washington, D.C.

Paragraph Two: Respondent, through its American Research Bureau Division, is now, and since September 30, 1961, has been, engaged in the measurement of television audiences and in the compilation, analysis and publication of data and reports containing television audience size and composition information and in the sale of such data and reports to broadcasters, advertisers and advertising agencies.

Paragraph Three: Respondent causes the said data and reports, when sold, to be transported from its places of business in the District of Columbia, and in the State of Maryland to purchasers thereof located in various States of the United States and in the District of Columbia. Respondent maintains and at all times mentioned herein has maintained a course of trade in said data and reports in commerce as "commerce" is defined in the Federal Trade Commission Act. Respondent's volume of business in such commerce is and has been substantial.

Paragraph Four: In the course and conduct of its business, at all times mentioned herein, respondent has been and is in substantial competition in commerce

with corporations, firms, and individuals in the sale of data and reports containing television audience information.

Paragraph Five: In the course and conduct of its business, as aforesaid, respondent publishes and sells data and reports compiled by it which include television station and program "ratings" expressed in mathematical terms to the exactness of one per cent and audience "totals" in mathematical terms to the exactness of one hundred homes. Respondent represents directly or by implication that such "ratings" and "totals" are accurate measurements of television station and program audiences, arrived at through the use of techniques and procedures that are free from error other than sampling error when such "ratings" and "totals" are in fact estimates.

Paragraph Six: In truth and in fact respondent uses techniques and procedures that result in bias or error other than sampling error which adversely affect the accuracy of its "ratings" and "totals." Among and typical of respondent's techniques and procedures are the following:

1. It fails to disclose the number or percentage of a sample that refuses or fails to respond or cooperate, or otherwise to account for the statistical effect of non-response.
2. It uses data derived from diaries, some of which contain hearsay reports and estimates of the diarykeeper.
3. It projects from a sample composed entirely of telephone homes to "all" television homes, both telephone and non-telephone.

The techniques and procedures above set forth result in bias or error and adversely affect the accuracy of respondent's "ratings" and audience "totals." Therefore, the representations that respondent's "ratings" and audience "totals" are other than estimates and that they are accurate to any precise mathematical value or definition are false, misleading or deceptive.

Paragraph Seven: In the further course and conduct of its business, as aforesaid, respondent has represented directly or by implication in its reports:

1. That its measurements are based upon a probability sample.
2. That the only error to which its data are subject is sampling error.
3. That the accuracy or reliability of its data can be fully determined by the use of a statistical reliability chart which is set forth in its reports.
4. That repeated contracts are made with diarykeepers for the purpose of assuring that the diary is understood and properly maintained by them.
5. That all viewing by all members of the family is recorded in diaries at the time of viewing.
6. That respondent's techniques and procedures produce measurements, data and reports that are accurate to a precise mathematical value or definition.

Paragraph Eight: In truth and in fact:

1. Respondent's measurements are not based upon a true probability sample.
2. Respondent's data are subject to errors in addition to sampling error.
3. The statistical reliability chart set forth in respondent's reports is applicable to data obtained by means of a probability sample, and since respondent does not use a true probability sample, the reliability of its data cannot be fully determined by the use of the aforesaid chart.
4. In some instances the only subsequent contact made with diarykeepers after the initial contact is to provide them with a diary.
5. All viewing by all members of the family is not always recorded in the diary at the time of the viewing.
6. Respondent's techniques and procedures do not produce measurements, data or reports that are accurate to any precise mathematical value or definition.

Therefore the representations contained in Paragraph Seven above are false, misleading or deceptive.

Paragraph Nine: In the course and conduct of its business respondent by publishing and selling the aforesaid reports and data places instrumentalities in the hands of some television stations thereby enabling them to compete unfairly with other television stations.

Paragraph Ten: The use by respondent of the aforesaid false, misleading, or deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead the purchasers and sellers of television time into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's

data and reports by reason of said erroneous and mistaken belief. Said practices of respondent also have had, and now have, the capacity and tendency to mislead purchasers of television time into the purchase thereof because of the aforesaid erroneous and mistaken belief that the aforesaid statements and representations were and are true. As a consequence thereof, substantial trade in commerce has been and is being unfairly diverted to respondent, and to sellers of television time from their competitors, and substantial injury has thereby been, and is being, done to competition in commerce.

Paragraph Eleven: The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public, of respondent's competitors and of sellers competing in the sale of television advertising time, and constituted and now constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5(a) (1) of the Federal Trade Commission Act.

Wherefore, the premises considered, the Federal Trade Commission on this 28th day of December A.D. 1962, issues its complaint against said respondent.

By the Commission.

[SEAL]

JOSEPH W. SHEA, *Secretary.*

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

DOCKET NO. C-289

Commissioners: Paul Rand Dixon, Chairman, Sigurd Anderson, Philip Elman, Everette MacIntyre, A. Leon Higginbotham, Jr.

IN THE MATTER OF C-E-I-R, INC., A CORPORATION

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent C-E-I-R, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at One Farragut Square South, Washington, D.C.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered that respondent C-E-I-R, Inc., a corporation, its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the publication, offering for sale, sale or distribution of television or other audience measurements, whether in the form of reports, data or otherwise, in commerce as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from:

1. Representing directly or by implication:

(a) That its measurements, data or reports are based on a probability sample unless the term "probability sample" is properly qualified in immediate conjunction therewith, and unless the difference between a probability sample and respondent's sample is clearly described in its reports.

(b) That sampling error or any other single error is the only error to which its measurements, data or reports are subject.

(c) That the accuracy or reliability of its measurements, data or reports can be fully determined by the use of any chart or formula which is not wholly applicable to such measurements, data or reports.

(d) That any steps or precautions are taken to assure the proper maintenance of diaries unless such steps or precautions are in fact taken.

(e) That diaries used or relied upon by it reflect or contain all viewing by all members of a family as recorded at the time the viewing is done.

(f) That the numerical terms in which respondent's measurements, data, or reports are expressed are other than estimates or that its techniques and procedures assure that its measurements, data or reports are accurate to any precise mathematical value or definition.

2. Failing to disclose the statistical effect of nonresponse unless the number or approximate percentage of a sample that refuses or fails to respond or cooperate is clearly disclosed in each report, together with a statement that such nonresponse may affect the accuracy of such report.

3. Using data derived from diaries without clearly disclosing in each report that the diaries may have been maintained in part on the basis of hearsay or the estimate of the diarykeeper.

4. Projecting samples to "all" television homes when certain of such homes have been excluded from the universe without clear disclosure in its reports that such projections have been made.

5. Misrepresenting in any manner the accuracy or reliability of its measurements, data or reports.

6. Using any technique or procedure in making measurements or compiling data or reports that impairs the accuracy or reliability of such measurements, data, or reports unless the deficiencies or limitations of such technique or procedure of which respondent is, or should be, aware are clearly disclosed in its reports.

It is further ordered that the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

By the Commission :

JOSEPH W. SHEA, *Secretary.*

[SEAL]

Issued : December 28, 1962.

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

DOCKET NO. C-290

IN THE MATTER OF A. C. NIELSEN COMPANY, A CORPORATION

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that A. C. Nielsen Company, a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows :

Paragraph One : Respondent A. C. Nielsen Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office and place of business located at 2101 Howard Street, Chicago 45, Illinois.

Paragraph Two : Respondent is now, and for more than one year last past has been, engaged in the measurement of radio and television audiences and in the compilation, publication and sale of data and reports containing radio and television audience size and composition information, and in the sale of such data and reports to broadcasters, advertisers and advertising agencies.

Paragraph Three: Respondent causes the said reports, when sold, to be transported from its place of business in the State of Illinois to purchasers thereof located in various other states of the United States and in the District of Columbia. Respondent maintains, and at all times mentioned herein has maintained, a course of trade in said reports in commerce, as "commerce" is defined in the Federal Trade Commission Act. Respondent's volume of business in such commerce is and has been substantial.

Paragraph Four: In the course and conduct of its business, at all times mentioned herein, respondent has been and is in substantial competition in commerce with corporations, firms and individuals in the sale of reports containing radio and television audience information.

Paragraph Five: In the course and conduct of its business, as aforesaid, respondent publishes and sells reports and data compiled by it which include radio and television station and program "ratings" expressed in mathematical terms to the exactness of one-tenth of one percent, and audience "totals" expressed in mathematical terms to the exactness of one hundred homes. Respondent represents directly or by implication that such "ratings" and "totals" are accurate measurements of radio and television station and program audiences, arrived at through the use of techniques and procedures that are free from error other than sampling error, when such "ratings" and "totals" are in fact estimates.

Paragraph Six: In truth and in fact, respondent uses techniques and procedures that result in bias or error other than sampling error and which adversely affect the accuracy of its "ratings" and audience "totals." Among and typical of respondent's techniques and procedures are the following:

1. It excludes segments of the population from the universe without making full disclosure thereof.
2. In its Nielsen Station Index Reports it fails to disclose the number or percentage of a sample that refuses or fails to respond or cooperate, or to otherwise account for the statistical effect of nonresponse.
3. In connection with its Nielsen Station Index Reports it assigns equal statistical value to data secured by means of meters, diaries and ballots, each of which has a different statistical reliability, and over which respondent exerts a different degree of control.
4. In connection with its Nielsen Station Index Reports it bases station total audience partly upon measurement and partly upon projection based on obsolete ballot surveys.
5. In connection with its Nielsen Station Index Reports it bases area definition upon obsolete ballot surveys.
6. In connection with its Nielsen Station Index Reports it combines data secured at different times into consolidated rating and audience size values as though all of such data had been derived during the time period embraced by a given report when some of such data were derived during a different time period.
7. In its Nielsen Station Index Reports it uses data obtained from samples disproportionately dispersed through the universe.
8. In its Nielsen Station Index Reports it uses data derived from diaries containing hearsay reports and estimates of the diarykeeper.
9. In its Nielsen Station Index Radio Reports it publishes what purports to be complete radio audience data although it does not measure portable and transistor radio listening or tuning.
10. In its Nielsen Station Index Radio Reports it uses automobile radio listening data obtained from areas larger than the areas reported on.

The techniques and procedures above set forth result in bias or error and adversely affect the accuracy of respondent's "ratings" and "totals." Therefore the representations that respondent's "ratings" and audience "totals" are other than estimates, and that they are accurate to a precise mathematical value or definition are false, misleading or deceptive.

Paragraph Seven: In the further course and conduct of its business respondent has represented, directly or by implication:

1. That the sample sizes set forth in its reports are the effective sample sizes governing the data contained in such reports, and that all data obtained from such samples are of equal statistical value.
2. That data contained in its Nielsen Station Index Radio Reports are based upon the "Base Cases" figures set forth therein and that such "Base Cases" figures are respondent's sample sizes for such reports.

3. That its measurements are based upon a probability sample.
4. That the only error to which its data are subject is sampling error.
5. That the accuracy or reliability of its data can be fully determined by the use of a sampling error formula which is set forth in its reports.
6. That all data contained in its Nielsen Station Index Reports were derived within the time period embraced by such reports.
7. That the data contained in its Nielsen Station Index Reports are based upon information obtained from diaries and an approximately equal number of meters.

Paragraph Eight: In truth and in fact:

1. The sample sizes set forth in respondent's reports are larger than the effective sample sizes governing the data contained in such reports, and all of the data obtained from such sample sizes are not of equal statistical value. In some of respondent's reports the data contained therein are obtained from diaries and ballots and have less statistical value than do the data contained therein which are obtained from a few meters.
2. The data contained in respondent's Nielsen Station Index Radio Reports are not based upon the "Base Cases" figures set forth therein, but instead are based upon sample sizes smaller than the stated "Base Cases" figures.
3. Respondent's measurements are not based upon a probability sample.
4. Respondent's data are subject to errors in addition to sampling error.
5. The sampling error formula set forth in respondent's reports is applicable to data obtained by means of a probability sample, and since respondent does not use a probability sample, the accuracy or reliability of its data cannot be fully determined by the use of the aforesaid formula.
6. Not all of the data contained in respondent's Nielsen Station Index Reports were derived within the time period embraced by such reports.
7. While the data contained in respondent's Nielsen Station Index Reports are based upon information obtained from diaries and meters, the number of meters from which such information is obtained is substantially smaller than the number of diaries from which such information is obtained.

Therefore the representations contained in Paragraph Seven above are false, misleading or deceptive.

Paragraph Nine: In the course and conduct of its business respondent, by publishing and selling the aforesaid reports and data, places instrumentalities in the hands of some radio and television stations thereby enabling them to compete unfairly with other radio and television stations.

Paragraph Ten: The use by respondent of the aforesaid false, misleading, or deceptive statements, representations and practices has had, and now has, the capacity and tendency to mislead the purchasers and the sellers of radio and/or television time into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's data and reports by reason of said erroneous and mistaken belief. Said practices of respondent also have had, and now have, the capacity and tendency to mislead purchasers of radio and/or television time into the purchase thereof because of the aforesaid erroneous and mistaken belief that the aforesaid statements and representations were and are true. As a consequence thereof, substantial trade in commerce has been and is being unfairly diverted to respondent, and to sellers of radio and/or television time from their competitors, and substantial injury has thereby been, and is being, done to competition in commerce.

Paragraph Eleven: The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public, of respondent's competitors and of sellers competing in the sale of radio and television advertising time, and constituted and now constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5(a)(1) of the Federal Trade Commission Act.

Wherefore, the premises considered, the Federal Trade Commission on this 28th day of December A.D. 1962, issues its complaint against said respondent.

By the Commission:

[SEAL]

JOSEPH W. SHEA, *Secretary*.

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

DOCKET NO. C-290

Commissioners: Paul Rand Dixon, Chairman, Sigurd Anderson, Philip Elman, Everette MacIntyre, A. Leon Higginbotham, Jr.

IN THE MATTER OF A. C. NIELSEN COMPANY, A CORPORATION

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such complaint, and waivers and provisions as required by the Commission's rules; and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, A. C. Nielsen Company, is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 2101 Howard Street, in the City of Chicago, State of Illinois.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered that respondent A. C. Nielsen Company, a corporation, its officers, agents, representatives, and employees, directly or through any corporate or other device, in connection with the publication, offering for sale, sale or distribution of radio or television audience measurements, whether in the form of data, reports, or otherwise, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication:
 - (a) That the numerical terms in which its measurements, data, or reports are expressed are other than estimates, or otherwise representing that such measurements, data, or reports are accurate to any precise mathematical values or definitions.
 - (b) That all data obtained from a sample that is made up of diaries and/or ballots and meters are derived from sources which are of equal statistical reliability.
 - (c) That its measurements, data, or reports are based upon a probability sample.
 - (d) That sampling error, or any other single error is the only error to which its measurements, data, or reports are subject.
 - (e) That the accuracy or reliability of its measurements, data, or reports can be fully determined by the use of any chart or formula which is not wholly applicable to such measurements, data or reports.
 - (f) That the data contained in any report are based upon information obtained from diaries and meters unless such diaries and meters are approximately equal in number or unless the approximate percentage of each is clearly disclosed in such report.
2. Misrepresenting the size of its effective sample through the use of "Base Cases" figures or otherwise.
3. Using data or information gathered by it as a basis for reports, which data or information is not reliable due to the lapse of time.
4. Using data in a report that were derived during a time period other than the time period embraced by said report unless the time period during which such data were derived is clearly disclosed in its reports.

5. Using in report automobile radio listening data that were obtained from an area larger than the area covered by said report without clearly disclosing such fact and without clearly disclosing when such is the case, that such automobile radio listening data are not measurements of individual station shares of automobile radio listening.

6. Publishing radio audience measurements without disclosing that such measurements do not include portable and/or transistor radio listening or tuning, if it be a fact.

7. Using data derived from diaries without clearly disclosing in each report that the diaries may have been maintained in part on the basis of hearsay or the estimate of the diarykeeper.

8. Using data obtained from diaries disproportionately dispersed throughout the universe, without clear disclosure thereof.

9. Failing to disclose the statistical effect of nonresponse, unless the number or approximate percentage of a sample that refuses or fails to respond or cooperate is clearly disclosed in each report, together with a statement that such nonresponse may affect the accuracy of such report.

10. Excluding segments of the population from the universe, unless each category of the population excluded from measurements is clearly disclosed in each report.

11. Misrepresenting in any manner the accuracy or reliability of its measurements, data or reports.

12. Using any technique or procedure in making measurements or compiling data or reports that impairs the accuracy or reliability of such measurements, data, or reports unless the deficiencies or limitations of such technique or procedure of which respondent is, or should be, aware are clearly disclosed in its reports.

It is further ordered that the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

By the Commission :

[SEAL]

JOSEPH W. SHEA, *Secretary.*

Issued : December 28, 1962.

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

DOCKET NO. C-291

IN THE MATTER OF THE PULSE, INC., A CORPORATION

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that The Pulse, Inc., a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

Paragraph One: Respondent, The Pulse, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its office and principal place of business is located at 730 Fifth Avenue, New York, New York.

Paragraph Two: Respondent is now and for more than one year last past has been engaged in the measurement of radio and television audiences and in the compilation, analysis, and publication of data and reports containing radio and television audience size and composition information and in the sale of such data and reports to broadcasters, advertisers, and advertising agencies.

Paragraph Three: Respondent causes said reports, when sold, to be transported from its place of business in the State of New York to purchasers thereof located in the various other states of the United States and in the District of Columbia. Respondent maintains and at all times mentioned herein has maintained a course of trade in said reports in commerce as "commerce" is defined in the Federal Trade Commission Act. Respondent's volume of business in said reports in such commerce is and has been substantial.

Paragraph Four: In the course and conduct of its business, at all times mentioned herein, respondent has been and is in substantial competition in commerce with corporations, firms, and individuals in the sale of reports containing radio and television audience size and composition data.

Paragraph Five: In the course and conduct of its business, as aforesaid, respondent publishes and sells reports containing data compiled by it which include radio and television station and program "ratings" expressed in mathematical terms to the exactness of one-tenth of one percent and audience "shares" expressed in mathematical terms to the exactness of one percent. By so doing respondent represents directly or by implication that such "ratings" and audience "shares" are accurate and are reliable measurements of radio and television station and program audiences, arrived at through the use of techniques and procedures that are free from error other than sampling error.

Paragraph Six: In truth and in fact, respondent uses techniques and procedures that result in bias or error other than sampling error, and which adversely affect the accuracy and reliability of its "ratings" and audience "shares". Among and typical of respondent's techniques and procedures are the following:

1. It includes all "Not-At-Homes" in its sample base.
2. It credits listening or viewing to "Not-At-Homes" according to a formula that has not been validated by adequate research.
3. It adjusts "Sets-In-Use" figures upward by 20% for morning programs and 40% for afternoon and evening programs without research to justify such adjustments.
4. Its sample is clustered which has the effect of reducing the sample size.
5. It uses data from reports containing interviewees' general preferences as opposed to what they actually listened to or viewed during the period covered by the survey.
6. It uses hearsay data given by those interviewed.
7. It uses data obtained from individuals or households not a part of the preselected sample.
8. It conducts special surveys wherein the area surveyed is defined by one of the stations being measured and in which the resulting audience levels or ratings of said station and of competing stations are controlled by the signal pattern or area of popularity of the station defining the area to be surveyed.
9. It uses data obtained by interviewers over whom respondent exercises a degree of supervision and control insufficient to assure the accuracy or reliability of such data.
10. In some reports, it has combined the ratings and audience shares of two or more stations into a single rating and share, while other stations, not serving the entire area served by the combined stations, are listed therein with their individual ratings and audience shares as though they were competing with such combination of stations for the audience in the entire area covered by said reports.

The techniques and procedures above set forth result in bias or error and adversely affect the accuracy or reliability of respondent's "ratings" and "shares". Therefore, the representation that respondent's "ratings" and audience "shares" are accurate to the degree indicated by the precise mathematical terms in which they are expressed, and that they are reliable are false, misleading and deceptive.

Paragraph Seven: In the future course and conduct of its business, as aforesaid, respondent has represented, directly or by implication:

1. That the sample size for each survey is the number of quarter hour reports upon which such survey is purportedly based.
2. That all of its measurement data are obtained by the use of rosters.
3. That the measurement data contained in its reports are all based exclusively upon actual listening or viewing.
4. That its employment of a "Time-Line" technique eliminates the inflation of its measurements.
5. That its interviewers are provided with a preassigned plan as to where to conduct interviews and that such interviewers do not deviate from such plan.
6. That its measurements are based upon a probability sample.
7. That respondent's sampling method is statistically accurate.

Paragraph Eight: In truth and in fact:

1. Respondent's sample size for each survey is smaller than the number of quarter hour reports upon which each such survey is purportedly based.
2. Rosters are not always employed by respondent in obtaining measurement data.
3. Some of the measurement data contained in respondent's reports are based upon general listening or viewing preferences as opposed to actual listening or viewing as of a specific time.
4. Respondent does not always use a "Time-Line" technique.
5. In conducting interviews respondent's interviewers sometimes deviate from the preassigned plan and conduct interviews elsewhere.
6. Respondent's measurements are not based upon a probability sample.
7. Respondent's sampling method is not completely accurate either statistically or otherwise.

Therefore, the representations contained in Paragraph Seven above are false, misleading, and deceptive.

Paragraph Nine: In the course and conduct of its business respondent, by publishing and selling the aforesaid reports and data, places instruments of deception in the hands of some radio and television stations thereby enabling them to compete unfairly with other radio and television stations.

Paragraph Ten: The use by respondent of the aforesaid false, misleading, and deceptive statements, representations and practices had had, and now has, the capacity and tendency to mislead the purchasers and the sellers of radio and/or television time into the erroneous and mistaken belief that said statements and representations were and are true and into the purchase of substantial quantities of respondent's data and reports by reason of said erroneous and mistaken belief. Said practices of respondent also have had, and now have, the capacity and tendency to mislead purchasers of radio and/or television time into the purchase thereof because of the aforesaid erroneous and mistaken belief that the aforesaid statements and representations were and are true. As a consequence thereof, substantial trade in commerce has been and is being unfairly diverted to respondent from its competitors, and to sellers of radio and/or television time from their competitors, and substantial injury has thereby been, and is being, done to competition in commerce.

Paragraph Eleven: The aforesaid acts and practices of respondent, as herein alleged, were, and are, all to the prejudice and injury of the public, of respondent's competitors and of sellers competing in the sale of radio and television advertising time, and constituted and now constitute unfair methods of competition in commerce and unfair and deceptive acts and practices in commerce in violation of Section 5(a) (1) of the Federal Trade Commission Act.

Wherefore, the premises considered, the Federal Trade Commission on this 28th day of December A.D. 1962, issues its complaint against said respondent.

By the Commission:

[SEAL]

JOSEPH W. SHEA, *Secretary*.

UNITED STATES OF AMERICA BEFORE FEDERAL TRADE COMMISSION

DOCKET NO. C-291

Commissioners: Paul Rand Dixon, Chairman, Sigurd Anderson, Philip Elman, Everette MacIntyre, A. Leon Higginbotham, Jr.

IN THE MATTER OF THE PULSE, INC., A CORPORATION

DECISION AND ORDER

The Commission having heretofore determined to issue its complaint charging the respondent named in the caption hereof with violation of the Federal Trade Commission Act, and the respondent having been served with notice of said determination and with a copy of the complaint the Commission intended to issue, together with a proposed form of order: and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by respondent of all the jurisdictional facts set forth in the complaint to issue herein, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as set forth in such

complaint, and waivers and provisions as required by the Commission's rules: and

The Commission, having considered the agreement, hereby accepts same, issues its complaint in the form contemplated by said agreement, makes the following jurisdictional findings, and enters the following order:

1. Respondent, The Pulse, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of New York with its office and principal place of business located at 730 Fifth Avenue, in the City of New York, State of New York.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

It is ordered that The Pulse, Inc., a corporation, its officers, agents, representatives and employees, directly or through any corporate or other device, in connection with the publication, offering for sale, sale or distribution of radio or television audience measurements, whether in the form of data, reports or otherwise, in commerce as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by implication:
 - (a) That such measurements, data or reports are accurate to any precise mathematical value or definition.
 - (b) That the number of quarter hour reports upon which a survey is based is the sample size for any report or survey.
 - (c) That all of its measurement data are obtained by the use of rosters.
 - (d) That it eliminates inflation of measurements, by the use of a "Time-Line" technique or otherwise.
 - (e) That its interviewers do not deviate from a preassigned plan in conducting interviews.
 - (f) That it uses any form of probability sample.
 - (g) That its sampling method is accurate statistically or otherwise.
2. Using data based upon general listening, or viewing preferences as opposed to actual listening or viewing.
3. Including "Not-At-Homes" in a sample base by any formula not validated by research.
4. Crediting listening or viewing to "Not-At-Homes" by any formula that has not been validated by research.
5. Adjusting "Sets-In-Use" or other figures unless justification therefor has been validated by adequate research.
6. Using clustered samples unless such fact and the extent thereof is clearly and conspicuously disclosed in each report.
7. Using data based upon hearsay reports, estimates or guesses.
8. Using data obtained from individuals or households not a part of a pre-selected sample.
9. Publishing or selling reports containing the results of special or other surveys wherein the area surveyed is defined by one of the stations being measured or surveyed and in which the resulting audience levels or ratings of this station and of competing stations are determined by the signal pattern or area of popularity of the station defining the area to be surveyed, unless such reports are distinguished by format and title from all regular metro and county reports and the identity of the station or stations defining the area covered by such special reports is prominently disclosed.
10. Using data obtained by interviewers over whom respondent does not maintain supervision and control sufficient to assure the accuracy or reliability of such data.
11. Misrepresenting in any manner the size of the effective sample used in any measurement.
12. Misrepresenting in any manner the accuracy or reliability of its measurements, data or reports.
13. Publishing or selling reports in which the ratings and audience shares of two or more stations are combined into a single rating and audience share and in which other stations, not serving the entire area served by the combined stations, are listed with their individual ratings and audience shares as though they were competing with such combination of stations for the audience in the entire area covered by said reports.

14. Using any technique or procedure in making measurements or compiling data or reports that impairs the accuracy or reliability of such measurements, data or reports unless the deficiencies or limitations of such technique or procedure are clearly and conspicuously disclosed.

IT IS FURTHER ORDERED that the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with this order.

By the Commission :

[SEAL]

JOSEPH W. SHEA, *Secretary*.

Issued : December 28, 1962.

Mr. HOWZE. First, Mr. Chairman, I would like to get into the background of the Federal Trade Commission's "comprehensive investigation" of the industry, as you call it in your statement.

Would you fill us in on some of that, sir?

Mr. DIXON. Well when this committee, as well as the Senate Committee, interested itself in this field, the Commission, I understand at that time, although I was not there, had the matter brought to their attention.

The reports and findings, the Madow report, came to the Commission's attention, of course. What might have occurred at that time, sir, was that both of these committees heard from eminent statisticians on what I would term the rating surveys. There seemed to be at that time a great unanswered question. That seemed to be, was the methodology being actually carried out and applied so that whatever the results were that were flowing from it were at all reliable and probative.

The only results that seemed to be determined appeared to the Commission to be that within the realm of manageability, the Commission had an obligation, based upon what the committees had uncovered on this subject, to look into it in depth. The Commission looked at the matter from the standpoint of the large rating services, together with some regional ones, but not a large number—I think possibly seven or eight—and this meant going in great detail to the people who were actually supposed to be performing these services for these survey rating companies.

Mr. HOWZE. Mr. Chairman, if I may interrupt you, you are getting into something I am going to ask about later; namely, the subject matter of the investigation itself.

Mr. DIXON. Yes, sir.

Mr. HOWZE. As I understand it, at some time, the Senate Commerce Committee or the subcommittee which had held hearings, I believe, in the summer of 1958 handed over to the Commission its files on the subject of ratings. At what time did that occur?

Mr. DIXON. I do not know what the record actually discloses on that.

Mr. Downs, do you know the actual time of that?

Mr. Downs. That was in 1958, the latter part of 1958.

Mr. HOWZE. Could that have been shortly after the conclusion of the Monroney subcommittee hearings?

Mr. Downs. That was turned over to the Commission in 1960 or 1961.

Mr. DIXON. The Magnuson committee gave it to the Commission in 1958. The one you are alluding to, I believe, came in 1961.

Mr. HOWZE. Well, tell me what Mr. Earl Kintner, during his confirmation hearing, was alluding to. I am reading an excerpt from Mr. Kintner's confirmation hearing. I do not have the date. I think it was in 1959.

The CHAIRMAN. Mr. Kintner, there has been a great deal of talk in the press about the so-called rating services. This committee has been interested in this subject for some time and held preliminary hearings in the last Congress. Extensive work was done with reference to surveying the field by questionnaires and significant material developed with regard to the rating services. Many thought that the committee had forgotten about this particular project, but as you know, this isn't so. Just so the public will know, this committee has made available all of its data to the FTC.

Mr. DOWNS. I would think the FTC the first time. At this time, it was the FCC, I believe. It was after this that Mr. Kintner told the committee to send the material down, that we would look into it. The committee at first contacted the Commission when Judge Gwynne was the chairman down there. That was in 1957, and again in 1958. At that time, we did not get anything from the committee. It was after the confirmation of Mr. Kintner that the material from the Magnuson committee was given to the Commission.

Mr. HOWZE. And you would put that somewhere in 1960?

Mr. DOWNS. Yes, sir; 1960.

Mr. HOWZE. When did the Commission's investigation, or at least that phase which led to the complaints and orders—when did that phase of that end?

Mr. DIXON. When did the investigation actually end that led to the complaint?

Mr. HOWZE. Yes. Would it be, would you say, with the date of the orders?

Mr. DIXON. Within, actually, weeks of the complaint, sir, because I was riding pretty hard herd on these things to see that they were finished.

The complaints were issued on the 28th day of December 1962. The investigations must have been finally summarized and brought together late in the fall of 1962, isn't that right?

Mr. DOWNS. No; the investigations were completed early in 1962. These complaints, under the Commission's procedure, are mailed to the respondents, to the proposed respondents; after that, we negotiate for the consent agreement, and then the date of issuance of the complaint sometimes follows months after the date it was originally mailed. These complaints were originally mailed in May or June of 1962. That meant the investigation was completed prior to May of 1962.

Mr. HOWZE. So that would mean that a period of 6 to 7 months elapsed between the original mailing of the complaints to the respondents and the final issuance of the complaints and the orders?

Mr. DOWNS. That is correct.

Mr. DIXON. That is correct, sir.

Mr. HOWZE. Which bureau in the Commission conducted the investigation, or was more than one involved?

Mr. DIXON. Well, we reorganized the Commission after I came down there in 1961. At the time that the investigation was started, they were conducted by the Bureau of Investigation. The trial bureau, after I came down in 1961 ultimately became responsible not only for

the investigation and the ultimate follow-through of trial, if necessary, or the negotiations which took place here, was the Bureau of Deceptive Practices.

Mr. HOWZE. And you now have a Bureau of Litigation? That is what was reorganized?

Mr. DIXON. That is correct, sir. We have organized ourselves now on a kind of functional basis. Our work normally falls in the field of deceptive practice and restraint of trade—in the straight antitrust field, we have a Bureau of Restraint of Trade. We have a Bureau of Textiles and Furs, which is specialized.

Mr. HOWZE. Has the Bureau of Restraint of Trade participated in the investigation of the rating services?

Mr. DIXON. They have, sir.

Mr. HOWZE. At what time did they begin; before your coming to the Commission?

Mr. DIXON. They began after I came there, sir.

Mr. HOWZE. Could you pinpoint the date for us?

Mr. DIXON. As to the time they began to move into the thing?

Mr. HOWZE. The date.

Mr. DIXON. The actual date would be difficult for me. I would say it would be early 1962 before a phase that was interesting enough to bring them in developed, sir.

Mr. HOWZE. Is there any way of estimating how many of the Commission's staff have been engaged in the investigation?

Mr. DIXON. Five in addition to Mr. Tobin in the investigation stage—this is the field of investigation—Mr. Downs. I suppose we have had with Mr. Downs and Mr. Sweeney and within the Bureau, probably there have been three or four that have been in consultation on it, besides, of course, all the time the Commission has spent on it.

Mr. HOWZE. How many of those were devoting their full time to it and how many just along with other work?

Mr. DIXON. The investigators had primarily full time upon this. A trial attorney, like Mr. Downs, when the situation develops where he is required to put his time upon it: that is, to be utilized fully as trial attorney. But he moves from one case to another, sir.

Mr. HOWZE. Did the staff in its investigation ever make an actual tabulation of the field results of any of these services?

Mr. DIXON. You mean a final report?

Mr. HOWZE. No, sir; I mean did they sit down and go through, let us say, the diaries. Let's speculate about a company which uses a diary method. Did you ever sit down and go through the processes the company itself goes through to try to see whether you get the same results they did or a similar result?

Mr. TOBIN. If by diary you mean the basic source material, yes; we did.

The count of the actual tabulation was made and compared against the work product that produced the tabulation.

Mr. HOWZE. Mr. Tobin, could you estimate on how many surveys you went through that process?

Mr. TOBIN. I think in the case of one.

Mr. HOWZE. Would you tell the committee which one that was?

Mr. DIXON. I do not have any secrets from a congressional committee. If you have to have the name, I will give it to you, if you feel

it is absolutely necessary. I think it would be just as valuable if you did not have the name, but I will rest on the Chairman's instructions.

The CHAIRMAN. What was the question? I am sorry.

Mr. HOWZE. Which particular survey was tabulated.

Mr. TOBIN testified—off the record.

The CHAIRMAN. Is it essential to have it?

Mr. HOWZE. I myself do not think so.

Your statement, Mr. Dixon, says your staff interviewed hundreds of people. Could you give me a closer estimate?

Mr. TOBIN. 350 to 400.

Mr. HOWZE. Who comprised the bulk of these people functionally? Did you talk to interviewers?

Mr. TOBIN. Yes, sir.

Mr. HOWZE. Did you talk to field supervisors or people who would have some such title?

Mr. TOBIN. Yes, sir; and panel members.

Mr. HOWZE. And I assume you talked to people in the rating services?

Mr. TOBIN. Time buyers, people in the rating services, radio operators, radio executives, broadcasters.

Mr. HOWZE. On page 3, of your statement, the first full paragraph:

The three companies against whom the Commission issued complaints all sell syndicated services. They are the dominant members of the industry and their ratings can be characterized as having a definite and substantial competitive impact upon the broadcasting industry.

How do you know they have a definite and substantial competitive impact upon the broadcasting industry?

Mr. DIXON. I think our investigation very clearly showed that, sir, I think our allegations in the complaint summarized those impacts that could be normally expected to substantiate that statement. There is still a question here that has not been yet resolved on that word "dominance" that we are still looking at, sir, very carefully.

Mr. HOWZE. That, I assume, would be the activity currently engaged in by your Bureau of Restraint of Trade?

Mr. DIXON. I think, sir, that is a fair characterization.

Mr. HOWZE. Have you found in that connection that these services are—the reports of the services are widely used by station licensees and advertisers?

Mr. TOBIN. No question about it.

Mr. HOWZE. Advertising agencies? No question about it?

Mr. TOBIN. No.

Mr. HOWZE. Would you go as far as Governor Collins did in his testimony yesterday, or rather some testimony that he got thrown at him, where he used the word "slavish" addiction, I believe, to numbers?

Mr. DIXON. I do not know whether we would go that far. I think he was in a better position to characterize that than perhaps we would be. I think that the conclusion, certainly, that we could substantiate, if we were driven to proof in one of these matters, is to show that they are relied upon considerably by the industry, all facets of the industry, sir. Certainly, they are not just an exercise of futility. They are being used.

Mr. HOWZE. Well, we have had some people in the last couple of days testify that they spend into six figures a year for these services, and I would assume that they must be put to some use.

In this next question, I run the risk of falling under your heading of "apologists" on page 5 of your statement. I do not know that I am an apologist for the rating services; I may be. All of the network witnesses who have testified in this hearing before the subcommittee have said that they regarded these reports as estimates, certainly as not 100 percent accurate. Do you think they learned that from the decree, the consent decree of the Commission, or do you think they may have known that before?

Mr. DIXON. I do not know, sir. I cannot answer that. But I think they are on notice now of that fact because of the consent order.

Mr. HOWZE. I believe you mentioned that the Commission had looked into some eight rating services. Have you had complaints regarding services other than the ones against whom Commission complaints were issued?

Mr. DIXON. No, sir; we have none.

Mr. HOWZE. I mean complaints from the public or from station people. You never have?

Mr. DIXON. We have talked about them. Once I talked about them with Governor Collins, but nothing materialized from it to indicate that we should go beyond an initial stage where we went. We found that this subcommittee had been very active at the place where we had gone. And you had obtained the information we were looking for, sir. We found you quite active in this field.

Mr. HOWZE. Is that a compliment?

Mr. DIXON. Is is a compliment, sir. That is the reason we are watching with such interest these hearings.

Mr. HOWZE. Do you still have live files on some of these other companies you have looked into but against whom you do not issue complaints?

Mr. DIXON. Yes, sir.

Mr. HOWZE. That is all we have, sir.

The CHAIRMAN. Well, Mr. Dixon, since you have just mentioned that, I think it is worth pursuing for just a moment.

Have you had the benefit of the Madow report, which has been developed and filed into a document of this committee, made in 1961?

Mr. DIXON. Yes, sir.

The CHAIRMAN. In 1958 the Senate Commerce Committee submitted to the Federal Trade Commission information with the suggestion that they look into the matter of ratings?

Mr. DIXON. That is correct, sir.

The CHAIRMAN. That was a long time before your time, and naturally, you can only relate to what the record shows.

Mr. DIXON. Yes, sir.

The CHAIRMAN. Now, it was in 1960 in the hearing referred to a moment ago, that the committee was advised that such an investigation of rating services began in April of that year, 1960. But now, the Madow report was filed March 23, 1961.

Mr. DIXON. Yes, sir.

The CHAIRMAN. Have you had occasion to compare with the Madow report the complaint and order which you have?

Mr. DIXON. Yes, sir.

The CHAIRMAN. There is a great deal of similarity, isn't there?

Mr. DIXON. There is a great deal of similarity, sir. I compliment the report and I think that it was most helpful to us, sir.

The CHAIRMAN. When was the complaint filed against the three companies that you refer to?

Mr. DIXON. May of 1962, sir.

Just a word of explanation there, Mr. Chairman. Under our procedure, which we had adopted in 1961, in order to afford parties under our rules the opportunity of consenting, we do not in a sense file a formal complaint until that period passes.

Now, these parties avail themselves immediately of that opportunity and our staff banged their heads together a long time until ultimately in December we came up with something which the Commission thought would serve the public interest.

The CHAIRMAN. Isn't it a little bit significant, Mr. Chairman, the fact that it became well known that our staff has also been working on these matters for some time, since the Madow report, and the cooperation between your people and our people has been very good, of course, and we made available at all times any information that you wanted and you have been very cooperative with us at the same time.

But it became generally known throughout the industry last fall that we had virtually completed our investigation and I was asked as chairman of the committee when hearings were going to get underway.

It had become generally known throughout the industry that we were going to conduct these hearings, had it not?

Mr. DIXON. Yes, sir.

The CHAIRMAN. It is a rather interesting thing that when that investigation by the staff had been virtually completed and we were getting ready for hearings, that those who were concerned about it, some facts regarding which will be developed later on, developed a willingness in part to enter into a consent order?

Mr. DIXON. I think you were very much a party to those negotiations, sir. I mean by that—they were aware of the interest of this committee and I think the background was there and the sum total of all the facts that had been disclosed—plus our final investigation—there was a choice. If they wanted this record to be played, it was available. All they had to do was file a denial answer and we would have played the whole record.

The CHAIRMAN. Well, I just thought it would be appropriate to note that significant development, after some 4 or 5 years, when we had been trying to get something specific together.

Mr. Springer, do you have a question?

Mr. SPRINGER. Mr. Chairman, just one or two.

Mr. Chairman, I want to say that I am glad you did something on this, because I think really it needed to be done. I would like to read, if I could, a short paragraph here from Broadcasting magazine, page 26.

I am not the one subcommittee member mentioned in here, I can say that to you. But I want to read what he said and I want to see if this is a correct appraisal.

One subcommittee member was highly critical last week of the Trade Commission's effort on the ratings field. It was pointed out that the FTC's consent decrees do not go beyond recommendation made by the 1961 report on rating services for the subcommittee by the American Statistical Association, (Madow report) in all major provisions. The Congressman said that the consent decrees could have been prepared simply by reading the Madow recommendations.

Mr. DIXON. Well, I do not know what that adds up to, but I might say this, that we think that this is a proper order which we have issued. Now, some, perhaps, would say that surveys ought to be abolished, just taken right off the market. But we find ourselves in this position at the Federal Trade Commission. You, the Congress, have given us our mandate and our jurisdiction. We must prevent in this field deception and misleading statements—to require truth. Now, what we must attempt here to do is to say to at least three parties, "If you are going to go out and peddle survey reports, you must tell the truth."

Now, if the person who buys it, you might say, could make something out of a complete, open, truthful disclosure, beyond that point, I am hard put to see how he can do it. If these services must reveal that they have not followed methodology—that there has been a breakdown and they are going to state that the best thing we are giving you is a guess, an estimate; then, if somebody wants to rely upon a guess or estimate, let them rely upon it, sir.

Mr. SPRINGER. Mr. Chairman, I might ask you one more, just reading one more sentence, and would you comment on this?

The head of one of the major radio firms agreed with the Congressman's evaluation of the consent decrees. He said the only other areas covered by the Trade Commission were "assinine" and of no importance.

Now, first, could you tell me what other area you covered than the Madow report and then what you think is really the importance of those others not contained in the Madow report?

Mr. DIXON. Well, I would say certainly that our men interviewed actual panel members and charges were based in this complaint upon the fact that a lot of hearsay information was being furnished as a basis for these surveys. I think there—

Mr. SPRINGER. Mr. Chairman, so that I understand, that last sentence which you have used, is that one of the other areas than the Madow report covered?

That is what I am trying to bring out.

Mr. DIXON. The interviewing of panel members certainly is one other area that was not covered.

Mr. SPRINGER. Can you name the other one?

Mr. DIXON. I think the general purport of the Madow report was to suggest perhaps, or recommend, or conclude that certain disclosures should be made in connection with the selling of survey reports. If you will notice our orders in these three cases, you will find certain absolute prohibitions against practices that we had charged that they were engaged in.

I think that is quite different from what the Madow report was driving at.

Mr. SPRINGER. In other words, this is another area, other than what the Madow report covered?

Mr. DIXON. I think that really is the correct summation of the real difference between the two.

Mr. SPRINGER. Now, those are two, investigations and the fact that you have a legal document to rely on to prohibit?

Mr. DIXON. This is true.

Mr. SPRINGER. Can you name a third one?

Mr. DIXON. Well, I will give one as an example. In the Nielsen Co. complaint—

Mr. SPRINGER. I have that one right here.

Mr. DIXON. Under the order to cease and desist, look at paragraph No. 6.

Mr. SPRINGER. Is this paragraph No. 6?

Mr. DIXON. Yes, sir; there are one, two, three, four, five, six, on page 3, No. 6, in the middle of page 3.

Here is a prohibition, an order to cease and desist from representing directly or by implication publishing radio audience measurements without disclosing that such measurements do not include portable and/or transistor radio listening or tuning, if it be a fact.

I do not think that is in the Madow report, sir.

Mr. SPRINGER. I know that is in there. I do not find it in six, though.

Mr. DIXON. I must view—it is on the back, the order, sir.

Mr. SPRINGER. Oh, the order.

You think, then, that the strength and what you have really contributed down at the Commission has been that whereas the Madow report merely set out information and suggested recommendations as to what the industry ought to do, you as a matter of law have said, this is what you are going to do?

Mr. DIXON. Yes, sir; we have tried to circumscribe here, sir, that we could prove these things by facts, that they were false, misleading, and deceptive. That is what we charged in the complaint and that is what we insisted upon, an order, that they either agree to it or we go to trial and see if we could not get such an order, sir.

Mr. SPRINGER. Just one thing, sir; I want to see if we can reduce it to the irreducible, where we are, today—I am talking about 1963. Before this order was entered, they did in fact say this was the truth when as a matter of fact it was not quite true.

Is that what they said?

Mr. DIXON. I think that is correct, sir.

Mr. SPRINGER. Now, you have modified what they are doing only to this extent, that they now say, in all probability, this is right.

Mr. DIXON. Well, plus all the other things that they must not do, and if they do a thing—for instance, under No. 1 of that order, (a), they cannot represent directly or by implication that the numerical terms in which its measurements, data, or reports are expressed are other than estimates, or otherwise representing that such measurements, data or reports are accurate to any precise mathematical values or definitions.

Now, you could describe this as saying that if they go out to sell one of these things, then they cannot sell it as an absolute, they must say this is an estimate.

Mr. SPRINGER. All right. In effect what you have said today by virtue of these reports, and they are in this position today, they can still do exactly what they did before, but the way in which it is represented is the only change that has been made. Is that correct?

Mr. DIXON. No, sir; that is not quite correct, because there are enumerated things they were doing before that they absolutely have to stop.

Now, also, the last paragraph in this order, on the back page, if you will look, is No. 12. They are prohibited from using any technique or procedure in making measurements or compiling data or reports that impair the accuracy or reliability of such measurements, data or reports unless the deficiencies or limitations of such techniques or procedures of which respondent is or should be aware are clearly disclosed in its reports.

Now, that is a broad admonition there, sir.

Mr. SPRINGER. I want to take, to see if you are right on this news release which was made by A. C. Nielsen on January 8, about 2 months ago, I am quoting them:

It may be that recent press coverage of our signing of an FTC consent order has given you a misleading impression. Here are the facts: First, the order does not challenge our research methods and no changes in Nielsen methods are required or contemplated, except as your needs dictate.

That is one.

2.—I will leave out 2, because I do not think it is pertinent.

3. There will be no change in the way Nielsen audience data are prepared or reported. None are required.

Mr. DIXON. If he can sell his reports by telling them that they are no better than a guess or an estimate, he is pretty good, sir.

Mr. SPRINGER. Well, then, Mr. Chairman, I want to get back to this and see if we have reduced this to where we are, March 6, 1963. You have used a little bit different language and I hope we are not depending on semantics to arrive at this. I used the word "problematical." You used the word "estimates" and one other word, I can't remember which. But he can sell this report and he can do practically the same thing he did before. At least he said the methodology and everything can be done. You say now he can go ahead and sell this service, but he has to say these are no more than estimates.

Is that a fair statement?

Mr. DIXON. Among other things, and then he has to make a lot of disclosures along with that which will prove that it is an estimate. He cannot just say it is an estimate. There are a lot of other things in here.

For instance, No. 3 of that order, he must stop using data or information gathered by them as a basis for reports, which data or information is not reliable due to the lapse of time.

He has to stop that.

Mr. SPRINGER (reading):

There will be no changes in the way Nielsen audience data are prepared or reported. None are required.

Let me pin this down. Is that a true statement or not?

Mr. DIXON. I might say to him, "I think he or whoever wrote that was editorializing." I say now he has to come to us on a compliance

matter, sir, and if he does not change his ways, it will cost him \$5,000 per day for each time he violates it. So I think the writer of that press release had better read it again.

Mr. SPRINGER. Are you familiar with this?

Mr. DIXON. I was told about it, sir. I have seen a lot of people write press releases.

Mr. SPRINGER. I quote:

People who are familiar with research methods will find the expanded explanatory notes add little to their knowledge of our services.

Isn't he in effect saying there, the fellow who wrote this—that if you are familiar with what we are doing, whatever we tack on behind us does not make much difference?

Mr. DIXON. I guess that is what he is saying. I wonder if he can sell it.

Mr. SPRINGER. Now, in justice to them, I should say they say, "However, we feel the fullest explanation should be decided."

Now, they do give illustrations. But in all of these, as I read these seven which they set out, about all they do say is that—

We are giving these estimates and they are probably, from what we find, these are the probable results; these are what we believe probably to be true.

Now, I am coming back to see if we can reduce this to the irreducible.

About the only change that has been made in this is what he is saying now to the fellow who buys his service is, these are our best estimates?

Mr. DIXON. Sir, he has 60 days within which to come into compliance with that order to cease and desist, so his 60 days have just about passed—they just passed a few days ago. I would say that what he is presently doing will be looked at very carefully by the Federal Trade Commission, because we are obligated to see that he is complying with the terms of this order.

We did not ask these people to sign this order, sir, this was a voluntary act on their part. Nobody made them sign it.

Mr. SPRINGER. Mr. Chairman, I believe that is all.

The CHAIRMAN. Mr. Moss?

Mr. Moss. Mr. Dixon, I am interested in what happens now to the person or firm buying these reports and using them in dealings with others. What are they required to disclose?

Mr. DIXON. They are not a party to this lawsuit, sir. If they misrepresent these things, they might very well get a complaint against them and maybe they would end up with something similar to this.

Mr. Moss. Well, now, your agency knows the end use of these surveys. Has it acted at all to determine whether the users of surveys are directing their presentations made to their clients to give the same disclosure you now require the polling or rating organization to make to theirs?

Mr. DIXON. No; we have not; we have not, to my knowledge, received any complaints from anyone.

Mr. Moss. You are able on your own motion, without a complaint, to act?

Mr. DIXON. We are.

Mr. Moss. And one of the major objectives of the establishment of your agency is to prevent unfair or fraudulent practices in business, is that not correct?

Mr. DIXON. Among others, sir, unfair competition, unfair or deceptive acts and practices is the basis of this statute. It is very broad and includes fraud.

Mr. MOSS. Here you had a case, the question of the validity of these rating surveys. You know that when the surveying organization sells them, it is not just to satisfy the curiosity of the buyer. These are a significant part of the overall procedure or the basic information upon which much of the commercial advertising in this nation is placed.

Now, there was a letter read this morning by a member of the staff to one of the representatives of NBC, where the network used very precise citations of ratings. They reduced it to fractional percentages. They used these figures derived originally from surveys to convince an advertiser that he should make a change.

Now, they are free to do this, even though you have determined that these are not precise measurements, but at best, only reasonably informed guesses or estimates.

Mr. DIXON. I would agree, sir. These parties of the submatter you are alluding to, I would understand the network would be negotiating with a station that you are talking about and the negotiations would be, I assume, on what price would be paid or—

Mr. MOSS. No; I am assuming that the network will be negotiating with its principal source of support, a buyer of advertising.

Mr. DIXON. Yes, sir.

Well, I would be hopeful, Mr. Congressman, that in view of at least the three orders we have put out, sir, when these negotiators sit down next time, there will be questions, perhaps. I do not know what you can do any more than to educate these people as to what the true facts are.

I do not know how you can change the negotiation. And if one of the parties wants to say to the other party, whether it is a guess or not, "This is the basis upon which we want to trade with you," the other party should say to him, "I am not going to negotiate on a guess; let's start some place else," they should be free to do that.

Mr. MOSS. We are not talking about the rating surveys as such, we are talking about an overall business, with millions of dollars, but not an overly impressive figure in its total.

But when we are talking about the placement of advertising dollars on a network, or in other media relying upon—well, we are talking only here of media, the broadcast and television media, because they are the ones who place reliance upon this type of survey.

But this I would guess, and I have not taken a poll, runs into billions of dollars, and frequently the use of this information in an advertising agency determines whether this station out here is going to live prosperously or suffer acute financial distress.

This is where the real impact of the faulty methodology is felt—not the buyer of the survey, but the employment by that buyer in presenting it to his clients, to advertising agencies, your networks, your individual stations—it plays a vital part in determining whether they are going to have a fair consideration or the opportunity to make a fair evaluation.

Mr. DIXON. I think, sir, prior to the congressional hearings and these complaints which we have issued with these orders, that the surveys were pretty well accepted as the gospel, you might say, sir.

I do not think they will be accepted so much as gospel any more, unless some great changes are brought about in the way that they are going about their methodology, sir.

Mr. Moss. I listened the last couple of days to representatives of many networks and I did not find many backsliders in the group. This religion seems to be firmly planted.

Mr. Dixon. I am hoping that the smaller guy will be the doubting Thomas, sir.

Mr. Moss. The smaller guy does not have much chance if the bigger one, in this instance, wants to regard this as the true measurement.

Mr. Dixon. The smaller stations pretty well have to compete with other stations. Networks do not have to worry about stations—they just worry about other networks.

Mr. Moss. Stations are dependent upon national advertising to a very major degree.

Mr. Dixon. And upon networks for a major portion of their income, sir. Yes, sir; I understand, sir.

Mr. Moss. And then even in their negotiation with the networks for the continuation of the affiliations, the matter of how they stack up on the surveys is an important one.

Mr. Dixon. Well, I do not know where we are, sir. We have this broad law and power down at the Federal Trade Commission to require truth, in a sense.

Now, we have tried to do that job. Now, whether someone can take truth and turn it around as an instrument remains to be seen.

In the wrong hand, I assume maybe it could happen. But if it does happen, sir, we would welcome the complaint. I would suggest to those parties that read this record, when this happens, they just pick up their telephone and call me or one of the members of this Federal Trade Commission and let's take a look and see whether truth is being abused, sir.

Mr. Moss. Sir, I would respectfully suggest that having found out that the basic tool is faulty, you would make it your business to be interested in the use of that tool beyond the point of the first buyer.

Mr. Dixon. I am so interested.

Mr. Moss. And not wait for the complaint.

Mr. Dixon. I am interested, sir, but I usually like to have a starting point. When we get 7,000 complaints a year, we must try to use the funds that Congress gives us to produce the greatest public interest, and usually we get pinpointed complaints.

Mr. Moss. Here I think there is a great public interest, because what these advertisers determine to sponsor finally ends up on your viewing screen as what you get.

Mr. Dixon. I agree with that, sir.

Mr. Moss. And I think there is a very persuasive need here to be concerned with about as broad a spectrum of public interest as you will encounter in the Federal Trade Commission.

Mr. Dixon. A false survey has the same evils in it, I guess, as payola has.

Mr. Moss. But this goes to all the programs and not just to those adaptable to payola.

Mr. Dixon. That is correct, sir.

I assure you we will be as diligent as we can, sir, and shall make some periodic checks of this. If anything comes to your attention, I know that you would send it to us very quickly.

I think that if something cooks up here—

Mr. Moss. I hope that you are more alert than I am.

Mr. DIXON. Well, we get enmeshed in our problems and sometimes some of these things may be happening very close to us and we do not see them because we are not looking—we're looking somewhere else—but I would certainly hope that those members of this industry who feel that this is being abused will begin to look at the law of the land and turn to the law of the land for protection, sir.

Mr. Moss. Mr. Chairman, that is all the questions I have.

Mr. YOUNGER. Mr. Dixon, originally, when the Commission entered into this case, where did the complaints come from to cause the start of an investigation?

Mr. DIXON. They came right straight from the congressional hearings that were taking place, by both this committee and the committees over in the Senate.

Mr. YOUNGER. You mean they filed the complaints with you or you picked them up?

Mr. DIXON. They referred the matter there for attention and study to determine whether there was a law violation of our Act.

Mr. YOUNGER. They were turned over to you by both the Senate committee and this committee?

Mr. DIXON. This is not uncommon, sir. The committees that hold these hearings do this and much of the work that we do comes from these hearings, sir.

Mr. YOUNGER. That is what originally started your investigation?

Mr. DIXON. This is correct, sir, and when I came in as chairman in March of 1961, I got inquiries both from the staff of this committee and the staff of the Senate committee and I had no special knowledge of it because I had been up on the Senate working up there as a counsel. But I immediately made inquiries of the staff and began to try to determine where was the background of the matter and where were we and why could we not get through. We drove those things right up to where we had the investigations pretty well completed by early 1962, sir, although they had been there.

But this was not a simple job, sir.

You see, the only way this system could be checked was to, in effect, follow it all the way through to see if the fellow that was making the survey got cold one night instead of going to the house out in the suburbs and did not stop in an apartment house and make his survey there, to see if methodology was being carried out, if you please.

Now, if it was not, what was it? It was just something that somebody imagined, or at least it was not at that point part of a survey; it was something else and nobody was being told that that had happened, sir.

Mr. YOUNGER. Normally, do you start cases on your own or on complaints?

Mr. DIXON. Sir, we are not tied to the mailbag, although we get about 7,000 a year. I can give you an example of this. We had probably a complaint or two in one industry that resulted in 250 complaints which we issued, sir, out of just one matter.

But we turned to see if it was an industry practice and we broadened it far beyond the one that there might be a complaint against.

This we are trying to do as a matter of course, sir.

Mr. YOUNGER. Now, if the rating bureau follows out all of your instructions as to making known to their client that the rating is a guess, everything which you require him to do, and it is passed on to the advertiser but the advertiser has no other guess on which to rely except this, is it not just as effective as though the rating bureau did not tell him about the weaknesses of the report, if he has nothing else to guide him?

Mr. DIXON. I have talked to many advertisers and advertising agencies, the big people in this field. I think that they are going to look at a lot of facets besides the surveys before they jump or place something.

Now, there is nothing we can really do beyond this. We can say, "Here is what is being handed to you; if you want to pay for it, you are at least getting the truth."

Now, if a decision wants to be made upon that, what could we do? What could anyone do? And it certainly gives a competitor a talking point against the acceptance of such information, I would think. I think you have interjected something new here, sir, by your hearings and by these orders, I think something new has come here.

I do not know what will take place. But I think that there are going to be a lot of people walking all around these figures for a while and asking a lot of questions.

Mr. YOUNGER. While the testimony here shows the importance of the ratings so far as the broadcasting industry is concerned, do you really think that the advertiser or the advertising agents feel that the reports were absolute or final or correct in every way?

Do you not think they all had an idea that these reports were pretty much about the best guess that could be made, but it was a guess?

Mr. DIXON. I have no knowledge on that, but I rather doubt if they knew that these were just guesses, or that there were this many errors in methodology, inaccuracies.

I do not think they knew that; no, sir. They may have wondered about it, but I do not think they knew that. Someone was selling something and said, "You have this kind of a rating, an absolute rating," what do you have to question it with?

An individual?

Mr. YOUNGER. I have a little difficulty, in reading your final item 6 in your order:

Using any technique or procedure in making measurements or compiling data or reports that impairs the accuracy or reliability of such measurements.

Now, you start out with the premise that the measurements are unreliable, and then they are not accurate, and then in your last statement you give credence to the fact that they may be accurate, but if they use some method that might impair the accuracy of them, they have to disclose what that change is.

But as I read this, it starts with the premise that the accuracy and the reliability is there.

Mr. DIXON. I think that maybe the word "further" might have been in there somewhere, but this No. 12 is after these absolute prohibitions, perhaps some of them with limitations.

It is rather the catchall here. There, in addition to all these things, now, you have to stop using any technique or procedure in making measurements or compiling data or reports that impairs the accuracy or reliability of such measurements, data or reports, unless—unless. Now, in other words, we are saying, you have to quit using one of these things unless you want to tell the truth that you are using it.

Now, he has his choice. If he wants to stop it, he can stop it. But if he wants to go along and use something that comes up with a phony answer or a phony thing, he has to say, "This is phony; this is a guess."

If he can sell that, that is what he has to sell.

Mr. YOUNGER. I think I can read English. I am not a lawyer, as you are. But I think I can read English. When this says "that impairs the accuracy or reliability of something" you are assuming in the first place, that it has accuracy or reliability. Otherwise you could not impair it. After all your statements and all the things you say he is doing which is unreliable and inaccurate, then you go right back and make a statement that this is accurate and reliable, but if he does anything that harms that reliability or that accuracy, he should make it known.

Mr. DIXON. I do not read it that way, but I will tell you the purpose we had in mind, sir.

Mr. YOUNGER. I know the purpose you had in mind.

Mr. DIXON. We had the purpose in mind of catching anything else that we did not know anything about at this time. If we missed it, we got it in that language. It is in there.

Mr. YOUNGER. Following that, let me tell you of the complaints that I have had with your decisions and I have had some just recently from constituents and constituents from another area.

It is that after you make your decision, they cannot find from your Commission what they should do to keep out of trouble.

Mr. DIXON. Well, sir, this is like somebody saying this, we get this complaint, and certainly they come to Congress. They say, "We just cannot understand this order which says we have to cease and desist from giving discriminatory prices."

They say, "We can't understand this; they don't tell us all the ways we have to stop it."

I tell you, sir, I can sit here and think probably of a hundred ways to do it. We just say quit discriminating in price. That is what the law says.

It is not mysterious; a lot of people, if they worked a little harder staying inside this law, they would not be so mystified, in my opinion.

Mr. YOUNGER. That may be true, but if you were to say to me that my process was accurate and reliable, but if I do anything to tamper with the reliability or accuracy of that, then I ought to tell them.

But I may not do anything to tamper with the reliability or accuracy of it, and I am all right.

Mr. DIXON. He is going to be facing a compliance matter if he did not do it.

If what he is doing is not an inaccurate thing, we ought not to tell him, "stop that."

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. I will make my questions very brief, Mr. Chairman.

How much time was consumed in your field inquiry?

Mr. DIXON. I would have to go back and get my controller to run that infernal machine down there to find out how many hours are in it, but I would say considerable, five men's time, making some 450 interviews, chasing those people down, making computations—considerable.

Mr. BROTZMAN. Over what period of time, Mr. Chairman?

Mr. DIXON. I would say 3 years—2½ years, I would say. I do not think this was fast enough, if that is what you are going to ask me.

Mr. BROTZMAN. Don't anticipate the questions. I will ask the questions.

I did not ask that one, either. I may not even ask it.

The next question: you say hundreds of persons were interviewed. Now, I believe Mr. Tobin testified that 350 to 400 persons were interviewed, is that right?

Mr. TOBIN. A conservative estimate, yes.

Mr. BROTZMAN. I will direct this to you, Mr. Tobin. Generally speaking, where were these people located?

Mr. TOBIN. Throughout the Northeastern section of the country.

Mr. BROTZMAN. Throughout the Northeastern section. In other words, your investigation was not on a national basis?

Mr. TOBIN. Well, to the extent that the headquarters of broadcasting companies and so forth, even though it is a national operation, were in New York, the interviews would occur there, and similarly in Chicago.

Some of the advertising agencies serving the West and Midwest are in Chicago, and we conducted some of the interviews there.

Mr. BROTZMAN. Did you try to interview all known rating services, or what standard did you use in this area?

Mr. TOBIN. All known rating services—well, initially, a determination was made that the investigation should be conducted and we investigated them without regard to their location, if that is the burden of your question, sir.

Mr. BROTZMAN. Did you only pick a certain size of rating service?

Mr. TOBIN. No; we picked those that had the most national impacts and possibly the greatest public interest from the standpoint of competition. But we did get small ones, too.

Mr. BROTZMAN. Could you tell me roughly how many rating services you interviewed in your investigations?

Mr. TOBIN. I believe it was seven or eight, sir.

Mr. BROTZMAN. Seven or eight?

Mr. TOBIN. Eight.

Mr. BROTZMAN. Do you have any idea how many rating services there are?

Mr. TOBIN. Beyond those eight, I do not know of any. There might be some with some local impact, but we would not know about them.

Mr. BROTZMAN. You are leading into the area that I am really interested in. Your investigation was directed more at the national rating services, and not the impact at the local level, is that right?

Mr. TOBIN. On the contrary, I would say that the greater impact of the investigation was addressed to the local activity of national services. For example, Nielsen's local services, the NSI, the local surveys that they conduct. The industry does not break down into

firms that concern themselves exclusively with local surveys and those that concern themselves exclusively with national.

Nielsen, for example, is an illustration of a firm that concerns itself with both. The investigation was directed toward Nielsen's activities in local areas.

Mr. BROTZMAN. When you interviewed them, now, the statement says that you were trying to determine factually, "the extent to which," and I am supplying emphasis, "methodology, as established in principle, was actually carried out."

Now, when you say "methodology as established in principle," is that synonymous with "methodology as represented"?

Mr. TOBIN. As revealed from the inquiries at the services, the headquarters of the services themselves. In other words, we established first how they operated or purported to operate, and then conducted a field inquiry to determine whether in fact, those operations were carried out in the field.

Mr. BROTZMAN. All right. Now, the question I have specifically—they carried their business out a certain way. They all have a method of operation. And I understand that. But were you interviewing them to ascertain whether or not they carried it out as they represented it to those who would be relying on that particular service? Is that what you were trying to ascertain?

Mr. TOBIN. Yes, sir.

Mr. BROTZMAN. In other words, "representation"? It is what they told the public or the people they were doing, they made statements or represented they were doing business a certain way, and you tried to find out if they were in fact complying with that representation?

Mr. TOBIN. That is right.

Mr. BROTZMAN. When you say that those you investigated were "generally helpful and cooperative", the word "generally" suggests to me that there were some who maybe were not helpful and cooperative. Is this correct?

Mr. TOBIN. No, it does not break down by firm. I guess it could be said that every firm we dealt with was generally helpful and cooperative.

Mr. BROTZMAN. You mean there is no exception to the fact, then, they were all helpful and cooperative to you, is that right?

Mr. TOBIN. Generally.

Mr. BROTZMAN. This word "generally" is not going to hang us up for long. I am going to put it another way.

Were there some who were not helpful and cooperative when you talked to them?

Mr. TOBIN. I would say no.

Mr. BROTZMAN. Your answer is "No." OK.

I do not want to get into an area concerning cases that may be under consideration here, and with that statement, I notice your concern over methodology, and I also remember another statement that you were in fact still investigating.

Now, do you have any opinion as to whether or not methodologies are improving, or the representation of methodologies is improving?

Mr. DIXON. We are going to find that out with these three very shortly, because the compliance date is here. We have to find out whether they are going to change methodology to where it is so cor-

rect that it would stand up and be acceptable by any expert statistician, whether or not it has not been corrected and they are carrying it out as they did, and therefore must tell its deficiencies.

Mr. BROTZMAN. Back to the scope of your investigation, I note that you have selected three companies here. I think you gave certain reasons for this selection in your statement. I would assume you do not want to represent to us that there are not more that might fall within this same scope, is that correct?

Mr. DIXON. I would not want that impression, sir, to be left here. There may be others that fall in here, and I would not want to leave the impression that maybe these same three might not be being investigated from another aspect.

Mr. BROTZMAN. I have no further questions.

Mr. YOUNGER. I have just one question, Mr. Chairman, following that.

You say you have investigated seven or eight, and you made complaints against three. Then are we to assume that the others that were investigated and not complained against were performing an accurate and reliable rating service?

Mr. DIXON. No, sir, not completely; no, sir.

Mr. YOUNGER. I think that is all.

The CHAIRMAN. You do not agree with the head of the rating firm as referred to by Mr. Springer as to the action of the Commission?

Mr. DIXON. Let us hope that we were not engaged in an asinine operation when we did this, sir. We do not think so.

The CHAIRMAN. I do not think so at all, Mr. Dixon. I think it was a very objective operation. As a matter of fact, procedures in the agency require, I suppose—it looks as if they do in all these agencies on very important matters—a long, long time to bring matters to a head. As you know, we have been concerned with delays in regulatory agencies over a long period of time. I suppose that if this thing had not been delayed on and on, it could have been brought to a head long before this. And maybe more objective action could have resulted from it.

I think that the efforts of the Federal Trade Commission have been laudable and commendable and have added to clearing this highly sensitive and most important problem.

Mr. DIXON. Mr. Chairman, there is one thing I think I should say to you before I leave here. We have adopted some new procedures at our place. We have a feeling that it definitely was the intent of the Congress that we should give as much guidance as we can to industry, and in that respect, one of the new tools that we have promulgated is a new type of trade rule. We call it a general trade rule, where after we have had a pretty good predicate for an action, if we think there are others in the field that need a little guidance, that perhaps we could promulgate such a broad rule and by this new procedure, then, if some transgressed, we would intend to take care of the lag, because we would then issue a complaint and take notice of the record upon which that rule is predicated and issue a show cause on the parties as to why they should not have an order like this. That is still before us.

If it is supposed that this committee should develop that there are others in this area that need attention—if it was an alarming

number, or something—this is before us. We have always hoped in the past, as you know, that the agency actions, whether they would be against a single member or not, would be accepted as guides that others would voluntarily follow. This did not work out so well, sir. People waited until their number came up.

The CHAIRMAN. Well, I think it is very commendable that the Federal Trade Commission is anxious to be helpful to the industry, and it should. I want to say that insofar as we can on this committee, we shall give our wholehearted cooperation in every way.

On the other hand, I have been rather firm, myself, in my feeling that the Commission should, just as you indicated a moment ago, go only so far and your duty and responsibility did not take you beyond that. I think that that is a very good principle to recognize. And we are just as vigorous in our determination to protect industry from the excessive power of an agency as we are, when we can, to assist the agencies as they carry out their duties and responsibilities.

Mr. DIXON. Yes, sir.

The CHAIRMAN. So we shall be, at all times, I hope, vigilant on this highly important and sensitive area.

The thing that is of great interest to me, as I have already said here today, is how this great industry, as big and important and competitive as it is, can be so dependent upon one particular large group in its operation, and be so satisfied with that service. I know there are great and capable people in these industries, some of the finest have been before us in the last 2 days, I think, and the most able that we have in our country, in our business community, people that certainly have the confidence of the industry. We have to regard them as of that character. It is a little puzzling to me that people of that category will rely so heavily and become so dependent. Without knowing more about it thus far, and particularly since these companies decided in the latter part of the year, just before this Congress convened, that it might be to their best interest to settle that matter down there in your shop and agree to a consent order—it is just an interesting proposition.

Thank you very much on behalf of the committee for your presence here and your testimony.

Mr. DIXON. Thank you very much, Mr. Chairman.

The CHAIRMAN. We have Mr. Sylvester Weaver here. He very much wanted to get away today. Mr. Weaver is a former president of the National Broadcasting Co., and is chairman of the board of McCann-Erickson Corp., International, I believe, at the present time.

Mr. Weaver, we are sorry that you have been detained. In view of the urgency that you have to leave, and because of the committee's desire to hear you, we shall, at this late hour, under the circumstances, hear your testimony.

Will you be sworn?

Mr. WEAVER. Yes, sir.

The CHAIRMAN. Do you solemnly swear that the testimony you will give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WEAVER. I do.

TESTIMONY OF SYLVESTER "PAT" WEAVER, CHAIRMAN OF THE BOARD, McCANN-ERICKSON CORP., INTERNATIONAL

The CHAIRMAN. I understood from the staff that you have no prepared statement?

Mr. WEAVER. No, sir, I am here to give whatever information you would like to have me give and then to answer any questions.

The CHAIRMAN. Have you submitted a statement to the committee?

Mr. WEAVER. No, sir, I have not.

The CHAIRMAN. Mr. Sparger?

Mr. SPARGER. Mr. Weaver, in conversations with Mr. Richardson and me, among other things you said, "The industry has become mostly interested in the numbers, and it is a shame that television has gone downhill to the 'B' picture programing in order to make more money and appeal to the ratings."

You further said, "There is an overemphasis on ratings in all or most of the industry today," and that "in some cases the emphasis is very great."

What sort of effect has this actually had upon the industry in television programing, this overemphasis on ratings?

Mr. WEAVER. The rating system, of course, is necessary in the advertising business, since you have to have some sort of a head count, since what you sell as a broadcaster or what you buy or sell as an advertising man is also circulation. There are some other values, but the primary value is circulation, which, of course, means people, the size of the audience.

What has happened in radio, going through the whole span, with the early Crosley ratings, and the Hooper ratings—those were radio, but in television, Hooper came in, too—those ratings all worked. But since the beginning, many of us have always felt that they were very limited, and we would take into account the basic high margin of error.

Suppose, if you got a rating that was a 25, you did not pay too much attention to it in terms of its being 26-24. This is now a professional evaluation.

I am afraid that what has happened in the last 10 years is that there has been an acceptance, particularly about Nielsen, with its very small sample, with all of the problems that you were discussing earlier, trying to follow the growth rate, trying to follow the mobility of our society, trying to really get into group representation, to get any kind of a true sample.

This is a scientific matter which I do not feel I am competent to discuss, except to say that I would never accept a projected Nielsen figure as anything more than a relative figure with other Nielsen projected figures.

So if you are buying, the error is probably fairly constant between buying different shows, but the eventual cost per thousand, or something like that, probably is not very accurate.

I should say I feel exactly the same way about the rating services of all the print surveying establishments. But why do men get into this position? I am afraid it is because the true judgment is so subjective, so difficult to grab hold of in terms of the business of influencing people, advertising, that they have to rely on whatever

they can see that looks like it is real, and they kind of talked themselves into the fact that it has more reliability than is really there.

Because actually, whether it is reading in a newspaper, which is a starch figure, or a playback of a rating figure, it is all really a question of, have you seen it or have you heard it? It is not a provable thing that somebody listened to and reacted to and had. The provability of it is still very tenuous today, with all of the so-called modern scientific methods.

It is easier to get the number of people actually watching the show, and I think that Nielsen is a very accurate method, with certain technical difficulties, like not telling us who is in the room while the set is on—that is, the audimeter system is a good system. It does not tell you if the man is really there. You get into these absolutely incredible problems, as were brought out today, like 12 Audimeters in radio doubling the rating of the National Broadcasting Co., which shows you that you are in a never-never land, and it is just one step from the entrails of the chicken at this point.

But basically, as we developed earlier television, we had the Nielsen's giving us a count per show, a very valuable figure from the standpoint of selling a program, but we also had massive Trendexes.

This has limits, too, because a lot of people do not have telephones. But if you call up 5,000 while the show is on, while there are many technical reasons why you cannot project that figure, you have a pretty good idea as to its reliability within its limits.

We used to use them both.

Then the 30-market Nielsen came in and the Arbitron, so that that particular method of doubling your ratings has gone out the window.

Then I think another thing is with all the troubles they have, an acceptance of reliability of measurement methods, sort of keeps one area out of the trouble you have in all the other areas, so there is really no use in going after it, because it is relative.

In other words, let us say the Nielsen has proved to be utterly un-absolute. The fact is that in the top 10 shows, while the differences may have a high margin of error, the same errors should apply in fairly the same way. So if you are spending money for Coca-Cola, the question you want answered is where to spend it. The Nielsen is not really an accurate way to tell you, but there is not any real accurate way of telling the cost per convinced consumer, either, so that you are in the middle of a series of a kind of measurements in which you are trying to get down to the real cost which is how much did it cost to sell that new customer for your cigarette or your soap, or something?

Or, in the case of just viewers, what kind of people did you attract to your show? Take the breakdown, take the other rating systems, and you can get a lot of very valuable information. The fact that it is not very accurate, if you approach it professionally, while it seems odd, is not very important. Because what it does show you is extremely important.

It just does not actually measure the number of people. It is not projectable to the American society, but it is very valuable to you as a showman who is trying to attract audience or put shows together in certain sequences.

I am thinking now of things like the regional breakdown, the A market, the B market, the C market, the D market, the age groups, the small families, the large families, the whole audience composition factor.

And of course, most important of all, the cumulative audience, which has always been the basic starting point, for me, since I first learned the truth about ratings, frankly, in the first major New York job I ever had when I got back to New York from California, where I know some of you are from. This was a Gallup check that we made at Young and Rubicam, when I was doing the "Fred Allen Show," in which you asked people, do you listen to the "Fred Allen Show?"

Almost three-fourths of the total population said they never missed it, in effect. Well, the Crosley rating in those days was running 20 to 25. So it became obvious that people never did what they said they did, which we should have known anyway, but said what they thought they did. What they thought they did was listen to Fred Allen every week. Working on that premise, I have never varied, during my career, from listening to people when they said what they thought they did and measured it against what they were likely to do, and what you know they are likely to do, knowing their needs and aspirations, and what not.

So in a long-way-around answer to those questions, I think the measurement methods are extremely valuable, overly stressed, inaccurate, but necessary.

Mr. SPARGER. There was a situation in relation to "Matinee Theater" which you discussed with Mr. Richardson and me, where the show was canceled basically on the ratings, and there was a tremendous audience response. Would you recall that?

Mr. WEAVER. You mean an audience response from the viewers?

Mr. SPARGER. From the viewers, yes, sir.

Mr. WEAVER. Well, that "Matinee Theater" was a big daytime television project, where we were trying to answer this question—again, it got to cumulative ratings. If you take the cumulative rating, which is the basic important rating, as against the per program rating, the thing that most of the fellows have been talking about here is really not the important element; it is valuable in many ways. But the important element is really, how many people do not like that show? That is the important element.

If you take a show and the cumulative rating is the number of people who watch it often enough to be considered viewers to the show, they would know it, they would be familiar with it, they would watch it once a month. If you subtracted that number from 100, that shows you the number of people who do not like the show, because they are not watching it because of having other interests, because of it's being on at night, the time of day it is on, and so on.

In the daytime, you can take the whole of daytime television, take the cumulative of soap operas. Lots of women do not like soap operas at all. That is important, you know. You get that from ratings. Whether it is accurate or not does not matter within 20 percent, because half the women do not want to watch soap operas. Then you take the people who do not want to watch personality shows, game shows, and you have 35 percent of the women who do

not want to watch daytime television until you do something about it. This is the thinking behind "Today," in the morning, which is really for men, or the "Home Show," which was really for advertisers, because there was a lot of money getting away from the advertisers, because that show screamed out what women were interested in, children, home, garden, beauty, fashion, a specialized audience. It treated them specially. The ratings on that, as in the case of "Matinee," were not as high as some of the other shows, but it was not the heavy viewing daytime women, it was a new audience—more valuable, really.

Again, the rating evaluation is not the important one in this case. "Matinee" was a nighttime quality, 5-hour dramatic show that we did as a major project, really, to develop talent—new stars, writers, actors, and so forth. We sold it to advertisers on the basis that they really ought to have some blue chip association in the daytime with all the money they were throwing into all this stuff, because somewhere along the line, the American woman might suddenly say, "Maybe I should buy something a little higher grade."

This was a good story and it worked, and we were sold out on that show for quite a while. As a matter of fact, it was after I left that it was dropped. The problem with it undoubtedly was, again, a comptometer evaluation rather than the application of intelligence to the problem.

There is a different way of approaching these things than just counting heads, dividing by numbers.

Because each one of us, as I am sure you realize, is many, many people in one. Your mood is different depending on the days and the nights; tonight, held over because of me not wanting to spend 1 day down here, you will be more tired and less likely to want some rewarding, demanding, perhaps difficult show to watch tonight. If you had closed on time, you might have been in a mood to go and do something more difficult. Nights of the week, days, time, sequence of shows, all of these things have a tremendous bearing. The mood of the people, the anticipation, or the blank-eyed, moronic stare in the seventh hour of continuous viewing and flipping with the thing in the chair, where you do not even get up—these do not all come out with the numbers. And yet they are basic to the business we are in, which is the attraction of people, what kind of people they are. That is why the study you are having is important, because the pressure of just numbers goes against the very first basic premise that is down in the old NBC policy book, which says:

Never let television get into the terrible, terrible example of the motion picture business where, betrayed by their box office dollars, they let their business just go away from them until 85 percent of their money comes from teenagers. Because they did not pay attention to the needs of the American public in all of its segments and try to program for that public.

We know from hi-fi records, from 25-cent bookstores, the cultural explosion, we know all kinds of things about Americans and what they want, need, will do. We got 30 million viewers for the "Sadlers Wells Ballet" on television. That is the Nielsen figure, in this case accurate enough, give or take 10 or 15 percent.

People will do these good things, but you will not get a ballet on every week at the same time in competition with the spy story, the detective story and the western, and get 30 million viewers. It has to be done a different way.

This is a bit off the point, but it is to the point that the pressure of numbers pushes everybody into more popular type shows and begins to fail to serve more and more of the total 100 percent, or taking quintile studies—that is 20 percent each—you take the heavy viewers at the bottom and go up to the light viewers and get the practically non-viewers in the top 20. This was not the case in early television. It had enough commitment and new things going on so we got the top 20 and the next one and the next one. Now you have the bottom 60 making up most of the rating figures. This is a serious problem for the networks, the advertising agencies, all of us.

I think it is going to be solved by the law you gentlemen passed last year, 10 years late—an editorial aside—on the UHF situation. That will give us competition in the major markets. That will immediately, I think, begin to see the beginning of real program competition and advertiser support of different kinds of operations, which are not possible under the networks, for the very simple reason, if you want to put on a concert and pay \$150,000 an hour for your time, one, they will not sell you the time, and two, you do not want to pay it for the kind of audience you get for \$150,000.

There are other solutions. They do not mean you will not need ratings. But the pressure of the ratings, the present service has helped people disregard the light viewer, in my opinion, play more and more to the heavy viewer, go more and more to the B picture diet, which is not really admirable, not try to do all the things that this real miracle that we have here can do.

I have been working abroad the last 4 or 5 years, and the service that you see in Japan, Australia, England, Italy, the other countries, while they do not have our great professional ability with major productions, they have a balance. The culture of those countries is being seen by those people on television, whether it is the Kabuki in Japan or the Old Vic or the Royal Festival Hall. There is a way, whether it is government network or whatever it is, there is a way that the people of those countries, including the school children, are not deprived of participation in the basic national culture because of the interplay of private enterprise elements that do not necessarily start with the public good, but on the contrary are in our best traditions of fighting it out. It is all right to fight it out, but the leadership to be sure we get into these other matters, or Government intervention to be sure we get into a broader scope of coverage, is extremely important. The ratings are, without any doubt, definitely in the picture, but leaving off the people who do not really understand anything about the ratings—I will not mention them by name, but many of them are prominent writers—admitting an inaccuracy of 20 percent in the Nielsens, the fact is that it is a relative measure of the relative popularity programs, and it is important to have it used. If it can be improved so that instead of being 20 percent inaccurate, it is 2 or 3 percent inaccurate, as it is supposed to be—and perhaps it is. I do not happen to think it is, but perhaps it is.

As I say, you have to get the games and probability scientists first and move down through that whole area of populace, and you know whether the 1,100 sample will really work or not. But whatever it is, it must be replaced by something else like that, and the real problem will never be solved just by getting after the rating services. It will

be solved only when we have genuine competition of attractions for the American public on the facilities that will be coming.

The CHAIRMAN. If I may interrupt, would you say then, or are you not saying here that the lack of adequate competition in the broadcasting industry, and I am sure you are referring to TV now—

Mr. WEAVER. Yes.

The CHAIRMAN. And because it is falling into a groove or a sort of rut here, that it will become more and more dependent upon the rating situation for lack of anything else to take its place, and therefore, broadcasters are becoming slaves to something that hardly recognizes what is going on, and how we are falling into it?

Mr. WEAVER. Yes, the rating effect is—well, it is not to increase the attempt to get new, fresh innovations, program developments, into television. It is to go the safe way, the copying. It has a bad effect if it is badly used. By that I mean slavishly used, where they do follow these very, very absurd refinements of the ratings, through small number changes, all within the margin of error, or whatever you call it.

The CHAIRMAN. We have heard from three networks in the last 3 days—TV networks. We have listened to them and they vigorously support this as a procedure which is highly satisfactory to them, and they insist that it is one of several things that are used as guidelines in their decisions. But I am impressed by the fact that when it is all summed up, the decisions come right back to the ratings.

Mr. WEAVER. They are still in show business in many ways, and the hit is the important thing in that business, and no one can really tell on judgment until the curtain goes up and you put the show on the air and the people react, whether it is bad. It may be well intentioned, but whether it is a success, and there is nothing wrong with a commercial success or a runaway rating hit. In fact, the return of the big hits this year is going to help television a great deal, I think, because the real threat was the last few years, where all westerns against each other split the audience just enough so that nobody was in any trouble. Now they are in plenty of trouble and plenty of trouble usually means they will open up the program situation more and try to find other different hits.

This is again a bit on the technical side, but as I say, ratings you have to have. You cannot measure the size of audience except with measurement methods. They may be inaccurate, but if you have to go back to the telephone check, that is not bad, you know.

As I say, if you start calling up thousands of people all over the country at a given hour, you will find out something about what they are doing. It is not projectable.

That is the trouble with Nielsen and the 1,100 sample. They have gotten into the position now where there is an acceptance of it as an authentic projectable figure with all of these refinements of tenths of points, that I think is a bit childish. I mean they, themselves, in addition to being forced to say these are estimates, ought to know they are estimates.

We who are in the business I am sure all know they are estimates. but again, with all the other problems, you do not go around trying to persuade your client that the one reliable thing that looks like it

is safe, that you can talk about, is not safe, either. It is not human nature to work that way.

The CHAIRMAN. Well, of course, it can determine the success or failure of the program, can it not?

Mr. WEAVER. Yes, and it should, with all the inaccuracies. If a program like "It's a Man's World," that they were talking about today, gets on the air and people reject it, in terms of what it is supposed to do, with its price structure—this is one of the problems of the television service. There comes a point where special attractions which are well liked by small audiences—a small audience in television terms is 10 million of us—that is not worth having time on the air.

The example I gave you of 30 million at the ballet, to show you the kind of business that still, unfortunately, exists, the big story in Variety was—at that time, "I Love Lucy" and Arthur Godfrey were on at that particular time period. The headline was, "Godfrey and Lucy Clobber Culture," because they got 38 million people.

Now, I know the real story. I doubt if a million Americans have been to a ballet, and when 30 million watch for 90 minutes, it should have been a headline story that culture is ready, we are here, let's go. Instead of which, because of the ratings, they said, "Culture Clobbered by Lucy and Godfrey."

Mr. YOUNGER. Will the gentleman yield?

The CHAIRMAN. Yes.

Mr. YOUNGER. I would like a little information. A while ago, you said all of them are in plenty of trouble. Who are in trouble and trouble of what kind?

Mr. WEAVER. I meant that CBS with its new comedy shows and personality shows has jumped further ahead than they have ever been, and ABC has fallen behind in this season's audience measurements, and therefore, in this season's flow of money, and next season's flow of money—you cannot any longer keep renewing the old, nice B pictures made out there in Hollywood that are not much different from the other ones, because of the fact that no one is going to buy them if there is a chance that a hit might be available.

Therefore, where a year ago, let us say, you might buy one or three shows against each other, all of which look like they might do a share of around 30 or something, and there was not too much difference between the best and the worst, now you can buy a show that might be twice as good as the first one, for about the same price. This causes consternation all over. Clients do not like to be on the side that buys the worst show, and the agency loses the account—ferment, you see. This is happening now.

Mr. YOUNGER. You mean the agencies are in trouble?

Mr. WEAVER. It is not that they are in trouble. It means that the safest way of walking in with Nielsens and projections and all that is not possible any more. This is a good thing. Not for me personally, since I happen to run the television division of a major agency, too. But your study is a good thing.

Mr. YOUNGER. That is all I have.

The CHAIRMAN. Mr. Sparger?

Mr. SPARGER. Mr. Weaver, you were with NBC radio when NBC radio had a guaranteed circulation plan. Was that plan originally designed to be used by the television network?

Mr. WEAVER. I really do not remember that. But from the very beginning, we discussed the potential of guaranteed circulation for television, because it does give such tremendous capability for the network to use a lot of innovations and new talent in programing, because you make up for rating. You sell somebody a show and if it fails, you make up the points a different way. It is not exactly like magazine guaranteed circulation. We had a plan for guaranteed circulation for television. We never put it into effect. I do not remember that we had guaranteed circulation while I was at NBC. I think that was afterward. I had laid the groundwork for it on television, but I do not think we had it on radio.

I think on "Monitor," for instance, which was my show, we sold that by selling cumulative audience—that is, 10 announcements at 2 points each is the same as buying Jack Benny at 20 points 5 years before.

Mr. SPARGER. That brings me to one other question. Can you get a cumulative rating that would show you much in 6 or 8 weeks with a television show?

Mr. WEAVER. Yes, it could show you quite a bit. It really could. Because you would have a 4-week cumulative audience, and if you have a rating of 20 and your cumulative audience was only 30 at the end of 6 weeks, you would know it had a very limited appeal.

Mr. SPARGER. In the case of Nielsen data, let us assume the show was put on at the first of the season and it was decided it would be canceled say, 2 months later. They would only have one NTI report; is that correct?

Mr. WEAVER. Yes.

Mr. SPARGER. Would that present an adequate cumulative?

Mr. WEAVER. In that case, it would be not so much your measurements that you would get to show that the show was in trouble and would drop, not so much the cumulative audience. It would probably be the downtrend of any coincidental survey or major market Nielsen. It should be, if they really think the show has something, some kind of special investigation—a Trendex audience check, anything.

Mr. SPARGER. A downward trend, would that be several rating points down or one rating point down?

Mr. WEAVER. For a failure?

Mr. SPARGER. Yes.

Mr. WEAVER. The downtrend ought to be, I would say, substantial. With good publicity and a good opening rating, it ought to be down 20 percent to be a flop, unless it is against a hit. It might be a good show against a hit, in which case it would go down 25 percent anyway.

Mr. SPARGER. One other question. Getting away from programing for the minute, since you are the only agency person we anticipate hearing, time buyers who buy spot television and radio announcements, do they rely on ratings, even in some cases to the tenth of a point in their purchases?

Mr. WEAVER. I should be more aware of this, since it is under my command, but I really am not the best witness on that point. I know that, of course, spot buying is rating buying, nothing else. It is either buying by gross points, by cumulative points, and there are other

values you can talk about. But essentially, you are buying circulation when you buy spot—position, time are factors, but you want the gross tonnage delivered of 100 points in such and such a time.

Mr. SPARGER. Thank you very much.

I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Howze?

Mr. HOWZE. I have one sort of general question.

In an essay which I believe was about drama, Samuel Taylor Coleridge used the phrase, and I believe I quote him correctly:

A willing suspension of disbelief.

Do you think that phrase has any applicability to the state of mind of the people we have been hearing from in the last 2 days?

Mr. WEAVER. I really do not know why the research people have accepted the Nielsen sample without more argument. As I say, in the last years I have not been in this country, I could not have cared less about Nielsen, except owning some stock in the company, which I will sell.

No, I am kidding, I do not own it any more.

But I am sure that out of this will come some changes. I must say again, on Nielsen, that, for instance, although I am not up to date on this either, I know that their store operations that they do for major marketing companies in this country are just fabulous, and without it, major consumer goods companies would be really hard-pressed to know how to run their companies. So if there are flaws developing in your studies on this matter of the Nielsen sample and whatnot, you will have to convince them, because I am sure that they believe that they are doing a very scientific job in terms of their sample. And you will have to convince them that they are not.

The CHAIRMAN. Well, you heard the Chairman of the Federal Trade Commission testify a moment ago that they came in and agreed to a consent order. If that is not convincing, I do not know what it would be.

Mr. WEAVER. He was not talking about the sample, just that it was an estimate, you mean?

The CHAIRMAN. Well, whatever various things are included in the order to cease and desist. Of course, I am also reminded that they said that they did not do it, anyway. I guess that will keep going on for a while.

I think probably the record should reflect, when were you president of NBC?

Mr. WEAVER. I ran the television network from 1949 to the 1956-57 season, under a lot of titles. I was president in 1953, 1954, and 1955.

The CHAIRMAN. Evidently you worked for some other broadcasting company before then, from what you said?

Mr. WEAVER. I started with CBS in the beginning of radio, then went to Young & Rubicam, then to American Tobacco, many other war problems, then back to Y. & R., then with NBC.

The CHAIRMAN. Were you with NBC when you had what you referred to as the "Fred Allen Show"?

Mr. WEAVER. No, I was with Young & Rubicam at that time, the advertising agency. That was the time when the agencies really took the power away from the networks. Then I moved over with it.

The CHAIRMAN. In other words, you want to go with the power.

Mr. WEAVER. I like to be where the operation is.

The CHAIRMAN. Well, you have been very closely associated with these particular media in our country and with show business and so forth, I suppose, during all these years?

Mr. WEAVER. I have been on all sides of the business, and I think that is one reason why my approach is somewhat different from some of the other fellows, because I was a client for 9 years, I was the head of 2 major agencies three times, and I was through all the early travail in radio, which was quite similar to the early travail in television. But having been through radio, we tried to change television so that it would not come out the same way. I think we did.

The CHAIRMAN. On behalf of the committee, I want to thank you for your appearance here today. I am sorry we detained you longer than necessary.

Mr. WEAVER. I am sorry I have made you stay late, Mr. Chairman. I appreciate your seeing me today.

The CHAIRMAN. I hope we have not caused you too much inconvenience.

Mr. WEAVER. Not at all, Mr. Chairman.

The CHAIRMAN. We are in recess until tomorrow morning at 10:30 a.m.

(Whereupon, at 5:45 p.m., the committee recessed, to reconvene on Thursday, March 7, 1963, at 10:30 a.m.)

BROADCAST RATINGS

THURSDAY, MARCH 7, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10:30 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

The first witness this morning will be Mr. Peter Tewksbury.

Did I pronounce it correctly?

Mr. TEWKSBURY. Excellently. It took me 10 years. You did it very quickly.

The CHAIRMAN. Will you be sworn, please?

Do you solemnly swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TEWKSBURY. I do.

TESTIMONY OF PETER TEWKSBURY, DIRECTOR, PRODUCER, WRITER

Mr. TEWKSBURY. My name is Peter Tewksbury. Until recently I have been producer and director of a television series called "It's a Man's World."

The CHAIRMAN. What is your address?

Mr. TEWKSBURY. My address is Los Angeles, Calif., Box 12-AA, Route 2.

The CHAIRMAN. Are you in business by yourself, now, or with someone?

Mr. TEWKSBURY. No, sir; I am presently working with MGM on the direction of a feature picture entitled "Sunday in New York."

That is a free plug.

The CHAIRMAN. You said that until recently you were the producer of "It's a Man's World."

Mr. TEWKSBURY. Yes, sir.

The CHAIRMAN. Does that mean that someone else has taken over the production of it?

Mr. TEWKSBURY. That means the production of it ceased rather arbitrarily and suddenly.

The CHAIRMAN. I think it was referred to yesterday as going off next year.

Mr. TEWKSBURY. Yes, sir. It is off now. The last program was on January 28.

The CHAIRMAN. Are you the producer of "Father Knows Best"?

Mr. TEWKSBURY. No, sir, I am the director of that.

The CHAIRMAN. You are the director of it.

Mr. TEWKSBURY. Yes, sir.

The CHAIRMAN. Can you vouch for the fact that that is the truth?

Mr. TEWKSBURY. I think I could support that all right.

The CHAIRMAN. That father knows best?

Mr. TEWKSBURY. Oh, that father knows best. Well, by knowing less he sometimes knew best.

The CHAIRMAN. Do you have a further statement you would like to make?

Mr. TEWKSBURY. I do not have a prepared statement other than a letter that I sent to Mr. Sparger. If you care to read that for your help, that is fine with me.

The CHAIRMAN. Mr. Sparger?

Mr. SPARGER. Mr. Tewksbury, when did "It's a Man's World" go on the NBC television network?

Mr. TEWKSBURY. September 17, 1962.

Mr. SPARGER. When were you notified that the program, "It's a Man's World" would be canceled?

Mr. TEWKSBURY. Definite notification came on December 3.

Mr. SPARGER. Did you have an indication prior to that time?

Mr. TEWKSBURY. About a week earlier than that we received what I guess could be easier termed an uneasy attitude from the network when they asked for a postponement of their option date to pick up for the production of more shows beyond that which we were doing.

Mr. SPARGER. Who notified you of the cancellation or the impending cancellation?

Mr. TEWKSBURY. I was told by Mr. Walter Scott, vice president of NBC.

Mr. SPARGER. What reasons did Mr. Scott give you for cancellation of the program, "It's a Man's World"?

Mr. TEWKSBURY. There were three reasons: One, that it had a low rating; two, that there was unrest among the sponsors; and three, that there was nervousness among the network affiliate stations.

Mr. SPARGER. Mr. Tewksbury, when Mr. Scott referred to unrest among the sponsors, from your experience in the industry, what would this relate to?

Mr. TEWKSBURY. The ratings.

Mr. SPARGER. And when you referred to nervousness among the affiliates, what would this relate to, sir?

Mr. TEWKSBURY. The same thing, the ratings. That is the only thing, really.

Mr. SPARGER. Tell me this, sir: What kind of promotional budget did they have for "It's a Man's World"?

Mr. TEWKSBURY. To my knowledge, there was no specific budget.

Mr. SPARGER. Had you had promotional budgets for the shows you were associated with before?

Mr. TEWKSBURY. Oh, yes.

Mr. SPARGER. Were they adequate or large?

Mr. TEWKSBURY. I think they were adequate. There was no attempt to force the "sell" but there was adequate effort to bring it to the attention of the public, anyway.

Mr. SPARGER. How much promotion was done relative to "It's a Man's World"?

Mr. TEWKSBURY. They did the normal things, such as contacting newspapers, syndicated columnists, et cetera, editors of television columns, and passing out information about the program by mail and asking them to come in for specific interviews.

They also did on the air promotional spots which we put together on film clips.

Mr. SPARGER. You were also associated with at one time "My Three Sons"?

Mr. TEWKSBURY. That is correct.

Mr. SPARGER. What was your position?

Mr. TEWKSBURY. I was producer-director of that show.

Mr. SPARGER. Comparing the amount of promotion done by the network in relation to "My Three Sons," what percentage of that promotion for "It's a Man's World"—how would you relate these two?

Mr. TEWKSBURY. Well, just as a guess, without being able to be that specific, really, on that question, I would say that maybe "It's a Man's World" got 5 or 10 percent of what we got on "My Three Sons."

Mr. SPARGER. What is the effect, in your opinion, from your experience of promotion of a show?

Mr. TEWKSBURY. Well, I think that is an excellent way to buy a good rating. In fact, I think it has been pretty true all throughout, that if you want to get a good rating, you will hire yourself a bunch of publicity men, and by golly, there is your rating for you, if you are willing to spend that kind of money.

Mr. SPARGER. To your knowledge, do you know if any stars or program producers have required that certain promotional budgets be provided before they will put their show on the network?

Mr. TEWKSBURY. Well, it is a common practice to require that, and believe me, I certainly will the next time.

Mr. SPARGER. How many Nielsen national television index reports were out during the period between the time "It's a Man's World" went on the air and the time it went off the air—the time it was canceled?

Mr. TEWKSBURY. Well, to my knowledge, the national rating—there was only one at the time we were notified.

Mr. SPARGER. That is, the national rating—

Mr. TEWKSBURY. Yes, sir.

Mr. SPARGER. Now, what period was that rating for?

Mr. TEWKSBURY. It covered the period of September 15 to October 15.

Mr. SPARGER. Was "It's a Man's World" on every week during this period?

Mr. TEWKSBURY. No, sir, it was preempted the third week.

Mr. SPARGER. Why was it preempted, sir?

Mr. TEWKSBURY. There was a network public affairs program, "Mississippi," an on-the-spot, live show that they felt was important enough to preempt the show.

Mr. SPARGER. Would you say, sir, as a result of its not being on the air that week that this would depress the cumulative audience for the show in the report?

Mr. TEWKSBURY. No question about that, particularly at that point in its happening.

Mr. SPARGER. Do you know, sir, how many of the Nielsen multi-network area reports were out in this period, between the time the show went on the air and the cancellation?

Mr. TEWKSBURY. I think eight.

Mr. SPARGER. Was the show on during all of the eight periods which they measured and reported?

Mr. TEWKSBURY. No, sir; aside from the one that I mentioned that it was preempted in the third week, it was preempted in about 50 percent of the major population areas on November 5, the night before election.

Mr. SPARGER. What effect do you feel, from your experience, that these preemptions would have had upon your ratings?

Mr. TEWKSBURY. I think it is a very material effect, particularly on the kind of show this was, that required watching over a period of time and not just being able to understand it or even like it the first time.

Mr. SPARGER. How many of the Nielsen 30 markets which it measures for its fast report was "It's a Man's World" shown in as scheduled by the network?

Mr. TEWKSBURY. Well, I know it was not shown in Memphis at any time and that in Miami, it was delayed to 5 o'clock Saturday afternoon.

Those two, I know. I am sure Miami did not even know it was on the air.

Mr. SPARGER. Would you say this would have an adverse effect upon your rating?

Mr. TEWKSBURY. Oh, yes; it must have. I actually never got too deeply into the 30-market report, being mostly associated with the 24-market report.

We seemed to come across it mostly, anyway.

Mr. SPARGER. Are there other cities that you are not certain about whether you were carried at the network scheduled time?

Mr. TEWKSBURY. Yes, there are some I do not know about. I do not know about New Orleans and I do not know about Nashville, and I am not too sure about Denver. Of course, Denver is not in the list anyway, so it does not make any difference.

Mr. SPARGER. Let me ask you this, sir. The time period in which "It's a Man's World" is scheduled, what sort of share of audience did you have, normally?

Mr. TEWKSBURY. I am not too clear on the exact figures. It was somewhere in the neighborhood of 22 to 27, in that area. It started off a little stronger than that and settled down into that area, I believe.

Mr. SPARGER. What sort of competition did you have against your program, "It's a Man's World"?

Mr. TEWKSBURY. We had two panel shows opposite us, "I've Got a Secret" and "To Tell the Truth" and an hour-long western called "Cheyenne."

Mr. SPARGER. In the light of the testimony of Mr. Weaver yesterday, do you feel that you were providing, with this program—since there was a format western on one network and format panel shows on the second network—a service to the live viewers or do you feel your pro-

gram contributed substantially to providing for the American people a balanced program during this period?

Mr. TEWKSBURY. I do not know what Mr. Weaver said yesterday, but I feel it did perform that function, yes.

Mr. SPARGER. What is the effect of the time period in which you are scheduled on a rating?

Mr. TEWKSBURY. A great deal, obviously; something I have gone into very deeply, as a matter of fact. If I am going to continue in this business, I had better know what controls it and why. The time slot of 7:30 nationally for us was not good for the kind of show we were doing, as it proved out, particularly since in the whole Midwest chunk of Nielsen cities, it was on at 6:30. That is an almost impossible time to get involved deeply in a television show, and 7:30 is just about as bad.

Mr. SPARGER. Did NBC approach you about rescheduling your show into a different time period?

Mr. TEWKSBURY. No, sir, it didn't.

Mr. SPARGER. Was it ever suggested that it might be rescheduled against different competition on another night?

Mr. TEWKSBURY. They never brought that up.

Mr. SPARGER. Did NBC make any effort to change either time period or day of your program?

Mr. TEWKSBURY. No, sir; they did not.

Mr. SPARGER. Do you think possibly in a later time period or a different time period on a different night against different competition, there might have been a material change in your rating?

Mr. TEWKSBURY. Yes, sir, I do.

Mr. SPARGER. If there had been a material change in your ratings, do you think your show would have been canceled?

Mr. TEWKSBURY. No, sir, I don't.

Mr. SPARGER. In your experience as a producer and director and from your vast knowledge of the industry, are you familiar with other instances where networks have canceled shows specifically on ratings without making any effort to reschedule them?

Mr. TEWKSBURY. Not personally, no. I know it must have happened along the line, but I really do not know.

Mr. SPARGER. What would you say as a producer and director the importance of a rating is? Could you expound on that for a moment, sir?

Mr. TEWKSBURY. Well, I would say that the entire television industry is completely controlled by the Nielsen rating.

Mr. SPARGER. I think that is pretty clear, sir.

I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Moss, any questions?

Mr. MOSS. I have no questions.

The CHAIRMAN. Mr. Springer?

Mr. SPRINGER. Mr. Tewksbury, I was not here, but I think I got the general tenor.

Have both of your shows, "Father Knows Best" and "It's a Man's World," been taken off?

Mr. TEWKSBURY. No, sir; actually, "Father Knows Best" is in reruns right now and has been for a couple of years and "My Three

Sons" is still on the air and still being shot. I am not connected with it any more.

Mr. SPRINGER. You are not connected with either one?

Mr. TEWKSBURY. No, sir. I did the last "Father Knows Best" and we stopped filming it. It was filmed for 6 years and we stopped by mutual consent.

Mr. SPRINGER. Did you produce this for NBC by contract?

Mr. TEWKSBURY. "It's a Man's World," you mean?

Mr. SPRINGER. "Father Knows Best."

Mr. TEWKSBURY. I directed that and it was produced by Gene Rodney. It started off on NBC, then went to CBS, then back to NBC again.

Mr. SPRINGER. And it is being shown in reruns now?

Mr. TEWKSBURY. It is in rerun now on ABC.

Mr. SPRINGER. Rerun on ABC?

Mr. TEWKSBURY. Yes; they bought the whole flock.

Mr. SPRINGER. Is this done by a movie firm or filmed separately?

Mr. TEWKSBURY. No; it was filmed by Screen Gems under some kind of partnership arrangement with Mr. Rodney's company.

Mr. SPRINGER. You make the statement here that this is entirely controlled by Nielsen ratings. I take it by that that what you actually mean is that you have to have a very high rating regardless of the quality program in order to stay on?

Mr. TEWKSBURY. That is right, sir. In my opinion, that is the way it runs.

Mr. SPRINGER. In your experience, is there anything else other than Nielsen that really counts on ratings?

Mr. TEWKSBURY. Not significantly, no.

Mr. SPRINGER. I am talking now about nationwide TV and radio, Nielsen is the only one that is really regarded by the networks?

Mr. TEWKSBURY. In my own experience, that is true.

Mr. SPRINGER. And that is—

Mr. TEWKSBURY. That is symptomatic of how important it is.

Mr. SPRINGER. Just for the refreshment of this committee—I am not going to extend this question—approximately what percentage must a rating have in the prime hours from 7 to 10 o'clock in order to qualify?

Mr. TEWKSBURY. Well, I think you would be marginal, but safe, if you could maintain a rating of, oh, in the twenties—22, 23, around in there.

Mr. SPRINGER. In other words, a minimum would be in the low twenties?

Mr. TEWKSBURY. Yes.

This, of course—excuse me for interrupting, but there are still a few sponsors who will continue to foot the bill of a program which they approve of and justifies the kind of thing they want to say, regardless of ratings. There are very few, but there are a few who will.

Mr. SPRINGER. You are talking about the advertiser now?

Mr. TEWKSBURY. Yes; I am speaking now of the advertiser.

Mr. SPRINGER. I am talking about the network, what will they do. At what minimum level is the cutoff point for them?

Mr. TEWKSBURY. That is hard to say. I do not know that it is even consistent. I do not know enough about their policies to understand.

Mr. SPRINGER. You are talking about the advertiser now.

Mr. TEWKSBURY. Yes; I am speaking of a specific program, with a specific advertiser who sponsors the whole program.

Mr. SPRINGER. The wailing wall has already started. According to Lawrence Laurent—I am reading here:

ABC is doing a major overhaul—
so it says—

and probably will bring to an end such programs as "The Jetsons," "The Rifleman," "Going My Way," "I'm Dickens, He's Fenster," "The Gallant Men," and "77 Sunset Strip."

In what range would they be?

Mr. TEWKSBURY. In the rating?

Mr. SPRINGER. Yes; what rating range would they be in?

Mr. TEWKSBURY. I don't know, to tell you the truth. I would have thought some of those would have been very high.

Mr. SPRINGER. I would have thought "77 Sunset Strip" would be pretty high. In my home it is, anyway. I am only one.

Here is one that does sort of shock me and I quote from Lawrence Laurent from the Washington Post:

The loudest moans, one may be certain, will come from those followers of two of television's finest programs. These are "Howard K. Smith—News and Comment" (10:30 p.m. Sunday, ABC WMAL-TV), and the "Voice of Firestone" (10 p.m. Sunday, same network and station). The fine programs attract too few viewers, say the statisticians and you just cannot argue with the rating book.

Is that a pretty fair statement?

Mr. TEWKSBURY. That you cannot argue with the rating book is a very fair statement.

Mr. SPRINGER. In other words, that is actually what is taking place in TV and radio today?

Mr. TEWKSBURY. I think so.

Mr. SPRINGER. What Lawrence Laurent has said in this column is fairly emblematical of what other responsible commentators in the press believe?

Mr. TEWKSBURY. From what I know and understand, I think that is fairly representative.

Mr. SPRINGER. And this is also what is commonly known among producers like yourself?

Mr. TEWKSBURY. Yes.

Mr. SPRINGER. That is all I have.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. No questions.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. If you do this again, you said you are going to do more promotion, or get somebody to do more promotion. Would you elaborate on that a little bit?

Mr. TEWKSBURY. Yes; I would be happy to.

It is my feeling, accepting the premise that the rating is what you have to get in order to stay on the air, one way and a fairly sure way of getting that rating is via the normal or abnormal areas of publicity and promotion, so that you are willing to put up enough money or to allocate it in your budget when you are doing a new series or a new show for promotion and publicity, you will almost surely get a high

rating on that show. Now, naturally, whether you keep that rating—

The CHAIRMAN. Say that again, I want to hear that.

Mr. TEWKSBURY. If you are willing to allocate and use enough money in the promotion and publicity of the show, you will almost automatically get a high rating on that show.

The CHAIRMAN. Who are you talking about, "if you"?

Mr. TEWKSBURY. The producer of the show and his partners, whoever he is in business with. If he is in business with a studio, it can be done by them. If he is in business with a network, it can be done by them. But in almost all cases of high-rated programs, they have had, coincidental with the producing of their show, a pretty thorough publicity campaign and spent a good deal of money on it.

The CHAIRMAN. Are you telling this committee that from experience you have had, it is the promotion angle of a given show that determines the rating which is sent in by the rating services largely, instead of the show itself?

Mr. TEWKSBURY. I don't think it can be made on quite that general a level, but I think that is the major contributing influence to the program's initial rating.

Now, whether it continues to get a high rating over a period of time, I think, must have something to do with the program itself. But it certainly is much easier to start high and stay there.

Mr. SPRINGER. Would you yield just so I can follow?

Mr. BROTZMAN. Go ahead.

Mr. SPRINGER. This, then, is a problem of promotion between the producer, the network, and the advertiser?

Mr. TEWKSBURY. Yes, sir.

Mr. SPRINGER. Those are the three main problems that get the program off the ground?

Mr. TEWKSBURY. That is correct.

Mr. SPRINGER. And it will probably get an initial high rating if you give it a good forward program of advertising?

Mr. TEWKSBURY. Yes, sir.

Mr. SPRINGER. Thank you.

Mr. BROTZMAN. Back to the point I was driving at and this is all related, but I want to be sure I get the relationship that you append to the initial promotion to the rating itself. Do you follow my question?

Mr. TEWKSBURY. Yes, sir.

Mr. BROTZMAN. Would you go ahead and expand in that area?

Mr. TEWKSBURY. As I say, I think this is predominantly a matter of the initial impact. Just to take an arbitrary show for an example, there is a series on the air now called "Beverly Hillbillies." It has had many slings and arrows shot at it for various reasons. It also happens to be the highest rated show on the air and continues to get higher. I do know that they, very wisely, I think, retained a large force of publicity men for 6 months in advance of ever going on the air, and that show was a hit before anybody ever saw it, largely for that reason.

Mr. BROTZMAN. This is the point exactly. In other words, the mere fact that the promotion is done gets it off the ground rapidly before anyone has ever heard or expressed any opinion as to whether they

liked it or indicated via the devices that they have been tuning in on; is this correct?

Mr. TEWKSBURY. That is correct; before any critical evaluation could possibly come out, that is true.

Mr. BROTZMAN. Now, this is the initial aspect of the thing.

Mr. TEWKSBURY. Yes.

Mr. BROTZMAN. Now, would it be your opinion that continued promotion—

Mr. TEWKSBURY. Would help?

Mr. BROTZMAN. Would help.

Mr. TEWKSBURY. I do not say that it would make the difference, but it would help. I think you would have to have something for people to look at after a while.

Mr. BROTZMAN. There has been some testimony presented to this committee, up to this point. I believe the testimony was generally yesterday that it was understood that about 1,100 homes have the devices in them that record the effect, or record whether or not they are listening to a particular program.

Now, do you think the continued promotion has the effect of causing more people to listen or do you think that it is some arbitrary type of opinion that creeps into the rating?

Mr. TEWKSBURY. No; I think that the promotion will then feed on the higher rating and if you continued it, it would have the effect of making more people continue to watch.

I think in some cases, even when they weren't really too sure whether they liked it or not. It is like selling cigarettes, you say the name often enough and people buy it. It is the same kind of mass-aimed promotional activity which can influence people to look at it because that is the thing that comes to mind at that time of day and people tune it in.

Mr. BROTZMAN. What was your rating, once again, at the time your show started to sag?

Mr. TEWKSBURY. Abysmal. Let's see, I think it got down to somewhere around 9 or 10 at the time it was canceled—that is about as low as it got, and stayed down there in the cellar. It made a brief flurry in December, but only up to about 12 and a half. It never made a significant climb.

Mr. BROTZMAN. At the time of the flurry, had you gone into any promotional activity at that juncture?

Mr. TEWKSBURY. Yes; we had. This was the immediate factor. I made a fool of myself, I guess. We complained loudly about being knocked off the air when we heard about it on December 3, and the rise in rating was the next week, December 17. It was very brief and got taken over by the holidays, I think, right after that.

Mr. BROTZMAN. I want to be sure I understand that. After you raised the need about going off the air and the fact that it was down, did the network then put on a flurry of promotion, or who did this?

Mr. TEWKSBURY. No; I think we did all the noise by ourselves with the help of the equally irate and unhappy columnists across the country, who volunteered, really. It was not an organized campaign. There was no attempt to buy publicity. It was simply a pretty spontaneous response from newspapers and out of our own office, really. It did definitely go up the following week. I do not know whether

completely as a result of that. We were told the reason it went up was because the Philharmonic was on against us and not the two panel shows. Maybe that was the reason.

Mr. BROTZMAN. How many more points would you have needed along toward the latter part to get into the win column instead of losing?

Mr. TEWKSBURY. I think if we had shown any change in an upward direction that looked consistent, we might have been all right. I think even as low as we were on those first seven or eight programs, if there had in the course of the fifth, sixth, or seventh been a significant upward trend, even though it did not get very high, they would have kept it on.

Mr. BROTZMAN. What would five points have done for you?

Mr. TEWKSBURY. Probably kept us on.

Mr. BROTZMAN. Then tying your testimony together, if 55 more homes had recorded yes, they listened to your program, you would have been in business instead of out of business on this show?

Mr. TEWKSBURY. I think so.

Mr. BROTZMAN. That is all I have.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Mr. Tewksbury, are there any discussions that you know of that go on between the rating services, say, and the networks between the times the ratings are made?

Are producers aware of this?

Mr. TEWKSBURY. Not that I know of, no.

Mr. ROGERS of Florida. Producers are not brought in on that?

Mr. TEWKSBURY. I do not know whether they exist even, to tell you the truth, discussions of that sort.

Mr. ROGERS of Florida. Do you know how often ratings are made?

Mr. TEWKSBURY. Yes; they are made on a fairly prescribed basis. They make their fast rating every week.

Mr. ROGERS of Florida. They make one every week?

Mr. TEWKSBURY. Yes; the so-called 24-market rating and the so-called 30-market rating are made every week. Then about every 4 weeks they make a national rating covering more than just 30 principal population markets and getting into more rural areas.

Mr. ROGERS of Florida. What about a rating that is given from a particular radio station in a particular community?

Mr. TEWKSBURY. That is a local rating.

Mr. ROGERS of Florida. Yes. Now, are those ratings made at a time that is picked out with the local station, or how is that done?

Mr. TEWKSBURY. Yes; as far as I know, I believe that is the way that is done. At the time our program was canceled, there had been no local ratings, that I know of, anywhere.

It usually takes them longer. I do not know whether they do a more thorough job, or it is just a tougher area to cover in detail. They do not usually come out until mid-December on the local areas, so we did not get, of course, too involved in the local ratings because it was all over by the time they came out.

Mr. ROGERS of Florida. Would Nielsen, for instance, as far as you know, use their same contacts?

Mr. TEWKSBURY. Techniques and methods, you mean?

Mr. YOUNGER. Do you have as good a signal in Kalamazoo as WOOD and WKZO?

Mr. WODLINGER. No, sir; we do not.

Mr. YOUNGER. Do you reach the Kalamazoo area with an acceptable signal?

Mr. WODLINGER. Yes, sir; we do.

The CHAIRMAN. What signal, if you will pardon me?

Mr. WODLINGER. I have an engineering map. I can tell you exactly.

The CHAIRMAN. What grade signal is it, I meant to ask.

Mr. WODLINGER. It is a B signal. They had the decibel units on it, sir, if I can find it here; 47 decibel units goes south of Kalamazoo. Our grade B or 56 decibel units goes just north of Kalamazoo.

I might add that I know that we have viewers because of some telephone company incidentals that we have taken down there.

Mail response has been quite good from Kalamazoo. So we would obviously have to have viewers to get a good mail response.

The CHAIRMAN. Do you throw a city service over Grand Rapids?

Mr. WODLINGER. Yes, sir; all three stations do grade A city service over Grand Rapids.

The CHAIRMAN. Thank you.

Mr. YOUNGER. Is the signal of WOOD and WKZO as good in Muskegon as your signal is in Kalamazoo?

Mr. WODLINGER. Their signal is better. I had better qualify that. WOOD puts a grade B signal into Muskegon, as does WKZO. They both put good signals into Muskegon. They were the only service for 15 years into the Muskegon area. So there is 100 percent reception.

Mr. YOUNGER. In other words, coverage of the three major markets, Muskegon, Grand Rapids, and Kalamazoo, are about the same way by each of the three stations?

Mr. WODLINGER. With one exception. We have more of a problem in Kalamazoo because of the orientation of antennas that have been on the existing homes for some 15 years because of the length of time the stations have been there. So we have more of a problem in Kalamazoo. They have no problem in Muskegon, Grand Rapids, or Kalamazoo.

Mr. YOUNGER. And from that standpoint, there is no reason why the market survey should not include all of that area for every station?

Mr. WODLINGER. That is my point, sir.

Mr. YOUNGER. Because you cover it with the same type signal reaching the receivers?

Mr. WODLINGER. Yes, sir.

Mr. YOUNGER. I notice you started your statement by saying you were seeking a permanent license. You do not mean that, do you?

Mr. WODLINGER. Yes, sir; this is one of the three stations in the country that is operating on an interim basis. There are four competing applicants for this station that are involved before the Federal Communications Commission in a comparative hearing.

Mr. YOUNGER. I did not know there are any such things as permanent licenses. I thought they were only for 3 years.

Mr. WODLINGER. You are right, Congressman. I used this term a little loosely. You are absolutely correct. We are even more interim than a normal license.

Mr. YOUNGER. What is contained on these diaries that people keep?

Mr. WODLINGER. I have a sample here. If you would care to see it, sir, this is a blank diary, in which they list time from 6 a.m. every time period by quarter hours all through the day and night periods.

A person is supposed to signify whether the set was off or on, the call letters of the station which they are viewing, and whether the persons that are watching are over 18, if they are men or women, or teens or children.

They should check how many of each category. This is the type of thing they keep.

They also place in here their age, and the following people who are expected to be home most of the time. They want to know what the family size is and what the family does. But they do not get this information, you understand, until this diary is returned.

Mr. YOUNGER. That is correct. Are these people who keep the diaries paid by the rating bureaus?

Mr. WODLINGER. Nielsen, as I understand, pays them a dollar for the week for keeping the diary, and ARB pays them nothing.

Mr. YOUNGER. You mean a dollar a week for staying home 12 hours a day?

Mr. WODLINGER. I think in fairness, they pay them \$1 for the week to record when they are viewing within their home. I do not think they expect them to stay at home as much as I would like to have them, all stations there, 24 hours a day, watching television. But it is to record their habits. If they are home and the set is on, they are supposed to record in here what they saw, what station, how many people were watching, what age group.

Mr. YOUNGER. When you reviewed these diaries, just on an average, how much of the time were the recorders at home?

Mr. WODLINGER. Congressman, that would be awfully hard. There was a great variance from one diary to the next. You get all sorts of comments. Some would apologize because Aunt Mary was sick and they were at the hospital. One lady was having a baby.

You would get the darndest comments. It was interesting, some parts of it. I really cannot give you any answers. There was a great variance.

Mr. YOUNGER. Kind of a family history, as well as TV viewing record?

Mr. WODLINGER. You would get some of that. I agree with you, taking purely my own feeling, because of some of the comments you can read in these diaries when they let you see them, that a lot of children keep the diaries if it is a large home.

But the amazing thing was the older category of people keeping the diaries. Nielsen, you see, attempts to send the diaries to the same families, survey after survey.

Mr. YOUNGER. Certainly at a dollar a week, they would not lose their social security by earning more than the required amount?

Mr. WODLINGER. No; they would still be eligible, I am sure, Congressman.

Mr. YOUNGER. I get more confused when I find out how these records are kept as to the validity of the records.

Mr. WODLINGER. Congressman, I would have to agree with you. I, too, get more confused. This is the first time that I have been in a

Mr. ROGERS of Florida. In other words, the same television sets to make their local ratings?

Mr. TEWKSBURY. I think they obviously must have more if they are making a local rating. I know that Houston, for example, its local rating is based on 55 sets in the Houston area. This was told to me by the Houston television station owner. That is the only one I know about specifically.

Mr. ROGERS of Florida. If they give ratings for various stations like Houston, they must use so much of the listening public and project it?

Mr. TEWKSBURY. Yes, sir.

Mr. ROGERS of Florida. Does the station know when they make those tests?

Mr. TEWKSBURY. Specifically when?

You mean can they prepare their programing to take advantage of the ratings?

Mr. ROGERS of Florida. Yes, or advertise to get people to listen to those stations.

Mr. TEWKSBURY. They know roughly within a 2-month period of time, when the ratings are being taken. They are the customers, obviously. The station buys the rating. That is where Mr. Nielsen gets his income.

Mr. ROGERS of Florida. So if the station bought this rating service to be rated in the community, they would know within a certain period of time of the rating and they could advertise ahead of time to get a listening public to build the rating up?

Mr. TEWKSBURY. Yes; I think they could.

Mr. ROGERS of Florida. Do you think this is often done?

Mr. TEWKSBURY. Yes; I think it is.

Mr. ROGERS of Florida. Is this a true reflection of the overall listening public?

Mr. TEWKSBURY. No; I do not think that could be possible on the basis the rating system works. I think its whole basis is such that it would be impossible.

Mr. ROGERS of Florida. This could give a false impression to advertisers?

Mr. TEWKSBURY. Yes; I think it could, they could be seriously deluded.

Mr. ROGERS of Florida. And it would not be a correct one?

Mr. TEWKSBURY. No; I think it would be highly inaccurate. And I presume they are intelligent men and they know that.

Mr. ROGERS of Florida. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Victor A. Sholis.

Mr. Sholis, will you be sworn?

Do you solemnly swear that the testimony you will give to the committee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. SHOLIS. I do.

**TESTIMONY OF VICTOR A. SHOLIS, VICE PRESIDENT AND DIRECTOR,
WHAS, INC., LOUISVILLE, KY.**

The CHAIRMAN. Mr. Sholis, will you identify yourself for the record, please?

Mr. SHOLIS. My name is Victor A. Sholis. I am vice president and director of WHAS, Inc., in Louisville, Ky. It is the licensee of WHAS radio, which went on the air in July of 1922, and the licensee of WHAS television, which went on the air in March of 1950.

In television, we are affiliated with the CBS network, and since last Monday, we have been affiliated with the ABC radio network.

Prior to that, for 3½ years, we operated as an independent radio station, and prior to that, we had been a CBS radio affiliate for some 28 years.

The CHAIRMAN. Is your association operated by the Louisville Courier-Journal?

Mr. SHOLIS. Well, it is separately incorporated but the ownership is the same.

The CHAIRMAN. All right, proceed.

Mr. SHOLIS. As a broadcaster, I have been deeply concerned about the subject of your hearing for many years. The actual preparation and compilation of ratings has been pretty much an impenetrable mystery. Therefore, there has been no way to gage validity, reliability or integrity. Nonetheless, the numbers produced have long been adopted as the broadcasting industry's principal research and sales tool—widely promoted and sorely misused.

I am sure many responsible broadcasters have welcomed the light this committee has begun to focus upon this cloudy area of ratings mystery. The Madow report lifted some of the curtains that we have never been able to penetrate. The ensuing consent decrees have illuminated other dark corners.

My only reason for accepting your invitation to appear here stems from the hope that the perspective of station management might be of some assistance to you in finally etching into sharp detail the actual validity of existing ratings and thereby inspiring substantial improvement. As broadcasters, we have been unable to do this. It should be done, however, for such improvement not only is urgently needed for the industry's business stability, but also involves, I feel, important questions of public interest.

May I state clearly that, in my opinion, resolution of this problem does not require enactment of new law. I strongly recommend against it. Though not an attorney, it is my understanding that existing statutory provisions are more than adequate. This hearing will perform an adequately constructive service if it produces the evidence that will compel effective administration of these existing regulations.

Broadcasters are obliged by the Communications Act to operate in the public interest, being answerable to the Federal Communications Commission for their performance.

This statement, I should point out, was written before the hearings opened and prior to yesterday afternoon's testimony.

Furthermore, our attorneys tell me, all persons engaged in interstate commerce—including broadcast licensees, rating companies and advertisers—are subject to the provisions of the Federal Trade Com-

mission Act, outlawing "unfair methods of competition in commerce" and "unfair or deceptive acts or practices."

It seems to us that the FTC has ample authority to investigate, issue reports and enforce cease and desist orders. Being familiar with the Kentucky tobacco industry, I am also aware of the FTC regulatory technique of promulgating trade practice rules.

This, to me, seems law enough. More urgent is the need to illuminate, as your hearing is doing, clearly, specifically and in detail how ratings are concocted and how they are used.

The issue before you is not a new one to the broadcasting industry. Ratings have been cussed and discussed for many years.

In the summer of 1952, for example, the affiliates of the Nation's then leading radio network devoted much attention to what role ratings might have played in inducing the ailments beginning to afflict that medium.

Addressing the affiliates, I contended at that time it was ironic and tragic that—

after 30 years we still don't really know what radio is worth. We've misused the research we've had, and have yet to get the research we need.

During that 1952 meeting, I insisted that the advertisers knew that radio still reached—

more people, in more ways, at more times, in more places and at lower cost than any other basic medium, only they would like to be shown the evidence. And in all the millions of rating statistics, we not only fail to produce it, we obscure it.

No other advertising medium—

I continued—

has deliberately impaled itself, as have we, upon statistics that pit network against network, station against station, hour against hour, minute against minute. We've been so busy selling against each other that we never get around to selling the merits of radio as an advertising medium. And the rating pocket-piece—our principal sales tool—fails utterly to contribute anything to that knowledge about radio. Selling by ratings, as we do now, is just plain stupid. It is a sales tool that misleads the advertiser to his own disadvantage and certainly cheats us.

The fact that these hearings have to be held today proves not only that the stranglehold ratings held on radio in 1952 has never been broken, but now has been extended to embrace television. Actually, it's even tighter in TV because the industry's radio experience gave us the know-how to use ratings more destructively and extensively.

Efforts have been made to chart new paths in research—to replace the numbers game with meaningful, valid, qualitative research measuring all dimensions of broadcasting.

In the winter of 1952, 11 radio stations in major markets undertook such a research venture in association with our national sales representatives, the Henry I. Christal Co.

Here, as other witnesses have, I have to disclaim any serious personal competency in the details of research techniques.

Along with most broadcasters, I am readily confused by technical terms that are bread-and-butter language to statisticians. But it takes no special skill to know you are ill and seek out a competent doctor.

Recognizing rating addiction as an industry disease, our search led us to Alfred Politz Research, Inc. Among other accomplishments which impressed us, his firm, which basically was not and still is not a rating firm, pioneered the use of probability sampling in non-governmental research.

These 11 stations asked Politz to provide broadcasters, advertisers and agencies with a fresh perspective on the radio medium, its inherent values and characteristics.

We wanted him to concentrate upon the dimensions of radio and not on any competitive statistics that might be of specific usefulness to our individual stations. In short, we wanted him to depart from the pattern of the industry's measurements which traditionally compared one broadcasting facility or program with another.

The Politz study was published in the summer of 1953. It represented a substantial departure in that—

1. The first pages made full disclosure of all procedures and techniques employed that were relevant to a critical evaluation of the reliability of the research.

2. In examining radio as a medium, it reported in terms of people and not homes. How long overdue this had been became manifest when the resulting evidence described radio as an indispensable and universal medium with an unmatched ability to penetrate and reach people wherever they were, indoors and outdoors.

In essence, the evidence portrayed radio as the "constant companion" of an American people on the move. This could not have been divined from the ratings of that day. Nor, peculiarly enough, from the radio ratings of today, for, even a decade later, these are still done in terms of homes rather than mobile people.

3. The Politz study stated it was based upon 4,985 personal interviews in 41 television areas throughout the country. There were no reservations, qualifications, ifs, ands, or buts about it.

4. It met the full, rigid demands of research based on probability sampling.

5. It measured listening wherever it occurred—in cars, with transistor radios, on the beaches, wherever it happened.

This pioneering study produced a sharp profile of radio as a medium. Broadcasters, however, have a responsibility of providing advertisers with additional information pertinent to their individual stations and markets. This includes competent, meaningful circulation figures, reliable data on the nature and character of its audience and a measure of how the audience uses the programs and how it regards the station. Not a rating made has ever given the advertiser this basic data—quantitative and qualitative.

In 1953, station WJR in Detroit, WGY in Schenectady in New York, and our station, WHAS, commissioned Politz to undertake research into these areas of major importance to us as operators and to advertisers buying our time. The results of this study confirmed the continuing vitality of radio as the constant companion of American people—in the face of an exploding TV medium.

Next, the study discovered that people are much more selective than ever supposed in their listening. In each market, listeners chose a particular station as their favored companion from among the many services available.

The study proved the existence of very great differences between stations when they were examined on each of the factors that influence circulation and impact. Here was the kind of qualitative research that provided meaningful information to station licensees and advertisers.

Again, not a rating statistic has ever been manufactured that could furnish such useful information.

Now, what was particularly meaningful about the Politz studies and the station circulation data they developed in 1955? Just the previous year—1954—the Advertising Research Foundation had warned:

Technically inadequate program audience size measurements can do more harm than good, because they will frequently lead to unreliable estimates and wrong decisions.

To guard against such—

unreliable estimates and wrong decisions—

the ARF specified the—

audience size measurement should be based upon a probability sample.

This was exactly the basis of the Politz sample. What further impressed us as operators was that, though based on a total sample of 1,227 personal interviews for just the WHAS area alone, this organization informed us that valid circulation figures could not be produced for the fractional time periods then the rage. So it was that WHAS circulation figures were tabulated in 3-hour brackets throughout the broadcast day.

In contrast, then, as they are still doing today, rating services offered numbers that presumed to delineate total circulation in 15-minute periods or even down to a specific minute. Though we could never determine the exact sample size for these splinter ratings, we knew they were substantially smaller than the Politz survey. This alone subjected them to statistical questioning. But lately your investigations have disclosed a further serious delinquency—the ratings were not based on a true probability sample.

This, in light of the Advertising Research Foundation's warning as far back as 1954 that circulation estimates based on nonprobability samples fail the test of sampling bias and cannot be measured for reliability.

Consequently—

declared that ARF report—

any confidence in the reliability of program audience size measurements based on nonprobability samples must be based on faith alone.

Faith alone—

hardly the touchstone for investment of millions of advertising dollars.

In subsequent efforts to persuade the radio industry that comprehensive research rather than ratings was imperative, additional Politz studies on a station, regional and nationwide basis were made in 1956, 1957, and 1961. These made only modest dents in radio, and fell upon completely deaf ears in television. Ratings were king.

To avoid any misunderstanding, I am not promoting research by Politz as the be-all and end-all of the problem. It is the quality, character, reliability, and informative scope of that type of research that I urge upon the industry.

Unfortunately, economics preclude its being turned out three or four times a year, and no individual or group of stations can afford it on a continuing basis. There is no bargain basement price tag for sound research. But, in light of the millions of dollars presently being spent by the broadcasting industry to support, promote, and publicize questionable research, it would not seem unreasonable to suggest that radio and television as a group could afford sound research.

So, with ratings being run up the flagpole and virtually everyone saluting, it would certainly be appropriate for this committee to determine the validity of what is flying up there. This seems particularly mandatory since the Madow report and the subsequent FTC consent decree revealed an assortment of unseemly tatters in the flag.

Up at the top, of course, are national ratings. They are being used by networks as finite sales tools—one network or another boasting slide rule percentage superiority over its competitors in audience.

Network practices set a pattern for buying and selling throughout the broadcasting and advertising world. They pretty well shape the practices prevailing at the station level. Yet, at this local level, the Madow report found ratings were not strong enough to carry the weight placed upon them. Furthermore, it believed the probable sampling and nonsampling errors in ratings of local stations together were often larger than the differences between stations in the pocket-piece report.

Obviously, it is necessary first to define the accuracy of national ratings. Then many broadcasters would gratefully welcome this committee's shattering of the secrecy enveloping the manufacturing of local ratings.

Never, during the years I have discussed rating services with people selling them, have I been able to get clear cut, documented answers to four very simple questions. What was the exact size of the sample used to produce the rating? Exactly how was the sample drawn? What was the exact manner in which data was obtained from the **sample?** And, finally, what was the geographic distribution of the sample?

The answers have not been obtainable even to rationalize such peculiar statistics as turned up several years ago in a TV rating report on the Louisville area. This report stated that between 6 and 6:30 p.m. on Thursday the audience watching our station was below the reportable minimum, and, therefore, we got zero for homes and zero for share of audience. I suggest that during that year in a two-station television market, at that particular time of day even if we were televising a test pattern at the dinner hour, we would attract a reportable group of viewers who might think they were watching a rigged quiz game. The zero-zero result for Thursday seemed even more queer since on the other 4 days of the week we were credited with an average 36 percent share of audience in the same time period.

The rating service representative offered no explanation. Could the answer be found in the Madow report's general complaint that

sample sizes were too small to produce precise, reliable, and accurate measurements of local station audiences!

There still remain many other questions to be answered about the validity of ratings. The Madow report and the subsequent FTC consent decree have opened a Pandora's box of doubts that should disturb any responsible broadcaster.

It is startling, for example, to learn just recently that one rating service puts into its sample size interviews with 88 percent of people who weren't even home. Why people who aren't home should have the same listening habits and tastes as those who are at home—or why should it be 88 percent of the not-at-home, rather than 95, 60, or 100 percent—all this is beyond my statistical ken. But I wonder how many subscribers to this service knew last year they were paying for interviews with people who weren't there. Or how many advertisers knew they were buying specific times and stations to broadcast to people who weren't there?

Also disturbing is an FTC consent decree revelation that “base case” figures, which ostensibly represented the sample size of another rating report didn't mean that at all. Instead, the report was based on a smaller sample.

So it goes, and where it stops no broadcaster knows, unless this committee's hearing provides the answer.

Thus far no significant changes have appeared in the use of ratings as a result of the Madow report or the FTC orders. It is correct that rating services have promised more small type disclaimers as to the accuracy of their figures and truer descriptions of the methods used to obtain them. One such disclaimer has already reached print, and it reads:

Errors in measurement cannot be computed for these measurements because the standard area formulas usually employed refer to a true probability sample. Thus, no claim is made as to the true degree of preciseness of these measurements. The usual standard error formulas are not applicable for these measurements.

As I read this, it simply tells the buyer he is getting numbers for which no one will claim reliability or authenticity.

If such small-type disclaimers meet the objectives of a consent decree, and are accepted as a satisfactory resolution of the ratings problem, then I would suggest we have simply turned our backs on the challenge.

Instead, along with other conscientious broadcasters, I would hope these hearings will reveal the realities of the dilemma plaguing the radio and television industry, and inspire it to fulfill its responsibilities.

The CHAIRMAN. Mr. Sparger, do you have any questions?

Mr. SPARGER. Yes, sir.

Mr. Sholis, would you compare the costs of the Politz studies with the costs of an individual rating study?

Mr. SHOLIS. In our market, ARB for a year would cost about \$5,700 to us.

Mr. SPARGER. How many reports, sir?

Mr. SHOLIS. Three, I believe. Nielsen would cost about \$10,000 for a similar number of reports. Our Politz study cost us about \$12,000. This was the individual station study. And then there were, I think, another \$3,000 to print up the data and disseminate it.

Mr. SPARGER. So this report cost you \$12,000 for a one-time report—

Mr. SHOLIS. That is right.

Mr. SPARGER (continuing). Compared with \$5,700 in one instance for three reports, three separate surveys by ARB, and approximately \$10,000 for three separate reports—

Mr. SHOLIS. Well, of course, in Pulse, it would be much cheaper to measure radio.

Mr. SPARGER. Do you recall what the Pulse and Hooper figures would be in measuring radio?

Mr. SHOLIS. At that time, no. I believe that now it would be about \$700 per Pulse report.

Mr. SPARGER. Do those figures include both radio and television?

Mr. SHOLIS. This is just television, the \$10,000 figure being for Nielsen.

Mr. SPARGER. Do you know what it is for radio?

Mr. SHOLIS. No, I do not.

Mr. SPARGER. In your discussion of sample sizes, you referred to the fact that the Politz study referred to the exact sample size used. I would like to hand you some documents and ask you to tell us how the sample size is represented in television audiences. The first is "Louisville Television Audience" for March 1962, produced by American Research Bureau. What was the total homes reached data for the report—what sample size would you say this is?

Mr. SHOLIS. 160.

Mr. SPARGER. This second one is from the "Louisville Television Station Audiences" report, November 6-December 3, 1961, average week. What is the sample size represented in this Nielsen report?

Mr. SHOLIS. 205.

Mr. SPARGER. This is the "Per-Broadcast Ratings Radio Supplement" for the Louisville area by Nielsen for December-January 7, 1962. What would you say is that sample size represented there, sir? That is the December-January 7, 1962, average week.

Mr. SHOLIS. For a quarter hour, 150 different homes.

Mr. SPARGER. Would you say that is a minimum, sir?

Mr. SHOLIS. That would be my impression.

Mr. SPARGER. This is for the Dayton area, "NSI of Radio Basic Report," July-August 5, 1962. What would the metropolitan sample be represented as in that report, sir?

Mr. SHOLIS. 155.

Mr. SPARGER. This is the Hooper October through December 1961 report for Louisville, Ky. What would you represent the sample size to be in that report, sir?

Mr. SHOLIS. Apparently 900 per half hour in the daytime.

Mr. SPARGER. This is the Pulse, Louisville (Ky.) metropolitan area, November 1961, report for Louisville. What would you represent the sample size for that to be, sir?

Mr. SHOLIS. For each quarter hour, 500.

Mr. SPARGER. We have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Sholis, could you give us a little further explanation of what these figures mean that you have just given us?

Mr. SHOLIS. In these?

The CHAIRMAN. Yes.

Mr. SHOLIS. Mr. Chairman, those, I would say, are the representations of the rating services as to the size of the sample used in preparing those figures.

The CHAIRMAN. Well, now, I believe you had one that was 160. What does the 160 mean?

Mr. SHOLIS. That 160, whether it was interviews or meters or homes was contacted to produce the data for the ratings.

The CHAIRMAN. That did not necessarily mean the ratings you received?

Mr. SHOLIS. Oh, no; the rating numbers would be derived from that sample.

The CHAIRMAN. And each of these numbers, I believe, Mr. Sparger, that you asked for had to do with the number of contacts in arriving at the rating?

Mr. SPARGER. Yes, sir; as represented in the report.

The CHAIRMAN. Mr. Moss, any questions?

Mr. Moss. I have very few questions, Mr. Chairman.

I would like to compliment you, sir, on what I regard as an excellent and most helpful statement.

Mr. SHOLIS. Thank you.

Mr. Moss. I wonder if you could give me some clarification on eight and nine? You refer to discussions with people who sell rating services. You make a statement: "Never have I been able to get clear-cut documented answers to four very simple questions."

Could you give us some of the ratings services you talked with during this period?

Mr. SHOLIS. We have talked with Nielsen, ARB—I have done that personally. Our sales directors have discussed rating services with both these firms and with Pulse. Many years ago, while the late Mr. Hooper was still alive, I discussed it with him.

Mr. Moss. Were you in the audience yesterday?

Mr. SHOLIS. Yes. Not completely, but—

Mr. Moss. Were you here at the time I discussed this with the Chairman of the Federal Trade Commission?

Mr. SHOLIS. Yes, sir.

Mr. Moss. Would you agree that in representations to you or your clients, there should be an appropriate quotation of the deficiencies of the rating material which is quoted?

Mr. SHOLIS. Very much so.

Mr. Moss. And that the advertising that we see in trade publications, we get these measurements down to a tenth of a percent. I think you used the term "finite." It certainly is a reduction to that point.

Mr. SHOLIS. It takes a good slide rule.

Mr. Moss. And nothing in the consent decrees, nothing so far in the hearings, would indicate that that degree of reliability could be placed upon these figures?

Mr. SHOLIS. That is right, sir. Well, as a matter of fact, this first disclaimer that I have seen just says, "We cannot vouch for the reliability of the figures."

Mr. Moss. While I recognize that you have not represented yourself as an expert in this field, I wonder if there are any?

Mr. SHOLIS. Yes; I think there are.

Mr. Moss. I have not met one yet. But you quote this disclaimer—tell me the name of the rating service.

Mr. SHOLIS. Pulse.

Mr. Moss. Do you believe that they—it says here :

Errors in measurement cannot be computed for these measurements because the standard area formulas usually employed refer to a true probability sample.

Do you think that is a correct statement ?

Mr. SHOLIS. Well, what I——

Mr. Moss. I know your statement, sir.

Mr. SHOLIS. What I think they are saying is that hitherto, the impression had been that the study was based on a true probability sample. They have agreed to cease and desist claiming that, so they cannot use the tables of errors and margin of errors that go with a probability sample.

Mr. Moss. As I read it, "The standard area formulas usually employed"—oh, I see, yes.

That is all the questions I have, sir.

The CHAIRMAN. Mr. Younger ?

Mr. YOUNGER. Thank you.

Mr. Sholis, in regard to statements you made on page 5 about Mr. Politz' study which is based upon 4,985 personal interviews, how did you know that those interviews were actually made any more than we can tell if the Nielsen personal interviews are made? We had testimony yesterday as to the criticism of those reports.

Mr. SHOLIS. Well, all the basic data in the Politz survey was available to us for examination.

Mr. YOUNGER. But how do you know that the interviewer actually interviewed the people ?

Mr. SHOLIS. Oh, to that extent, we did not pursue it to verify it that far.

Mr. YOUNGER. In other words, this report could have been just as inaccurate as the other report if your reporter, because of the rain or snow, just decided that he would go the nearest drugstore and get a malted milk rather than make the interview ?

Mr. SHOLIS. Yes, Mr. Younger; but I think we had something additional going for us here. That was the nature and the character of the firm doing the work. We went to Politz because of his reputation as a research firm, not a rating firm. He did work for management of some of America's largest corporations, not for publication in that sense, but for guidance and assistance. We were paying a good price for this. He has many interviewers that he employs pretty well throughout the year. They are paid on an hourly basis, not per interview, so that there is no premium on doing a fast, sloppy job just to get a lot of interviews.

Now, this would give me a greater measure of confidence in his statement that these were the interviews made. And then there were the basic data that were collected by these interviewers that was available to us, after he did his tabulating, for inspection. This you can never get out of the others. They will invite you to their plant, but you cannot pursue the data that is shown you.

Mr. YOUNGER. I can see the difference in that, but I have difficulty in concluding that one management is honest and the other management is not honest. In other words, if you had honest management of a rating bureau, you would have an honest, accurate rating. If you follow your logic to its ultimate.

Mr. SHOLIS. Mr. Younger, I am not accusing the rating services of dishonesty, but I do become a little suspicious when I cannot get answers as to what was done and how. Here I had all this disclosure. I must concede that I did not go out with an interviewer to supervise his taking of the interview.

Mr. YOUNGER. Then if I understand you correctly, in the Nielsen ratings, the buyer is not furnished the research data on which the ratings are made?

Mr. SHOLIS. That is right.

Mr. YOUNGER. If that data were furnished, do you think the use of the rating would be any more accurate or reliable?

Mr. SHOLIS. I think we would be on the road to something. I am not sure that you can do the kind of quality research that our industry needs at the price schedule that Nielsen is providing it now. I think, automatically, you limit the accuracy of your research.

Mr. YOUNGER. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

As I understand it, then, you are not able to determine from the rating service the actual size of the sample used for the survey you have requested and paid for?

Mr. SHOLIS. That is right, the exact size of the sample.

Mr. ROGERS of Florida. I thought this information, which was just in the booklets referred to as a certain number, was the size of their sample.

Mr. SHOLIS. But the numbers are qualified, Mr. Rogers. You read some more small type and it starts to get a little fuzzy. It is a minimum and then it is not a minimum, and there are other factors thrown in.

Mr. ROGERS of Florida. You feel you are not getting a true picture from the prospective?

Mr. SHOLIS. I have never felt so.

Mr. ROGERS of Florida. And you do not know how the sample is drawn, I believe, or the exact manner in which it was obtained?

Mr. SHOLIS. That is right.

Mr. ROGERS of Florida. Nor the geographical distribution?

Mr. SHOLIS. That is right.

Mr. ROGERS of Florida. Is this pretty much so for all of the rating services you have tried?

Mr. SHOLIS. Yes, sir.

Mr. ROGERS of Florida. How many would that be? Could you name them?

Mr. SHOLIS. Yes, Nielsen, ARB—I have not talked directly to Pulse; this has been the experience of our sales people—and then years ago, with Hooper.

Now, I was not asking them to tell me what homes they were going to interview or where they were going to put the meters in advance, because then you could rig it. I was asking for the information after the study had been done.

Mr. ROGERS of Florida. If you feel that the information is not reliable, do you think it should be permitted in interstate commerce?

Mr. SHOLIS. I think if it is represented as it is being represented here, as being—not vouching for its reliability, I do not know how you can keep it out. As I said, I am not a lawyer, I do not know under what law you could. They are now saying, “we are not vouching for the reliability of these numbers.” It is a sort of buyer beware, I guess.

Mr. ROGERS of Florida. Do you think it is sufficiently stated that the buyer should beware?

Mr. SHOLIS. Well, it is going to take conscientious buyers to read all the small type.

Mr. ROGERS of Florida. Do you think the Federal Trade Commission should require greater revelation of the inaccuracy?

Mr. SHOLIS. Well, the revelation is there. The display of it may be a little inconvenient to find or to read.

Mr. ROGERS of Florida. Should it be more prominently displayed?

Mr. SHOLIS. I would think so.

Mr. ROGERS of Florida. In larger print, for instance?

Mr. SHOLIS. Skull and crossbones on the cover.

Mr. ROGERS of Florida. And you feel that the industry has pretty much become a slave to these rating services?

Mr. SHOLIS. Ratings are the dominant sales tool and the dominant research of the industry; yes, sir.

Mr. ROGERS of Florida. And they should be labeled with a crossbones and skull?

Mr. SHOLIS. Yes, sir.

Mr. ROGERS of Florida. Thank you very much.

Mr. MOSS (presiding). Mr. Brotzman?

Mr. BROTZMAN. I have no questions.

Mr. MOSS. Mr. Sholis, I want to thank you on behalf of the committee for your appearance here this morning. There being no further questions, you are excused.

Mr. SHOLIS. Thank you.

Mr. MOSS. The committee will now recess until 2 o'clock this afternoon.

(Whereupon, at 12 o'clock noon, the committee recessed until 2 p.m., this same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. Mark Wodlinger.

Mr. Wodlinger, will you be sworn, please?

Do you solemnly swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WODLINGER. I do.

TESTIMONY OF MARK L. WODLINGER, VICE PRESIDENT AND GENERAL MANAGER, TELEVISION STATION WZZM-TV, GRAND RAPIDS, MICH.

The CHAIRMAN. Would you identify yourself for the record, Mr. Wodlinger?

Mr. WODLINGER. My name is Mark L. Wodlinger. I am vice president and general manager of WZZM-TV, owned and operated by Channel 13, Grand Rapids, Inc., Grand Rapids, Mich.

The CHAIRMAN. That is a television station?

Mr. WODLINGER. Yes. WZZM-TV, Grand Rapids, Mich.

The CHAIRMAN. Do you have a statement?

Mr. WODLINGER. I do.

The CHAIRMAN. Please proceed.

Mr. WODLINGER. WZZM-TV is owned and operated by Channel 13, Grand Rapids, Inc., a Michigan corporation. This station is operating on an interim basis pending the outcome of a comparative hearing among four applicants for a permanent license.

The shareholders of Channel 13, Grand Rapids, Inc., are the corporations who are seeking the permanent license. I was hired to build, staff, and operate the station shortly after the construction permit was issued last summer. Work was commenced on August 15, 1962, and on November 1, 1962, the station commenced telecasting. The station is licensed to Grand Rapids, Mich. The transmitter is located 23 miles northwest of Grand Rapids, Mich., in the southernmost part of Newaygo County. Our tower is approximately 12 miles from downtown Muskegon, Mich. Having been in the broadcast business since 1948, and more specifically, in the television business since 1949, I am aware of the problems of building a new station, and more specifically, the problems of obtaining good ratings on a new station, or for that matter, good ratings on an existing station.

In the early part of October 1962, I was called on by representatives of the A. C. Nielsen Co. of Chicago and the American Research Bureau of Beltsville, Md., with regard to our subscribing to their rating services for the Grand Rapids-Kalamazoo market. Each indicated to me that this company was impartial, responsible, and experienced.

I was told that the survey was based on scientific samples selected so that the precise viewing habits in the designated geographic area could be determined. Muskegon County is a geographic area. Each representative indicated his company could give me complete information and show me how to use it as a sales tool. Each wanted to work closely with me in the use of the reports to generate advertising sales.

At this time, I might mention that prior to our coming on the air, there were two stations in what is known as the Grand Rapids-Kalamazoo market, WOOD-TV and WKZO-TV. WOOD-TV is the NBC affiliate and is owned and operated by Time & Life Broadcasting Co. which also owns and operates television stations in San Diego, Calif.; Indianapolis, Ind.; Denver, Colo.; and Minneapolis, Minn.

WKZO-TV in Kalamazoo, Mich., is owned by the Fetzer Broadcasting Co. and is the CBS affiliate in our market. The Fetzer Broadcasting Co. also owns and operates television stations in Lincoln, Nebr.;

Grand Island, Nebr.; Sault Ste. Marie, Mich.; and Cadillac, Mich. Both WOOD-TV and WKZO-TV have their transmitter locations south of the Kent County line between Grand Rapids and Kalamazoo, Mich., approximately halfway between these two cities.

In each instance when the representatives of ARB and Nielsen called on me, I pointed out the fact that in their past rating histories the metro areas or the central core areas for this market, had been Kalamazoo County, two less populous counties in between (Barry County and Allegan County) and Kent County.

I would like at this time to pass out a map or two, so you gentlemen will be a little clearer on what I am speaking of.

The CHAIRMAN. I would like to get, if you will permit, a little clearer picture about where your tower is in comparison with where the tower is for the other stations.

Mr. WODLINGER. Yes, sir; this little map I handed to the committee, along with this larger one, is actually taken from the Nielsen front page, showing the area surveyed. This is the city in white, Grand Rapids.

The city of Kalamazoo tower is down here.

This mark is where the WOOD's towers are. WZZM is nearer Muskegon.

Our tower is approximately 20 miles from Grand Rapids, but we are northwest, whereas the other two stations are south of Grand Rapids about 23 miles.

I think this map shows it a little clearer than the small map.

The CHAIRMAN. You are slightly north and a little west of Grand Rapids, 23 miles?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. And the other two towers are south and a little east, about the same distance?

Mr. WODLINGER. Yes, sir; the same distance. We are just about equidistant to Grand Rapids, the city to which we are licensed, as is WOOD-TV. However, Kalamazoo is the market, where WKZO is, known as the Grand Rapids-Kalamazoo market.

I suggested to them that with our coming on the air the pattern of metro would certainly have to be altered. Muskegon County is a metropolitan area as designated by the U.S. census. The signals of all three stations reach into Muskegon County and I felt that it should be included in the metro or central area.

If this could not be done, then the metro should be limited to Kent only, so that all three stations would have an equal opportunity to receive metro rating points on an equitable basis. Our transmitter is approximately 73 miles northwest from Kalamazoo. The map outlining the areas involved you have before you.

Among other problems in starting a new station is the orientation of the existing antennas on homes in the direction of the new station. This is particularly acute in this situation of WZZM-TV since our transmitter is in a different direction than the other two stations. The problem of coverage is being corrected with a strong campaign of promotion directed toward Kalamazoo viewers and the servicemen.

Such a promotion was launched before we went on the air November 1, 1962, and has continued ever since. However, in analyzing our market situation, I knew that we would be at a distinct economic

disadvantage if we were forced to compete nationally in a metro or central rating area that included Kalamazoo and did not include Muskegon, an almost equally large metro area.

In early October, I met with Mr. Ralph Crutchfield, vice president of ARB, in New York City, and discussed this matter with him. Mr. Lon King, who is vice president in charge of research for our national representatives, Peters, Griffin, Woodward, Inc., was also present at this meeting.

Out of this meeting, actually nothing came except the promise that ARB would take a look at our situation and would perhaps discuss it with our two competitor stations, WOOD-TV and WKZO-TV. As a matter of fact, Mr. Crutchfield asked me to go to the competing stations and see if they would allow ARB to include Muskegon County or redefine the metro area to Kent County only.

I discussed our problem with the station manager of WOOD-TV and he agreed to the change. The following day, I discussed the same matter with the general manager of WKZO-TV who indicated he would never consent to changing the metro area unless Calhoun County were added to the new metro area. The following day, I was advised by the WOOD-TV station manager that he had thought this over and could not go along with this change in the metro area. That is a county, you will notice, just to the east of Kalamazoo.

The CHAIRMAN. Before you go any further, let me get a little clearer picture of this.

Your station is WZZM—where?

Mr. WODLINGER. Our tower is northwest—

The CHAIRMAN. Is it called Grand Rapids?

Mr. WODLINGER. We are licensed to Grand Rapids.

The CHAIRMAN. And WOOD and WKZO are stations also called Grand Rapids?

Mr. WODLINGER. WOOD is actually licensed to Grand Rapids, whereas WKZO is licensed to Kalamazoo.

The CHAIRMAN. All right; what is the population of Grand Rapids?

Mr. WODLINGER. A television set count, sir? I have that at the tip of my tongue.

The CHAIRMAN. No; the census population, 1960.

Mr. WODLINGER. I am sorry; I do not have it at the tip of my tongue. I can tell you there are 101,000 television homes in Kent County, whereas there are 47,000 television homes in the town of Kalamazoo.

The CHAIRMAN. How many in Muskegon?

Mr. WODLINGER. 41,000 television homes.

The CHAIRMAN. And as you have described, they include Kalamazoo?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. With Kent in the metro area?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. But they will not include Muskegon with Grand Rapids in the metro area?

Mr. WODLINGER. As it exists today, yes, sir. That is the problem I wish to discuss with you.

The CHAIRMAN. Up to this point, they have refused to include it—I brought this up yesterday in trying to get it clear.

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. To see if I did get a fair picture yesterday without using the specific names, if I was giving a clear picture of it.

But the reason they do not give you an equal economic opportunity by including Muskegon in your metro area is because WOOD and WKZO are opposed to it?

Mr. WODLINGER. Yes, sir; that basically is it.

The CHAIRMAN. Even though they do include Kalamazoo in their metro area?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. That, then, up to this point is the position of two of the rating services, Nielsen and ARB?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. I just wanted to be sure I got it straight.

Mr. WODLINGER. Yes, sir; you have it correctly.

During the latter part of October 1962, and during November 1962, I talked with the representative of A. C. Nielsen Co., Mr. Gene Wolpert, who is the sales representative who called on us, and also Mr. John Churchill of the Nielsen Co. I received assurances that they would examine the situation and give me an answer to my request for a revised metro area after the first rating books, to which we subscribe, were issued.

A. C. Nielsen conducts surveys three times a year in this market. Our first Nielsen rating period started on October 29 and ran 4 weeks through November 25, 1962. Our first ARB rating period began November 7, 1962, through December 4, 1962.

I will discuss the A. C. Nielsen situation first. When their books came out, it was obvious that they had started their survey before we were on the air. I mentioned earlier we had not gone on the air until 6:30 p.m. on November 1, 1962. When looking over the ratings in the book itself, I discovered that we were reported as if we had been on the air the full 4 weeks; however, it was quite obvious that we did not go on the air until 6:30 p.m. on the first of November, which meant that we were at a distinct disadvantage on the 4 days of October 29, 30, 31, and a full day of November 1.

Nielsen's rating book states on page 6 under operating notes as follows, and I quote:

All time periods summarized in this report assume all stations operated full time during this measurement period. Thus the reported averages include various combinations of two-station and three-station operation by day of the week, coinciding with the start of commercial service for WZZM at 6:30 p.m., Thursday, November 1.

Now, a busy time buyer looking at a book like this would certainly gain little significance out of such a statement. However, what it really means is that during this rating period we were on the air only 3 of the 4 weeks of the period. Consequently, on these 4 days these rating books imply that we were on the air when in fact, we were not. I have managed and sold for television stations for 15 years. In my experience the sale of our time to national agencies is predicated upon two factors. One, the metro rating and secondly, the total homes delivered.

It has also been my experience that when the metro ratings are low, it follows that the total homes, except in intermixed markets, that is, a V and a U, will be low.

I don't know why because these rating services have never divulged their formula but for some mysterious reason, this holds true. So long as the rating services and my competition refuse to redefine the metropolitan area that we serve, I will be at an economic and competitive disadvantage. Furthermore, I will never be able to use these books to determine the needs of the area in which I am serving because there are not enough people being surveyed to come up with any conclusive evidence as to their tastes, wants, and desires in programming. I point this out because after the books are published and sent to the advertising agencies, our station through our sales manager, our national representative and myself, must call on these agencies to solicit advertising. The two accepted methods of rating a station on which buys are made are the American Research Bureau and the A. C. Nielsen Co. In these books, I am sure you gentlemen are familiar with them by now, they not only give the total homes reached but they also give the metro rating points.

This is one of the reasons I asked that either Muskegon be included in the metro area to give us a fair opportunity to reach a metro which is about as big as Kalamazoo County or that the metro area be limited to Kent County only.

As you have seen on the map, all stations would have equal opportunity to be rated fairly in a Kent County metropolitan area. Kalamazoo County has approximately 47,000 television homes and Muskegon County has approximately 41,000 television homes. These figures are taken both from the Nielsen and ARB studies. From this, you can see there is very little difference in the size of these communities. Both the rating services have taken the arbitrary position that I must ignore Muskegon County and forget our viewers there and concentrate on viewers as far away as 73 miles from our tower.

Prior to the rating books coming out, I continued to call on both ARB and Nielsen in person at the expense of our company to try to convince them of the unfairness of their present rating methods in our community.

In late November 1962, I called on John Churchill of the Nielsen Co. in Evanston, Ill. I reviewed this whole situation with him and at that time he said:

I will give you an answer in 30 days—you have a good case.

He then said:

However, I must visit with the other stations and get their approval.

I left this meeting convinced that something had been accomplished, and that A. C. Nielsen Co. would make a change. In the middle of December 1962, I went to Beltsville, Md., with Mr. Lon King of our national representative's office and spent a day with Mr. Crutchfield going over this same situation.

From this meeting, I came away convinced that ARB would do something about the unfairness of the situation. However, at this time, Mr. Crutchfield also informed me that he must go back to WOOD-TV and WKZO-TV and seek their approval of such a change. He also stated that they had discussed this with him and

indicated to him they did not want any change. In fact, he said he had been threatened by them that they would cancel if he made any change in the metro rating method in our market.

This concerned me quite a bit because the rating services had told me that they set up their markets and did their research on an impartial basis and not on the basis of whether or not a subscriber would cancel if changes in their methods were made.

In early January 1963, both the Nielsen and ARB rating books came out and I, of course, was quite concerned because of the low ratings that we had. I was more concerned that both companies were apparently not very interested in correcting the situation. I was thoroughly alarmed by their reasons for not wanting to correct the situation, the reasons given by both of them being that the other two competing stations did not want any change and if they did make a change, that said stations would cancel both Nielsen and ARB.

Gentlemen, I would not be the least surprised if when the representatives of these two companies appear before you that they deny that this was ever said to me. But, I have the clear and distinct impression from every meeting that I had with these two firms that they were more desirous of keeping my two competitors as subscribers than in keeping me as a subscriber. The facts of television life as they are today are simply this: No station can sell and operate without using one or both of these services.

Now, I realize that I am running a one-station operation, incidentally an interim, which will eventually be owned by one owner, whereas my competitors are large companies. Time and Life Broadcasting Co. operates five large stations in big markets. Petzer Broadcasting Co. has five stations and they are certainly a much larger subscriber than WZZM-TV.

However, being an optimist, I continued to feel that if I went back to these people and reviewed the situation with them that they would understand the fairness of my position and they would make the required changes.

I felt also that the threats of the other two stations were more or less meaningless because apart from ARB and Nielsen, there was no other research service they could turn to to obtain the ratings so essential to sales.

In early January 1962, I visited jointly with Mr. Wolpert of A. C. Nielsen Co. and Mr. Bill Tynan of our Chicago Peters, Griffin, Woodward, Inc., office, about the Mukegon situation. In addition to this, I visited with Mr. Wolpert about the unfairness of giving a rating picture when we were not on the air.

After much discussion, he agreed that he would talk to Mr. Churchill of the Nielsen Co. and see if they couldn't put out a supplement that actually showed the true rating picture for the times that we were on the air.

The Nielsen Co. then agreed to do this but they wanted to supply the figures to me only, and not to send them out to their subscribers. After much heated discussion, I insisted that they put out this letter addressed to me which they would then mail to all of the subscribers who received the Grand Rapids-Kalamazoo report.

I have a copy of that, if the committee would like to see how it actually turned out. You can take a look.

Incidentally, I had to pay for this tabulation and for the mailing and the handling of this. I asked them to reissue the book in the same form and to replace the original one and they refused to do this. So, in essence, all I had was a letter, which I show you here, saying that there were certain errors in their reporting and actually these were the true ratings for WZZM-TV.

This letter was not received until the 15th of February 1963, and only after several conversations and much insistence on my part. In these 30 days thousands of dollars' worth of time were purchased on the other two stations. It is interesting to note that on these revised ratings our audience increased by as much as 50 percent.

Actually, it was 50 percent across the board in those days.

However, once again they do not appear in the regular book and Nielsen refused to put out a new book and withdraw the old book. Even though by giving me this letter and sending it out to subscribers, Nielsen admitted its original book was wrong.

It was at this meeting that I began to inquire about taking a look at the diaries, upon which the ratings are based. We got into quite a discussion about that and Mr. Wolpert thought perhaps it could be arranged for me to see these diaries subject to certain restrictions.

These conditions were that someone from the A. C. Nielsen Co. would have to accompany me at all times when I looked at these diaries, that the names of the people who filled out the diaries would have to be masked and that I could only take down certain information.

I agreed to all of these things and he said he would see what he could do. The following week, I contacted Mr. Wolpert again and he said he thought it could be arranged for me to take a look at these Nielsen diaries in Evanston, Ill., its home office.

Finally, on Tuesday, January 22, 1963, Mr. Tynan, of our Chicago national representative's office, and Mr. Wolpert and I, spent several hours going over diaries. First of all, for the county which is just adjacent to our tower and only 12 miles from downtown Muskegon—Muskegon County I am referring to—I found that there were a total of nine diaries for the entire 4-week period. Not nine diaries a week but a little over two diaries per week.

This is a community, by Nielsen's own figures, of 41,000 television homes. I then took a look at Kalamazoo, Allegan, and Barry Counties, which are the counties that are considerably south of us. I found that in these counties there were approximately 23 diaries per week for a total of 96 diaries for the 4-week period.

In Kent County, which is our principal county served by all 3 stations, there were also approximately 23 diaries per week again for a total of 96. Now the shocking thing to me was that there were only 2 diaries per week in the community of 41,000 television homes. I spent approximately \$50,000 on promotion of our station from October 15, 1962, to the end of the year. During this time the rating periods were going on and I had to spend money not only because of our being a new station but because of the efforts to secure good ratings.

We spent approximately \$18,000 in Muskegon County, to promote our station. Throughout our coverage area we used 250 billboards, we used 500 radio spots a week, we used signs on buses on both the outside and inside. We used airplanes with moving signs underneath them, we used newspapers, dailies, weeklies, and every conceivable promotion.

When I think of the \$18,000 that we spent in Muskegon County to reach nine people I shudder to think of our cost per 1,000 in Muskegon. This sounds ridiculous and it seems ridiculous to me that we should spend \$18,000 to encourage nine people to watch our station.

I had no idea that the sample was this thin. I also found a book that was supposedly attached to the Muskegon area from a town called Carson City. Carson City is approximately 40 miles northeast of Grand Rapids and has no connection with the Muskegon area.

It was my understanding and has been my thought over the years that both Nielsen and ARB are reporters of popularity of programs and stations. At least this is what they purport to do in their selling of their services to the agencies and to stations. In fact, the first paragraph on the inside front cover of the "ARB Television Market Report" states as follows:

This report is a compilation of television audience estimates resulting from a survey conducted by the American Research Bureau in the market indicated. Its purpose is to furnish television station, advertiser and agency clients of ARB with a reliable aid in evaluating television audience size and type for buying and selling decisions.

It is because of my complete agreement with ARB that its report actually is an aid to both advertiser and agency clients in evaluating television audience size and type for buying and selling decisions that I am here today discussing our problem with you.

On numerous occasions advertising agencies have specifically asked, "What is your metro rating?" Metro rating points actually serve as the basis for the placing of advertising by these agencies. I have been told many times by both the rating services that to get good ratings you must promote your station, spend money to develop new program ideas and various things that will develop audience reaction. Now we did all of these things and I honestly believe we did them well.

Now after visiting on January 23, 1963 at the Nielsen Co. office in Evanston and where I reviewed the diaries, I had arranged for an interview with John Churchill, inasmuch as I understood he was in charge of the Nielsen station index. At that meeting, Wolpert and Churchill from the Nielsen Co. and Mr. Tynan and I sat down and reviewed all of these things and again Churchill told me, "You certainly have a case" and he turned to Wolpert and said, "You will have to go to the other stations and tell them of this change," and "that we are going to include Muskegon in the metro along with Ottawa County," which is a small county south of Muskegon adjacent to the metro area.

I recall his saying to Mr. Wolpert that :

You will have to take the pressure on this one and I am sure the other fellows are going to be unhappy because I have already talked to them.

I left this meeting feeling confident that at least they were going to give me some relief and we would be able to compete on an equal level for ratings. Again, at this conversation, the matter was brought up about pressures being brought to bear and threats from the other stations. At this time Mr. Churchill said "Well, we will just have to face those things as they come." I felt encouraged.

On Thursday, January 24, Mr. Lon King, our national representative, and I went to Beltsville, Md., and met with Mr. Crutchfield at

ARB. We reviewed their diaries and again found the samples concentrated in these four counties.

Again I must add that the ARB samples were considerably more than what I found at Nielsen and we were given, from ARB, complete freedom of all the samples.

To keep the record accurate, ARB did have a relatively larger sample in Muskegon County. We reviewed this situation with Mr. Crutchfield and at this time he told us about the pressures that had been brought to bear by WOOD and WKZO and also their threats to cancel if ARB made any change in the rating areas.

This disturbed me, as you can imagine, and at this point I was unable to restrain my indignation any longer inasmuch as it appeared that there existed some form of joint effort on the part of the other two stations and the rating services to prevent WZZM-TV from participating on an equal basis with its competition in obtaining accurate ratings.

I told Mr. Crutchfield that our economic survival depended on this change being made. I tried to convey to Mr. Crutchfield that the situation was both serious and unfair, as it existed. It was at this time that he indicated to me after reviewing this problem that I was right and that he would make a change.

It was his feeling that the metro should be Kent County only. With this commitment from him verbally, I then asked him to confirm our discussion by letter so that we could plan accordingly. He agreed to write me within a few days. He told me it would be impossible to make a change by the February-March survey and that he was reluctant to do anything until July 1963 when the ARB contract ended with all three stations concerned. However, I pointed out to him that the other two stations had not ordered their June survey and that I felt any contractual obligation with them ended with the publication of the February-March book.

The exact time of change was left open by Mr. Crutchfield. The only qualification he put on this change was that he would visit with James Seiler who is the president of ARB and he indicated that there would be no problem with Mr. Seiler because he invariably approved any recommendation that he (Crutchfield) made.

From Mr. Crutchfield's office, I called John Churchill of the Nielsen Co. to obtain consent to the addition of Muskegon to the metro area. Mr. Churchill told me they had reconsidered it and they could do nothing. When I returned to Grand Rapids the following Monday, which was January 28, 1963, I tried to determine why the Nielsen Co. had reversed its position. I called Gene Wolpert, Nielsen's sales representative in Chicago, and asked him what had happened. He told me that Churchill had recommended the change but that a Mr. Henry Rahmel, who was in charge of all the Nielsen surveys, had vetoed it.

The following day, January 29, 1963, I called Mr. Henry Rahmel and explained my situation to him. During this conversation he said that Mr. Churchill had told him that we certainly had a case. However, Mr. Rahmel was in a hurry to catch a plane to go to Cincinnati but promised to make a conference call to me on Thursday, January 31, 1963.

Mr. Rahmel did make the call to me and on the conference call he had Bill Wyatt, who is vice president in charge of sales for Nielsen, John Churchill, who is the head of research department for the station index, Gene Wolpert, and myself.

After an hour's discussion, the sole position of Nielsen was that we should buy additional surveys and pay for additional diaries in Muskegon. Nielsen would be happy to sell me a special report that I could then take to the agencies. I explained to them that unless it was published in the same form and included the same area with the addition of Muskegon County as part of the metro, it would be impossible for me to use it as a sales tool.

They agreed that as far as pure research, I was right but with the other stations being unwilling to go along with any change, nothing could be done. On February 4, 1963, I sent a registered letter to Mr. Rahmel outlining our entire position and again asking for help. On February 6, 1963, Mr. Tynan of our Chicago national representative's office, and I met with the Nielsen people. After we spent 2½ hours discussing the situation, the Nielsen people stated that they just wouldn't do anything at this time without the consent of both WOOD-TV and WKZO-TV.

On February 19, I wrote to Mr. Rahmel asking what progress had been made toward Nielsen's compliance with the consent order of the Federal Trade Commission dated December 28, 1962, as it related to our situation in Grand Rapids.

I think I have passed this out to you gentlemen. Should I read this into the record; his reply?

The CHAIRMAN. Please.

Mr. WODLINGER. The letter is addressed to me, signed by John Churchill. It starts off:

DEAR MARK: Henry Rahmel is out of town on an extended business trip this week and I am therefore taking the liberty of acknowledging your letter of February 19 in his absence.

With reference to your February 4 letter, we had felt it was answered, to the best of our ability, at the joint conference which you attended along with your station representative and other representatives from Nielsen. Subsequent to that meeting we have tried to keep you fully informed. As of this date, Mark, I do not know what more you expect from us along these lines.

We have acknowledged your special interest in a revised central area to include Muskegon and have submitted proposals designed to meet your needs on either a special analysis or special report basis. In addition we have initiated a poll of agency users of the Grand Rapids-Kalamazoo reports to determine possible future changes in these reports.

In connection with your comments on the FTC consent order, I believe we made it clear that this deals primarily with the descriptive text in our reports. The spring cycle report for your market will incorporate appropriate text changes when released.

Yours very truly,

JOHN K. CHURCHILL, *Vice President.*

I also requested that Nielsen and ARB send me the number of diaries that they expect to receive from each one of the counties that we serve. Here is Nielsen's reply. It is somewhat long? Do you want me to read it or just put it in the record?

The CHAIRMAN. I think we should have it in there, obviously.

Mr. WODLINGER. All right, sir. This is their reply to my letter re-

questing the information I certainly thought I was entitled to if I were going to spend money for additional diaries as they asked me to.

DEAR MARK: In reply to your letter dated February 20, I feel I must once more point out that NSI sample sizes are released in totals only for central area, NSI area, and adjacent areas. This policy is based on the practicalities of operating a syndicated report service in which the intensity of measurement in a given county is dependent on the sampling needs for either the originating stations or adjacent area stations—whichever is the greater. Let me illustrate:

If Grand Rapids-Kalamazoo were the only market under measurement we would assign a normal sample of 165 net cases for the central area and (for illustration purpose) 100 cases in the balance of the NSI area. Within each of these 2 basic units the sample would be proportionate to TV homes by county. But Grand Rapids-Kalamazoo is not measured alone.

Identical basic sampling procedures are then designated for adjacent markets out to the limit of their NSI areas. This creates areas of overlap and new minimum sample specifications for overlapping groups of counties. The sample used in a specific overlap area is then the largest required for any market so specified. It too will be proportionate by county within the overlap area.

It is this system which brought the Grand Rapids-Kalamazoo NSI area sample up to the 480 total shown in the November book. Without these overlapping benefits the sample might have been 265 as shown by my first illustration. Areas with more complex service have thus been intensified but the samples for each such area represent only the TV homes in that small group of counties. Incidentally, Mark, the county list you supplied goes beyond the NSI area and includes an unidentifiable county "Tosco." But in view of the foregoing this is academic.

I should point out that in addition to the above normal sampling we do accept orders for sample intensification for groups of counties either under a blanket order from a subscriber for uniform intensification of the central or outer NSI areas or under recommendations which we submit to such clients when we understand their problem and interests. It was under this latter situation that led to our suggestion that the three county area including Muskegon County might be an area of interest to WZZM for sample intensification and possible separate special analysis.

Cordially,

JOHN K. CHURCHILL, *Vice President.*

All I asked for was how many diaries they expected back from each county. This is what I got back.

I asked ARB for the same thing and I immediately got a county-by-county report of what ARB expected to get back from each county. I am still awfully confused by what this says, but I do know at least what ARB expects from its diaries.

The same week I received a call from Mr. Crutchfield of ARB and he told me he had discussed this with Mr. Seiler and that Mr. Seiler felt that the pressures that he would be subjected to from both the other stations at this time would be unbearable, but that he would make a change to withdraw the metro area back to Kent County.

However, he said that he would not be able to do that until the fall ratings. My experience to date has left me unsure as to when and if I will get relief. I asked him for a letter to this effect but he refused. I have spent 3 months trying to get some relief from this situation and to date have received no help. I am appalled that we in the broadcast business, in effect, place our economic life in the hands of these two independent companies. As you can see, I have tried every method possible to get some relief from research organizations that profess to deliver pure research but yet they seem to be influenced by their clients and not by the facts.

Gentlemen, let me read to you from the contract regarding Nielsen. When I consulted my local counsel in Grand Rapids about what action

to take, one of the areas where I thought relief might be possible would be the area of a lawsuit. My counsel then pointed out on the back of a contract which I signed with Nielsen—I read now from the back of an actual contract:

Client agrees not to use or attempt to use any NSI report or data in any legal proceedings.

They have another paragraph which says the same thing, that if once I sign this, I cannot use anything, any error that Nielsen makes, in any litigation. I think I should quote this one sentence into the record, too:

If any errors or inaccuracies occur in any NSI data, it will be Nielsen's policy where feasible to furnish correction notices.

Client expressly waives any claims against Nielsen for any loss, injury, or damage of any kind, directly or indirectly, resulting from any such errors or inaccuracies or from any action or inaction, whether or not the negligence of Nielsen, or any officer, or employee of Nielsen in compiling or publishing any NSI report.

Mr. BROTZMAN. Mr. Chairman, I wonder if we should not have a complete contract of that particular form of contract for the record.

The CHAIRMAN. How long is the contract?

Mr. WODLINGER. It is a two-page contract. I will be glad to have a photostat made and returned to you.

Mr. BROTZMAN. May I ask a question, Mr. Chairman?

The CHAIRMAN. Well, supply us a copy of it and we will determine whether to put it in the record or not.

Mr. WODLINGER. It is just a two-page contract.

I had a great opportunity to study the sampling methods of both of these companies quite extensively during the last several months. I find regarding sampling methods, that Nielsen on page 5 of its NSI report says:

NSI samples are designed so that (a) homes are distributed in proportion to the geographic location of all homes in the metro area, and (b) proportionate by county within nonmetro areas.

Now, Churchill and the Nielsen people told me that they got their names out of the telephone book. I fail to see how they can pick out at random, out of the telephone book, a geographic distribution of homes in a metro area. The same thing with the county, how they can pick out geographically, certain areas. They then say the samples are not clustered. By chance, this is probably true.

The third paragraph indicates these samplings typically include large and small families: families living in apartments and houses, families of varied education, income, and ethnic groups; city and noncity locations—proportions similar to those expected or found in these markets.

When they are picking names at random, out of a telephone book, they have no idea whether a person is living in an apartment, living in a house, or if they have a large or small family, what their education background is, what their income is, the ethnic group which they belong to; whether they are living at the edge of the city or in the city.

Now, I would challenge anyone to pick up a telephone book here in Washington and tell me the income, or the size of the family, or the ethnic group which they belong to by picking names out of a telephone book at random.

Nielsen goes on in the fourth paragraph, page 5, to say :

NSI uses continuing quality not ordinarily found in samples used but once. Continuing samples have the further advantage of providing more stable audience-trends than those offered by shifting samples.

This is an interesting statement. In going over the diaries for our area, the impression that I got is that the diaries are kept by actually two categories of people. The amazing thing to me was the older group that keep the diaries. I am speaking of 65- 75- 80-year-old people, who are couples in most cases.

I would say that a great number of the diaries are kept by this age group. The other people who keep diaries seem to be families with large numbers of children. Handwriting and the comments indicated that in families with a large number of children it appeared that the children were the ones who kept these diaries. Basically, it appeared that there are two types of people keeping diaries. One, older couples who have the time to keep the diaries and two, children.

As you read further, page 5 describes the measurement service and audilog measurements. "Audilog" is rather a high sounding word but actually, an audilog is a diary. It is not mechanical. It is just a diary that is put in a home. That last paragraph on this page is rather interesting because they say these techniques along with the unique ability of NSI to compare results from large meter-based measurement panels, along with station totals and average week measurement (pioneered by NSI), contribute to the accuracy and usefulness of reported data. This is nice to put into a book, but again there were no meters at all in the Grand Rapids-Kalamazoo area.

In conclusion, I hope that I have left no doubt in this committee's mind of the importance of ratings to the economics of a television station. In spite of occasional denials to the contrary, the national time buyer uses these books as the absolute truth. If my station has a 10 metro-rating and one of my competitors has a 9.3, the chances are that 9 times out of 10, I will be able to get the business because I have a few fractions more of a rating point than he does.

In selling, there is no such thing today as station image, or as we used to talk about the prestige of a station or quality of a station. The whole thing today boils down to how many rating points do you have, how many homes you are delivering at any one given quarter-hour period. This is the situation as it exists today.

I think that the method is entirely wrong. I know that the rating services also say that these are just guides but then they tell the agencies, of course, that this is the way to do your buying.

What concerns me most is the only avenue for relief suggested to me by the services and particularly Nielsen is to buy more and more of their services and pay them for additional diaries, breakouts, and special surveys. I can't afford to do this as long as they dictate a metro-area which is basically unfair.

The CHAIRMAN. Does that conclude your statement ?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. Mr. Sparger ?

Mr. SPARGER. Mr. Wodlinger, I would like to give you a copy of the "Louisville, Ky., Television Station Audiences" report, November 6 to December 3, 1961, issued by Nielsen, and I would like for you to

tell me, if you can, what the sample size is for the metroarea, as the impression given you by Nielsen?

Mr. WODLINGER. 205.

Mr. SPARGER. I have here the "Louisville Television Audience" report, 1962, for the American Research Bureau. What is your impression as to how the metroarea sample is represented by ARB?

Mr. WODLINGER. 160.

Mr. SPARGER. Would you say, sir, that when a new station goes on the air and this, of course, would relate to both UHF and VHF, would that station's principal problem be concerned with the fact that he first must make a showing in the rating books before that station can begin to grow economically with national spot business?

Mr. WODLINGER. There is no question about it. Without rating points, the station cannot sell advertising.

Mr. SPARGER. When you referred on page 17 of your statement to people who kept diaries in two age groups, were you speaking of both services as reflected in your studies of the diaries, or simply the one service?

Mr. WODLINGER. I was actually referring to Nielsen.

Mr. SPARGER. Did you review the diaries of ARB?

Mr. WODLINGER. Yes, I did. I found, I might add, on the ARB, this was not, in my opinion, as true with ARB. I think the reason probably is they use a different sample each time.

Mr. SPARGER. Have you had any further indications as to possible relief from the rating services since you prepared this statement?

Mr. WODLINGER. The only thing is that I did visit yesterday afternoon briefly—Mr. Seiler from ARB was here in the hearing room and came up to me and said that he thought the answer was to withdraw the metro back to Kent County only, but that they were making further studies. This morning, I thought—

The CHAIRMAN. When was this, now?

Mr. WODLINGER. Yesterday afternoon.

The CHAIRMAN. That was here in this hearing room?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. A representative of who?

Mr. WODLINGER. ARB.

The CHAIRMAN. Approached you?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. And said what?

Mr. WODLINGER. He said we are considering withdrawing—we are reviewing the situation in your market and we think the answer would be to withdraw the metropolitan area back to Kent County only.

This morning I went up to him and said, "Do I understand you are going to do this?"

He said "No; we are reviewing the situation."

Mr. SPARGER. The staff has no further questions.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Mr. Wodlinger, I am somewhat confused as to exactly what you mean by your metro rating. Does your station have a better signal in Muskegon than it does in Grand Rapids?

Mr. WODLINGER. No, sir; I would say that in Muskegon and Grand Rapids, the signal would be equal.

position where, just out of pure economic survival, I have taken the time to insist on seeing these diaries.

Mr. YOUNGER. This morning, when Mr. Sholis was here, I understood in his testimony that the rating bureaus would not divulge to him their records.

Mr. WODLINGER. I heard that. I can only speak for myself, that I did have a little bit of difficulty getting to see the Nielsen diaries, and under certain circumstances, which I described in my testimony. The ARB welcomed me and there was no problem whatsoever and no question about seeing the diaries at ARB.

Mr. YOUNGER. In talking with other operators of stations, was the privilege granted to you of viewing the diaries an exception, or did you find that other managers of stations were privileged to review the diaries?

Mr. WODLINGER. As far as ARB, other managers have viewed them. I feel, from what I have been able to check with other management people in this industry, that I am one of the few who has seen the Nielsen diaries.

Looking back on these past 3 months, I have a feeling that this FTC consent decree or something has somewhat changed their attitude toward letting people see these. This is just my impression. Prior to that, I do not think very many people saw these diaries in individual markets.

Mr. YOUNGER. It may just be the old adage, that the squeaking wheel got the grease.

Mr. WODLINGER. I also thought of that, and I need a lot of grease, or something. So obviously, I have been squeaking.

Mr. YOUNGER. Could it be that you were a subscriber to the service and possibly Mr. Sholis was not?

Mr. WODLINGER. That could have been.

Mr. YOUNGER. I do not recall in his testimony that he said he was a subscriber.

Mr. WODLINGER. I felt that I went into these rating services with my eyes wide open from past experience. I knew I was going to have trouble with a new station as far as ratings, I knew when I saw what they had designated as a metro area, what it had been. But I also knew that unless I subscribed to both these services, I had no chance of getting in the front door to get my story across. I cannot blame them. But as a subscriber, I felt that I was entitled to view these.

Mr. YOUNGER. How is your station doing now, financially?

Mr. WODLINGER. Well, I am making all my payments to General Electric and the bank, and we are, I would say, making a little bit of money. Not anywhere near what the other two stations are making. But I must also say that I started a type of operation that I considered a rather lean one and a hungry one, and have that type of person working for me and everyone is doing many jobs. If I had not gone into it with that type of operation in mind, I am afraid we would be losing quite a bit of money at this point.

Mr. YOUNGER. You do not have a network?

Mr. WODLINGER. Yes, sir, we are primary affiliate for ABC in western Michigan.

Mr. YOUNGER. And all three networks have affiliates in that area?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. I would like to defer to Mr. Brotzman.

Mr. BROTZMAN. To refresh my recollection, how long have you been with this station, Mr. Wodlinger?

Mr. WODLINGER. I started to work there August 15, 1962.

Mr. BROTZMAN. Well, how long have the other stations been operating?

Mr. WODLINGER. WOOD was a prefreeze station, as I recall. It was originally WLAV and started in 1949. WKZO, I am a little hazy, started in 1953. It was right after the freeze, as I recall.

Mr. BROTZMAN. You indicated, however, that you cannot sell your wares, which would be advertising, without the utilization of these rating services; is that not correct?

Mr. WODLINGER. I do not think I said I could not sell them without it, but nationally, I must have them, yes, to use as a tool, a selling tool. Because this is an accepted method of buying.

Locally, advertisers do not depend as heavily on ratings.

Mr. BROTZMAN. You are selling advertising, though, obviously?

Mr. WODLINGER. Yes, sir; we are.

Mr. BROTZMAN. I do not know anything about your business, but in the rather short time, it looks like you have made some progress.

Would that be a fair statement?

Mr. WODLINGER. Yes, but I must also be perfectly fair in saying that that was a two-station market and the 28th television market in the country and we are getting a lot of overflow business where the others just do not have availabilities. That is where we are getting some of it, where the other people cannot take care of them. I hate to admit it, but it is the truth. I hate to say we are getting it by the fact that they are full and we are not.

Mr. BROTZMAN. Your testimony is, though, that unless the rating services, ARB and Nielsen enlarge this area, you are not going to do very well?

Mr. WODLINGER. That is correct, because obviously, you can see from the map the disadvantages geographically.

Mr. YOUNGER. Will the gentleman yield right there?

Mr. BROTZMAN. Yes, sir.

Mr. YOUNGER. Would you get more for your advertising if you had a better rating?

Mr. WODLINGER. No question about it. I am having to do things today that I have never done before with a station, to compete. I have to give additional spots to get metro rating points up to where these other two stations are before I can get business.

Mr. YOUNGER. That is all.

Mr. BROTZMAN. What would you say the percentage differential is between what the two competitors are able to get for advertising and what you can get?

Mr. WODLINGER. Are you speaking of their gross business, or per spot?

Mr. BROTZMAN. I suppose we should put it on the basis of gross business, first of all.

Mr. WODLINGER. I would have to take an estimate. I do not think I would be off very far, but I would have to guess that they are running currently per month—just one station, not combining them both—

they would be billing at least three to four times as much as we are—four times as much, each one of them.

Mr. BROTZMAN. Now, let's take the same ad, shall we say, for want of a more descriptive term, at some particular spot. What would the differential be between what they are able to get and what you are able to get?

Mr. WODLINGER. Well, first of all, I have not reduced my rates because I feel that the longer we are on the air, our ratings will go up, and particularly if I can have this situation remedied.

But in answer to your question, where they would get, for example, \$300 for a 20-second spot, I too might charge \$300, but I might have to include three or four additional spots to come up to the same number of rating points as they do.

Mr. BROTZMAN. Could that be explained by the fact that they have been in the business longer than you have?

Mr. WODLINGER. I think that is certainly part of it.

Mr. BROTZMAN. So it is not all directly related to ratings; is that correct?

Mr. WODLINGER. No. If I had the ratings, I would be able to compete on pretty much an equal basis. But the thing that I foresee is that unless the metro is revised or we all have an equal opportunity to get at this metro area, I will never be able to compete on an equal basis.

I am really not so concerned now. I am going to improve in these February-March rating books under this system. But I will never be able to compete on an equal basis unless I am given an equal opportunity, sir, to get metro rating points.

Mr. BROTZMAN. Are there other rating services available to you than the two you have mentioned?

Mr. WODLINGER. I have not been solicited by anyone else. There are others, but they are just not really accepted. If I were to buy them, I would be wasting my money.

Mr. BROTZMAN. When you say that, is that because the advertisers do not recognize the other rating services?

Mr. WODLINGER. In television, yes, I would say that is true.

Mr. BROTZMAN. Then your testimony in this particular area is that these are the two rating services that are essential to moving ahead in this business?

Mr. WODLINGER. Yes, sir; absolutely; no question about it. I am speaking of a local level. Whether Trendex nationally has the importance, I honestly could not tell you. But for running a local station, the two are ARB and Nielsen. There is no question about it.

Mr. BROTZMAN. You are a subscriber to both of these services now?

Mr. WODLINGER. Yes, sir.

Mr. BROTZMAN. In the calendar year—I don't know if you do calendar or fiscal year bookkeeping, but whatever you use, how much did you spend for these services last year?

Mr. WODLINGER. I can tell you what I will expend this year.

Mr. BROTZMAN. All right.

Mr. WODLINGER. I am talking about the basic services, because I have had to buy some additional things, trying to develop a sales story.

Mr. BROTZMAN. Before you answer this question, do you have a copy of that contract there that you were referring to?

Mr. WODLINGER. Yes. Would you care to see it?

Mr. BROTZMAN. You go ahead and answer the question, if you want to, and I would like to look at the contract.

Mr. WODLINGER. I am spending \$204 a month—\$204.18 a month for 12 months. That is a little—almost \$2,500 to Nielsen. And with ARB I am spending \$4,322 per year.

Would you like to see both of the contracts, sir?

Mr. BROTZMAN. Yes.

I would like to ask one preliminary question: Is there any lawsuit in progress concerning either of these contracts?

Mr. WODLINGER. With me?

Mr. BROTZMAN. Yes.

Mr. WODLINGER. No.

I might answer that I do not really feel I have any reason. I signed these agreements knowing what I was going into. I am only trying to get them to remedy it. I do not feel I have any litigation against them in a court.

Mr. BROTZMAN. I only asked that question. I did not want to get into a situation that is presently being litigated.

Mr. WODLINGER. No; all right.

Mr. BROTZMAN. Referring briefly to the Nielsen contract, you get so many reports a year for \$375 and you have certain payments scheduled: is that right?

Mr. WODLINGER. Yes, sir. I pay by the month on the easy credit plan.

Mr. BROTZMAN. Is it in fine print on the Nielsen contract, or did I understand you to say these could not be used as evidence in a court of law?

Mr. WODLINGER. I am sorry.

Mr. BROTZMAN. Did I understand you to say in your testimony a moment ago that it is in these contracts that they cannot be used as evidence in a court of law?

Mr. WODLINGER. Yes; I think I underlined that. I think my local counsel, however, said that would not hold up in court. I am not an attorney. I only listen to him.

Mr. BROTZMAN. Is there a similar provision in the ARB contract that you know of?

Mr. WODLINGER. No, sir; I do not believe there is.

The CHAIRMAN. You will supply us copies of these contracts?

Mr. WODLINGER. Yes, sir; I could leave you mine if I could get them returned to me at some point.

The CHAIRMAN. We cannot put a blank form in the record here and have it referred to. If it is going to be a contract, it has to be a contract and not a mere form.

Mr. WODLINGER. I can leave this. I will leave it with you.

Mr. BROTZMAN. I would like to have an opportunity to study those in more detail, Mr. Chairman. I probably should not take the time right now to cover all of the particulars in the contract.

To sort of recap your testimony, first of all, I would assume that you do not have a lot of faith or place a lot of credence on the

ratings themselves because of imperfections that you pointed out in your testimony; is that correct?

Mr. WODLINGER. Yes, sir.

Mr. BROTZMAN. But as a matter of economic survival, you feel you have to have these, anyway, in order to be able to sell your merchandise?

Mr. WODLINGER. Yes, sir.

Mr. BROTZMAN. I have no further questions.

The CHAIRMAN. Mr. MOSS?

Mr. MOSS. Mr. Wodlinger, I am sorry that I missed hearing you give your testimony.

I have hurriedly read your statement. As I understand it, the basic complaint is that the metro area is arbitrarily designated by the rating services rather than being determined by a fact of viewer preference or the application of any uniform standards to determine a metro area?

Mr. WODLINGER. Yes; the term "uniform standard," I think I agree to that; yes, sir.

Mr. MOSS. Actually, a metro area, where certain stations are competing for a market, should be determined through an application of standards which would reveal the actual preference of the viewing public and not the economic interests of competition or the sensitivity of an organization to their clients.

Now, you are faced with the fact that you have been unable to convince either of the two rating services whose ratings are essential to you in economic operation of your business that they should in any way modify the present metro area; is that correct?

Mr. WODLINGER. As of today, I have been unsuccessful in making that change.

Mr. MOSS. And it is your understanding that one of the reasons for the reluctance is the opposition of your two competitors to any change?

Mr. WODLINGER. Yes, sir.

Mr. MOSS. If this is the fact, then it would appear that there is almost here a combination of restraint of trade, isn't there?

Mr. WODLINGER. Well, that is a strong word, but it appears that I am being restrained.

Mr. MOSS. Let's say that you are being faced with some unfair competition. You are not being evaluated on the same basis applied to their operation, and translating this into terms of the tool necessary for the sale of time on your station, you are at a competitive disadvantage?

Mr. WODLINGER. Yes, sir; your analysis is correct.

Mr. MOSS. And your contract says you cannot take this matter into a court of law; is that correct?

Mr. WODLINGER. As my local counsel in Grand Rapids has told me and as I read it myself.

Mr. MOSS. What about taking it to the Federal Trade Commission?

Mr. WODLINGER. I noted with interest Mr. Dixon's visitation here yesterday and the chairman asked him about cases and I plan next week to bring this to his attention.

Mr. MOSS. I hope you do, because it seems to me that if competition can apply pressure on a service to prevent it from doing justice to you, it has been pretty well strained.

Mr. WODLINGER. That, too, is my feeling, sir.

Mr. MOSS. And certainly such actions were intended by Congress in its enactment of the Federal Trade Commission laws, to be illegal or improper.

Mr. WODLINGER. Well, I certainly intend to pursue that. The one thing I did not say, which I think I ought to mention, too, is that both of the rating services in the beginning told me they had contractual obligations. I will leave these two contracts with you and in both of them they have the right to change their method or area with, I think, notifying the client, the other two stations and myself, and if we do not like it, we have the opportunity to cancel within 30 or 60 days. I pointed that out to them and they said, "Well, yes, but morally, we should not make these changes until the contract expires." Then is when the part came out about the other two stations not wanting to agree.

Mr. MOSS. You have indicated it is a fact of life that they have to have these rating reports?

Mr. WODLINGER. Yes: I have known of stations that have gotten mad at the rating services, dropped out for 6 months or a year, but they are always back.

Mr. MOSS. Because the results of these rating services are the bibles to buyers of time throughout the industry?

Mr. WODLINGER. Yes, sir.

Mr. MOSS. Those are all the questions I have, sir.

The CHAIRMAN. Mr. Younger, do you have another question?

Mr. YOUNGER. Yes.

In regard to this metro area you are talking about, they include the Grand Rapids market and the Kalamazoo market now; is that right?

Mr. WODLINGER. Yes, sir.

Mr. YOUNGER. And you want them to include the Muskegon market; is that true?

Mr. WODLINGER. I want them to do either that or withdraw the metro back to Kent County only. The reason for that, Kent is the largest county. It is 101,000 television homes. Because if they withdraw it to Kent County only, as you notice, our tower is about 23 miles to Grand Rapids and their two towers are about 20 miles to Grand Rapids.

So we would be having opportunity to participate on an equal basis in the metro ratings in the large county which we all serve.

Mr. YOUNGER. It is a little difficult for me to understand why, if you have about the same coverage which you say you have, with the same signal power in the area; namely, Grand Rapids and Kalamazoo, there should be any difference as to the rating with the exception that you were not on the air during certain periods when the study was made? I can understand that. But where otherwise is the difference?

Mr. WODLINGER. You see, in a metro area—you will notice in one of these diaries. I do not know if you have seen actually the book. They list in here, metro rating. The metro rating is determined out of what they call the metro area, those four counties you see there.

Now, they still have diaries in the outlying counties, but not as many and that has nothing to do with the metro rating.

Today, many agencies, and I have a group of availability requests of business that I lost in January and February, of which, oh, a good

half of it the agency requests so many metro rating points, you see.

So that metro rating points are an important part of our selling. The metro will not affect my total homes as such. But I must have an equal chance to obtain metro rating points, because certain clients are concerned about city coverage.

They do not want the country coverage.

Mr. YOUNGER. If the same area is included, namely, the Grand Rapids area and Kent and the Kalamazoo area, and you cover the area to the same extent that the other two stations cover it—

Mr. WODLINGER. I do not quite as well. I have a long 73 miles down the middle of Kalamazoo. But right next to me is Muskegon County, practically the same as Kalamazoo, that they do not include.

Mr. YOUNGER. That is true, they could enlarge the area to include Muskegon. But the other two stations reach that market with the same strength you do?

Mr. WODLINGER. Yes, sir, they reach that as well as I do. I do not happen to reach Kalamazoo quite as well as they do, because I am a little further away.

Mr. YOUNGER. So it is just a question of whether they would enlarge their survey area to include another market?

Mr. WODLINGER. That is correct.

Mr. YOUNGER. That is all.

The CHAIRMAN. In order that the record may reflect it, the two rating companies that you have referred to, Nielsen and American Research Bureau, hold themselves out as providing service to anyone who is in the business of broadcasting or any related business to broadcasting.

Mr. WODLINGER. Mr. Chairman, I am not quite sure if I understand your question entirely. I am sorry.

The CHAIRMAN. The question is, do these two companies, Nielsen and ARB, hold themselves out to perform a service to those in this business of broadcasting?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. And your complaint is that they hold themselves out for such service, and when they do that, they are to provide fair and equitable service to all people?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. And your contention is they are not doing that insofar as your own station is concerned?

Mr. WODLINGER. Yes, sir; that is correct.

The CHAIRMAN. Do the advertisers depend upon reports from these services—

Mr. WODLINGER. Yes, sir.

The CHAIRMAN (continuing). For their purchase of advertising at a given station?

Mr. WODLINGER. Yes, sir; they do.

The CHAIRMAN. And consequently, since these two companies hold themselves out to perform a public service, public in the nature of those who have broadcasting facilities, then they have, under the present situation, full and complete authority at their own whim or otherwise to do whatever they want to with reference to any particular station under a contract?

Mr. WODLINGER. Yes, sir; that is correct.

The CHAIRMAN. And that is what is taking place, is it not?

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. Do the services, from your experience publish these ratings on the basis of given stations or given markets?

Mr. WODLINGER. They take given markets and report all stations within that market.

The CHAIRMAN. Are those markets determined on the basis of the location of the antenna towers of given stations?

Mr. WODLINGER. In some cases, yes, in some cases, no. They seem to have a gray area here. I do not mean to be evasive but it is the actual fact.

There are some places where towers are located apart from each other and they include them in the same metro. There are other cases where they are together and they are, of course, in the same metro. So it is not consistent.

The CHAIRMAN. In other words, the published reports on which the expenditure of hundreds of millions of dollars is determined in the economy are based on information that is inequitable and does not present the true picture?

Mr. WODLINGER. I can answer only our case, and I would say yes. I have heard of others, but I am not that familiar with them, Mr. Chairman.

The CHAIRMAN. Well, I am asking you from your own experience and what you know.

Mr. WODLINGER. Yes, sir.

The CHAIRMAN. Do you have any suggestions as to how we might develop a procedure that would require fairness and the actual facts to be published, on which people who depend upon those facts can act on the basis of what is true and not some guesswork, or inequality?

Mr. WODLINGER. That is a difficult question to answer, Mr. Chairman. If I first were that sold on the accuracy of our research, I might have a suggestion. But I am really not that sold on it. I do feel this, and it may come, it may sound a little out of place—it probably does not, but our business is a regulated business and we are all operating under the Federal Communications Commission.

The CHAIRMAN. Apparently this part of it is not regulated.

Mr. WODLINGER. That is what I was going to say, that perhaps it seems strange to me that if we are all regulated, and we have two companies that control our business that are not regulated, I think perhaps the solution might be that these companies be put under the same form of regulation or same type that we are.

I am probably saying a very unpopular thing, but I feel that way; if we are regulated, there is no reason why they should not be regulated. They control, according to Broadcasting magazine this past week, about \$1.3 billion a week of television sales and these companies have a lot to do with the distribution.

The CHAIRMAN. What would you recommend we do to regulate, other than channel assignments itself?

Mr. WODLINGER. I think that would be very good. I think that we could have a lot of self-regulation within our own industry, even without the rules of the Commission.

The CHAIRMAN. We heard something about that about 4 or 5 years ago.

Well, what would be your reaction to any rating service that holds itself out to all who are in business, being required to state the actual fact of any given facility in order that the advertiser may know precisely what he is doing when he negotiates a contract for a given service of that facility?

MR. WODLINGER. I think that would be excellent if it could be done. The problem I see with that—I believe, if I understand you correctly, Mr. Chairman, when a time buyer buys out of one of these books, the whole facts should be explained at that point that these are not accurate or that they are entirely accurate—is that what you are saying?

THE CHAIRMAN. No; what I am talking about is that if you have a facility that covers a certain area and serves so many homes in that area, so many people in that area, and the engineering facts are public on every facility.

MR. WODLINGER. I think that would be excellent.

THE CHAIRMAN. What would be your thought as to some standards requiring the actual facts to be recited in a published report of a given service of a facility which is licensed to serve the public?

MR. WODLINGER. I think that would be excellent. And you perhaps could go a step further, then. You see, today the media, the television and broadcast stations, we are the ones supporting this research. The agencies receive just a token payment, really, so basically it is the broadcasters paying these services. What you are suggesting is that we have a circulation figure, and then any other yardstick the agency wants to apply against an individual program would certainly be, I think, a fair system. I think you have a good point.

THE CHAIRMAN. Well, the facts are that a given facility serves a given area as determined by the tower and the height of the tower?

MR. WODLINGER. Yes, sir.

THE CHAIRMAN. And engineering determines that area?

MR. WODLINGER. Correct.

THE CHAIRMAN. Engineering determines the grade of service, whether it is city grade, grade A, or grade B, engineering determines, depending upon the area, the decibel units of the millivolt; the power.

MR. WODLINGER, would there be difficulties encountered, if this is going to be a public service, and these hundreds of millions of dollars determined on the basis of it, if there were some way of requiring these actual facts to be presented for the consideration of whatever advertiser or station or network or whoever might depend upon that particular information?

MR. WODLINGER. I think that would be good, but you still have the further problem—we have so indoctrinated these time buyers or these purchasers of time on this popularity idea of the program. This circulation idea you are speaking of is excellent, but I am wondering if the next step is, if you have any form of rating book, they are going to go right back to the same thing of saying “I Love Lucy” is more popular than “Ben Casey” or something like that.

THE CHAIRMAN. That is the way the competitive system works with reference to a given program and the capability of developing the program and the amount of effort that goes into the promoting of the program.

You would not want to disturb that kind of competition, would you?

Mr. WODLINGER. No, sir; I would like to see it returned to that. I can remember back about 1949 to 1954 in the market I operated, we had no rating books and it was a delightful period of selling.

The CHAIRMAN. Does that mean that you believe in the old adage, "Oh, for those good old days"?

Mr. WODLINGER. Yes, sir; to a certain extent. Certainly in this field of ratings.

The CHAIRMAN. Thank you very much, sir. We have been happy to have you with us.

Mr. Robert Pauley.

Will you be sworn, please? Do you solemnly swear that the testimony you will give to this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PAULEY. I do.

May I request that Mrs. Elizabeth Harris be sworn at this time, also? She is manager of research of ABC radio and will assist me in answering questions.

The CHAIRMAN. Very well.

Do you solemnly swear that the testimony you will give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. HARRIS. I do.

TESTIMONY OF ROBERT R. PAULEY, PRESIDENT, ABC RADIO NETWORK, ACCOMPANIED BY MRS. ELIZABETH HARRIS, MANAGER OF RESEARCH, ABC RADIO

The CHAIRMAN. First, identify yourself for the record.

Mr. PAULEY. I do have a prepared statement as requested, which I shall read at this time.

The CHAIRMAN. First identify yourself; who you are, where you live, and so forth.

Mr. PAULEY. My name is Robert R. Pauley. I reside in New Canaan, Conn.

The CHAIRMAN. Very well. You may proceed with your statement.

Mr. PAULEY. Mr. Chairman, members of the committee, my name is Robert R. Pauley, and I am president of the ABC radio network. With me today is Mrs. Elizabeth Harris, manager of research for the ABC radio network, who may assist in answering questions of the committee.

I welcome the opportunity to appear before this committee to discuss with you the ratings and the use of ratings in all fields, including programing, sales, and affiliation matters, insofar as the American Broadcasting Co. radio network is concerned.

Let me state, first, that it is my considered opinion that the ABC radio network feels that it is necessary to utilize program audience measurement data because—

1. In order best to serve some 426 affiliated radio stations in America and ultimately to a potential of 96.3 percent of all U.S. radio homes and nearly every individual, we must be able to determine the extent to which our programs have listener and station acceptance in the public interest.

2. As a commercial enterprise, dependent on income derived from advertisers, we are obliged to provide sponsors with reasonably accurate estimates of the audience which our programs are reaching in order to help support our radio network and provide several hundred hours a year of sustaining public service broadcasts in the public interest.

We at ABC radio endeavor to sell many advantages of our program service to the advertiser; namely, type of program, personality, time period, station facilities, clearance of our programs on these facilities, merchandising value of the program or personality, and success history of prior advertisers. The final determination by the advertiser, however, usually rests upon his evaluation of the cost per thousand.

Further, if network radio's audience suffers by comparison to other media or if the reported audience is so small that it simply doesn't interest the advertiser in terms of accomplishing his objectives of selling his product, then we fail to obtain his support and the total industry, as well as the public at large, may suffer.

On the commercial success of network radio lies the future of a totally national and instantaneous news and information service to the people of America.

The ABC radio network makes payment to its regular affiliated stations as compensation for carrying network commercial programs. This payment is a large determinant in the affiliates' support of the network or even becoming or remaining an affiliate. Currently, due to the depressed audiences reported by NRI (Nielsen Radio Index), the networks are not able to attract sufficient advertiser support at a high enough price to compensate these affiliated stations for even a minute fraction of that which they would be able to obtain for their commercial time by selling it directly to advertisers.

The networks must seek out a realistic audience measurement of their programs or continue to suffer a decline in revenue until, by the simple laws of economics, they are forced to perish.

It is the considered judgment of the ABC radio network that radio listening generally was not pushed down by the emergence of television to the degree reported by NRI or generally believed by those advertisers who are compelled to justify their purchase of time on the basis of NRI. It is our feeling that radio listening generally moved outward instead of diminishing. Everything concerned with radio has grown during the past 20 years; the number of radio homes, the number of sets in the home, the number of auto radios, the rapid emergence of the transistor set and total radio set sales.

Radio is the only truly universal medium. It is everywhere and singularly enjoys the ability to go everywhere with the American people. Yet until very recently, national audience to this dispersed medium was measured only in the home where there was a fixed plug-in set. All other attempts to measure anything other than fixed, plug-in, in-home usage were based on plus factors to this diminished base.

At certain time periods during the day, reported in-home audiences to plug-in sets could be zero. Auto listening or transistor listening could be sizable, yet there would be no reported audience by NRI. In 1962, radio set sales reached an alltime high estimated at 22 million

sets, yet aside from the morning hours, NRI has shown almost steadily declining sets in use.

The Nielson Co. which owns our traditional national rating service and the only available one until just recently, also endeavors to measure the radio audience in 32 local markets, NSI—Nielson station index.

Comparing network programs locally (NSI) with the national measurement (NRI), we found large discrepancies. For example, one network program on five stations reached cumulatively 118,400 homes (NSI), both NSI and NRI based on total audience homes, while for the same report period, the same program reached 99,000 homes (NRI), both NSI and NRI based on total audience homes, on 179 stations, including the original five stations. By this standard, 174 stations had a negative audience. Yet this is the basis upon which the advertiser makes his evaluation. We have many more examples.

We do not believe that, as a national medium, it is our job to compete with spot radio, or local radio, but rather with magazines and network television. The basic reasons an advertiser buys spot radio are different from the reasons for buying network radio.

However, in evaluating radio, national advertisers have observed several times that our programs must be comparatively poor indeed to get such small audiences (NRI). They have noted that they could buy 10 or 15 stations locally and reach as many homes (NSI) as we could reach on a network basis using NRI. They could accomplish this, according to Nielsen data, and these could be locally available spots in our network programs on our affiliated stations.

Examination of the performance of ABC radio network programs in comparison to surrounding local programming reveals that the network programs attract as high an audience and many times a higher audience than the local programs, according to NSI.

We repeatedly asked Nielsen to explain these enormous differences between NSI and NRI. In June 1961, Nielsen admitted that the local station information was projected to the 1956 NCS (Nielsen coverage study), which was overstating the extended audience for some stations. They said they were in the process of updating the NCS to 1960 and stated that these discrepancies would be corrected. In the autumn of 1961, after the corrections were presumably made, we still found substantial discrepancies between NSI and NRI for individual programs. For example, one ABC radio network program on 14 stations reached 313,800 homes, according to NSI—both NSI and NRI based on total audience homes.

During the same report period, the same program reached 297,000 homes on 245 stations, including the original 14 stations—both NSI and NRI based on total audience homes.

Therefore, 231 stations had a negative audience by this standard.

ABC worked with the Nielsen Co. prior to Nielsen's cancellation of their service to us for over 2 years to improve their service. We made seven recommendations for improvement. Nielsen representatives have stated several times they could do a better job measuring audiences but that the radio industry would not pay for it. At no time did Nielsen propose a better method or indicate what it would cost to provide this better service. ABC radio has never indicated that it would not consider paying, within reason, more for research which more accurately reflected total radio activity.

We urged the Nielsen Co. to take positive steps to correct their displayed discrepancies and establish a better base for radio measurement and do a better job in the area in which they were operating before venturing forth into the transistor plus stage.

It was our belief that a possible further projection of obvious fundamental errors would not be in the public interest. ABC radio network was perfectly willing to continue to purchase the NRI in-home studies at an approximate annual cost of \$110,000 to ABC radio network. Nielsen, however, stated that we must purchase the new transistor plus study at an additional cost or we would be deprived of the in-home studies.

We strongly felt that further additional support of such controversial material was not in the best interest of our industry or the public. Based upon this conclusion, we notified the Nielsen Co. that we were unwilling to purchase transistor plus. Shortly thereafter, we received cancellation of the in-home service from Nielsen.

Until this time Nielsen provided the only national radio measurement service. In keeping with our previously defined obligation to stations, the public and the advertiser, it was our responsibility to endeavor to seek out a competent audience measurement service which would measure as accurately as feasible the total audience to radio; that would measure the program appeal to people no matter where they happened to be listening, as opposed to measuring in-home activity and then reporting the rest as plus factors. Our objective was to obtain an audience measuring service for radio which was people oriented reflecting the highly individual and personal medium it has become over the past 12 years, whereas prior to television, it was a home fixture, as television is now.

Many national advertisers have stated to us that radio is the "poorest researched" of all the media. In making a change, therefore, we sought a service which could also provide demographic information firsthand, as opposed to a projection based on "plug-in" activity.

We sought out many market research, as well as rating companies, and concluded that the best available service could be obtained through the Sindlinger Co. of Norwood, Pa., whom we engaged to evaluate network radio for us.

With a monthly national sample of 24,000 people, Sindlinger, through the personal recall method—incidentally, I should like to point out to the committee that the word "personal" should be stricken and the word "telephone" substituted. It is a personal telephone call, but it is a telephone recall.

With a monthly national sample of 24,000 people, Sindlinger, through the telephone recall method, provides audience estimates to all radio network programs. The important advantage is that all listening to individual programs is being sampled and reported regardless of where it occurs. This, in fact, is a measurement of total radio activity which we feel better serves the radio industry, the advertiser and the public.

Amounts of money spent by ABC radio on audience measurement services are included in the exhibit attached.

ABC radio wishes to make clear that we support the work of Chairman Harris and this committee in these hearings.

That concludes my prepared statement.

To explain further and to clarify this difference between NSI and NRI, I have available some slides and if your facilities permit, I would be very happy to show them to the members of the committee.

The CHAIRMAN. You have an exhibit to your statement. Do you wish that included?

Mr. PAULEY. Yes, sir.

The CHAIRMAN. It may be included.

(The document referred to is as follows:)

EXHIBIT

ABC expenditures for 1962 research data

NSI \$102 per month.....	\$1, 224
NRI \$9,000 per month January-June 1962.....	54, 000
NRI special.....	2, 121
<hr/>	
Nielsen total.....	57, 345
Pulse reports.....	2, 272
Trendex—Special Breakfast Club study.....	1, 500
Sindlinger—1962.....	65, 000

(Whereupon, slides were shown with commentary as follows:)

Mr. PAULEY. In my prepared statement, I alluded to this difference between NSI and NRI.

The CHAIRMAN. NSI is what?

Mr. PAULEY. NSI is a local rating service done by Nielsen in 32 markets.

The CHAIRMAN. What does NSI mean?

Mr. PAULEY. NSI is Neilsen's terminology for their local rating service.

The CHAIRMAN. I wish you would say for the record it is Nielsen station index.

Mr. PAULEY. Nielsen station index.

The CHAIRMAN. You cannot put this picture in the record.

Mr. PAULEY. NRI is Nielsen radio index which is Nielsen's national measurement of network radio.

The CHAIRMAN. I think for the record, you had on there that the two of these equal something.

Mr. PAULEY. The question is, Mr. Chairman, should they not have some relationship to each other.

As a matter of explanation, and only explanation, NRI, which is the national radio index—this is the measurement of total network radio—is accomplished with 1,200 audimeters which provide national audience statements for the approximately 1,300 stations comprising the Mutual, NBC, CBS, and ABC radio networks.

We do not quarrel with the size of the sample. We are simply stating this as a matter of fact.

About 2 years ago, I was in Chicago talking to our local station manager, WLS-Chicago, and he commented that the radio network shows, especially in the evening, were doing extremely well. This was our evening service bloc that I referred to specifically, starting at 6:30 New York time and running through 7:15 New York time.

It included at the time Alex Dreier and John Cameron Swayze and Art Van Horn, including, Edward P. Morgan from Washington. Our local station manager in Chicago said:

You fellows are doing a good job with your programing. I get 106,000 homes out of your network service bloc.

I said "By what service?" and he said "NSI, local Nielsen."

We came back to New York and it was renewal time for the Alex Dreier portion of this evening bloc, 6:30 to 6:40 New York time. I think Dodge was the sponsor. We looked at our national Nielsen index and found that it reached some 300,000 or a little over, homes. I wondered how in the world one station could represent one-third of our total network audience.

So we looked at some other stations and this is what we found.

These 17 stations are not necessarily the 17 top markets because we had to select rating reports that were absolutely the same rating period as the national report. As this committee may know, NSI does not rate every month, so we had to select those which corresponded in time with NRI.

According to NRI, this is "Alex Dreier and the News" on our network. This is 2 or 3 or 4 months after Alex joined us, replacing John Daly in this time period. We had 218 stations at the time clearing the show. According to NRI, we reached 371,000 homes. However, by adding up the local Niensens for the same show—"Alex Dreier and the News," during the same rating period, on NSI we found that 17 stations of the 218 reached 368,206 homes.

Therefore, 17 stations reached 99 percent of the estimated audience of the 218 stations, or 201 stations had virtually no audience whatever according to these standards.

Now, we brought this to the attention of the Nielsen Co., and they stated, as I stated in my report, that they had been overextending the reach of some of our stations and they were in the process of altering this.

At that same time, they were then inaugurating their transistor-plus measurement. This was an effort on the part of the Nielsen Co. to measure the transistor activity, the audience of transistor radios. They had been presenting this transistor-plus factor to us and requesting that we buy it.

We did not commit ourselves one way or another. We felt that they had some very basic problems that first must be overcome before we were willing to venture into more of this sort of thing.

In the fall of that year—that would be the fall of 1961, when the Nielsen Co. came to us and said:

We have corrected our problems between the NSI and the NRI; you will not see these discrepancies any more; we now request that you agree to purchase at an additional cost our transistor-plus service.

We said all right, fine; we will take a look at it. And we looked at the most recent pocketpiece that we had. This presumably was after the corrections were made. Since the early spring, Alex Dreier's clearance had gone from 218 stations to 243 stations. His total homes reached, according to NRI, had dropped to 297,000 homes. I am not quarreling with this. Let's just assume that nobody likes Alex Dreier. The important factor here, however, is that now it only took 14 stations to eclipse the national audience of "Alex Dreier and the News," so that 14 stations, by Nielsen standards, reached 6 percent more homes than 243 stations, including the 14.

So 229, if my subtraction is correct, 229 stations did not reach anybody—it reached a negative audience.

We told Nielsen at the time:

Until you correct these obvious inequalities, we do not see any reason to support further your service—that is, your transistor-plus, at an additional cost. Clean house first and we will take a look at it.

Whereupon Nielsen said:

You must buy our transistor-plus service. We have decided to go into it and you must buy it, or else you will not have our in-home rating service.

We had never at any time said we would discontinue it. We had said we could continue their in-home service and continue to work with them to make improvements. No improvements were forthcoming, however, and we indicated we would not like transistor-plus at an additional cost. Shortly thereafter they notified us they were canceling their service to us.

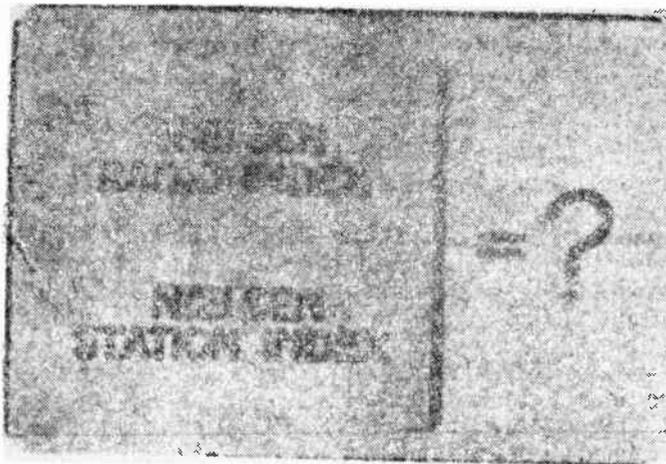
Alex Dreier does not stand alone as one case. There are many, as I stated in my previous prepared statement. Another example, "Speaking of Sports," which is on our network, 10:25 eastern time, Saturday night, carried at this time by 179 stations, according to NRI, the national Nielsen rating service, reached 99,000 homes. The same show on five of these stations, according to the other Nielsen rating service, reached 118,400 homes, which is some sort of magic. Five stations, then, reached 120 percent of the estimated audience of 179 stations, including the 5, 20 percent higher than the national report.

This is true of Garry Moore, as well, on CBS. I am sure all of you are familiar with him. According to NRI, it reaches 593,000 homes. According to NSI, on 21 stations, it reaches 478,000 homes, or 81 percent of the estimated audience of 200 stations.

Arthur Godfrey, a similar situation: 201 stations, reaches merely 80 percent of his total audience.

That concludes our portion of the presentation of the difference between NSI and NRI and I appreciate the indulgence of the committee in viewing these slides.

(The charts referred to by Mr. Pauley in his presentation are as follows:)





1200 AUDIMETERS PROVIDE NATIONAL "AUDIENCE ESTIMATES" FOR THE 1300 STATIONS COMPRISING THE MUTUAL, NBC, CBS, AND ABC RADIO NETWORKS.

N R I

1200 AUDIMETERS PROVIDE NATIONAL "AUDIENCE ESTIMATES" FOR THE 1300 STATIONS COMPRISING THE MUTUAL, NBC, CBS, AND ABC RADIO NETWORKS

NRI ALEX DREYER AND THE NEWS (ABC)
218 STATIONS 371,000 HOMES

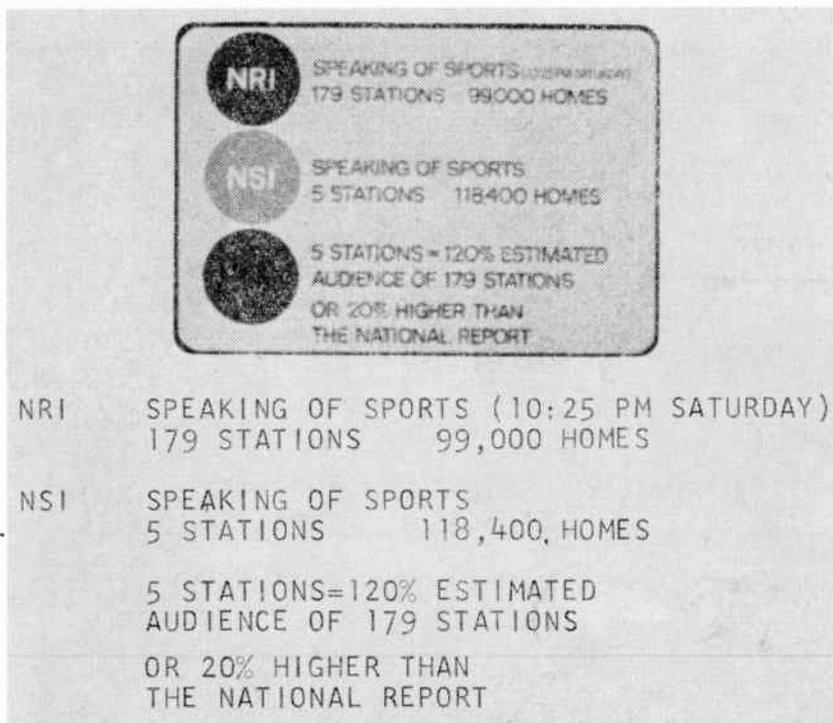
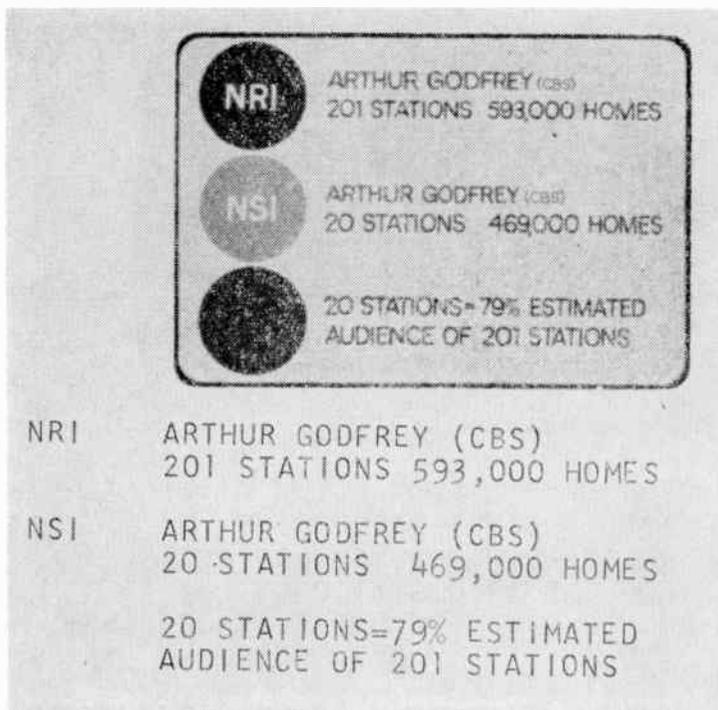
NSI ALEX DREYER AND THE NEWS (ABC)
17 STATIONS 368,206 HOMES

17 STATIONS=99% ESTIMATED
AUDIENCE OF 218 STATIONS

NRI ALEX DREYER AND THE NEWS (ABC)
218 STATIONS 371,000 HOMES

NSI ALEX DREYER AND THE NEWS (ABC)
17 STATIONS 368,206 HOMES

17 STATIONS=99% ESTIMATED
AUDIENCE OF 218 STATIONS



NRI	SPEAKING OF SPORTS (abc) 215 STATIONS 99,000 HOMES
NSI	SPEAKING OF SPORTS (abc) 3 STATIONS 97,700 HOMES
	3 STATIONS = 99% ESTIMATED AUDIENCE OF 215 STATIONS

SUNDAY 7:25 PM
NRI SPEAKING OF SPORTS (ABC)
 215 STATIONS 99,000 HOMES

NSI SPEAKING OF SPORTS (ABC)
 3 STATIONS 97,700 HOMES

3 STATIONS=99% ESTIMATED
 AUDIENCE OF 215 STATIONS

NRI	GARRY MOORE (CBS) 200 STATIONS 593,000 HOMES
NSI	GARRY MOORE (CBS) 21 STATIONS 478,000 HOMES
	21 STATIONS = 81% ESTIMATED AUDIENCE OF 200 STATIONS

ALEX DREIER	
NRI	243 STATIONS — 297,000 HOMES
NSI	14 STATIONS — 313,800 HOMES
OR	14 STATIONS — 6% MORE HOMES THAN 243 STATIONS

ALEX DREIER 6:30-6:40 PM, EST

NRI	243 STATIONS	==	297,000 HOMES
NSI	14 STATIONS	==	313,800 HOMES
			6% MORE HOMES
OR	14 STATIONS	==	THAN 243 STATIONS

The CHAIRMAN. Mr. Sparger, do you have any questions?

Mr. SPARGER. Yes, sir; I have some questions.

Mr. PAULEY, when you approached Nielsen with this problem and asked them what the solution might be for you to have, in essence, higher national ratings, what type of facilities did they tell you that you needed to attain a higher rating?

Mr. PAULEY. Well, they said that ABC specifically suffered because of lack of high-powered facilities.

Mr. SPARGER. In other words, they said that you needed more 50,000-watt stations?

Mr. PAULEY. That is right. They said we, compared to NBC and CBS, had a lesser number of 50-kilowatt stations.

Mr. SPARGER. Has it ever been represented to you by the A. C. Nielsen Co. that the sum of the NSI parts equal the total NRI?

Mr. PAULEY. Well, aside from fundamental, simple logic, yes; they have.

Mr. SPARGER. You have a document there, would you identify that, please sir?

Mr. PAULEY. This is a Nielsen station index promotion piece, or advertisement, published by Nielsen.

Mr. SPARGER. Does it relate to this subject?

Mr. PAULEY. It does.

Mr. SPARGER. Would you read in what way it relates?

Mr. PAULEY. It states, "NSI"—(this is local Nielsen now—) is completely compatible with Nielsen radio and television indexes.

That is NRI, which we have discussed here.

which measure and report national network audiences. NSI supplies parallel information for each individual station in the network.

Mr. SPARGER. As a broadcaster, what would you say "compatible" means in this instance?

Mr. PAULEY. I would say compatible, there must be some relationship between the station and its network and among the network shows on the network as measured by NRI and on the local stations as measured by NSI.

Mr. SPARGER. It said completely compatible. What would that mean in your judgment?

Mr. PAULEY. In my judgment, the sum of the parts should be somewhere near the total.

Mr. SPARGER. You also advised the committee that at one time you have canceled the Nielsen service, or rather, Nielsen canceled you. What occurred after that time, sir?

Mr. PAULEY. Well, in 1962, Nielsen canceled us.

Mr. SPARGER. Do you presently use the Sindlinger service?

Mr. PAULEY. Yes; we are. It was our obligation and responsibility as sellers of a product to provide research data to our buyers, to the advertiser and his agency.

It was therefore our job to seek out somebody who could do the job for us as correctly as possible.

Mr. SPARGER. Does ABC radio continue to supply lineups to the Nielsen Co.?

Mr. PAULEY. Yes, it does; even though we do not subscribe and we are not reported.

Mr. SPARGER. You are not reported, sir?

Mr. PAULEY. No; we are not reported in the Nielsen NRI pocket-piece.

Mr. SPARGER. I believe I have an NRI report, sir. How are you listed in it?

Mr. PAULEY. ABC call letters are indicated here and there is a blank space which says "nonsubscribing network."

Mr. SPARGER. This is in the NRI pocketpiece report for October 1962, national Nielsen radio ratings.

Mr. Pauley, has ABC, in an earlier period, not been listed in Nielsen reports?

Mr. PAULEY. Yes; to the best of my recollection, the ABC Radio Network canceled the Nielsen Co. back in 1958, I believe it was, and we were similarly not listed in those pocketpieces during that period.

Mr. SPARGER. Did this affect you economically?

Mr. PAULEY. Yes, it did.

Mr. SPARGER. Can you tell me, sir, if you later resubscribed to the Nielsen index?

Mr. PAULEY. Yes, we were compelled to do so.

Mr. SPARGER. Was this as a result of the fact that you did not receive opportunities to participate in some national business?

Mr. PAULEY. That is correct. There were many cases, some cases at least that we knew of, where the advertisers had laid down the ground rules that all presentations should be submitted based on Nielsen data and without Nielsen data, we were unable to submit and compete for the business.

Mr. SPARGER. Was any other national data available at that time?

Mr. PAULEY. Not in the true sense of the word. At that time, the ABC Radio Network engaged the service of Pulse, which was a 26-

market survey only, in an endeavor to project that nationally, which was not acceptable to the advertiser.

Mr. SPARGER. Pulse was not a national report?

Mr. PAULEY. They were not a network or national report. The sample was not national and they were not in a true sense a national report.

Mr. SPARGER. One or two years ago, were the national Nielsen network ratings represented as a radio network report?

Mr. PAULEY. Yes; it was.

Mr. SPARGER. Is it today represented as a national network report?

Mr. PAULEY. Not in my estimation.

Mr. SPARGER. Do you have a situation where availabilities are requested based on national Nielsen radio index data only where you could not participate in seeking the business?

Mr. PAULEY. Well, the ground rules were laid by some national advertisers, that we know of, that were willing to tell us, that we must submit on the basis of Nielsen radio index.

Mr. SPARGER. Was this in the period following the first cancellation of Nielsen?

Mr. PAULEY. Yes, it was.

Mr. SPARGER. Has it occurred since?

Mr. PAULEY. Yes, it has.

Mr. SPARGER. Could you tell us, sir, if you know specifically of business that has been placed on another radio network since your recent cancellation and nonlisting in the NRI that is presently scheduled on another network?

Mr. PAULEY. Yes; very recently the American Express Co. purchased a schedule on CBS and the basis on which this was evaluated was NRI, which we did not have and we were not able to supply to this agency or client.

Mr. SPARGER. You were therefore not able to submit availabilities within the information as required by the American Express Co.'s advertising agency?

Mr. PAULEY. We did submit the availabilities and did everything we could, but without Nielsen, we were left out of the picture.

Mr. SPARGER. Could its advertising agency have obtained this information from the Nielsen Co.?

Mr. PAULEY. I believe so. Of course, we do supply the lineups, as I indicated earlier, and I do believe that Nielsen rates us and that this information is available someplace.

Mr. SPARGER. Is it available on any unsponsored sustaining program on ABC?

Mr. PAULEY. I do not know.

Mr. SPARGER. Is it available for any programs on which Nielsen does not have a subscriber which is a sponsor?

Mr. PAULEY. I don't believe it is.

Mr. SPARGER. Let me ask you this, sir: What specific business, to your knowledge, was lost after the earlier cancellation of the NRI?

Mr. PAULEY. This was through the Wade Advertising Agency in Chicago. I don't recall the account. This information I can get for you. But the Wade Advertising Agency specifically laid down that nobody need apply for the business who did not have the Nielsen data.

Mr. SPARGER. Was that Miles Laboratory, sir?

Mr. PAULEY. That would have been Miles Laboratory; yes, Mr. Sparger.

Mr. SPARGER. Have you had any other similar circumstances occur to your knowledge?

Mr. PAULEY. Well, during that period of time, I was with the ABC Radio Network and I was told by at least one national advertiser that we would not be considered under any circumstances until we felt obliged to indicate what our circulation factor was by Nielsen.

Mr. SPARGER. That was by Nielsen, sir?

Mr. PAULEY. Yes.

Mr. SPARGER. What advertiser was that, sir?

Mr. PAULEY. That was the Procter & Gamble Co., Cincinnati, Ohio.

Mr. SPARGER. Let me ask you this question, sir: In relation to another matter: This is the San Diego area Nielsen station index from March to April 15, 1962. Where it says reportable stations, sir, would you read that into the record and tell us what it means to you, sir?

Mr. PAULEY. Reportable stations:

Radio stations originating in or serving the metro area having sufficient audiences during the average reporting interval of two or more day parts to meet NSI reporting standards. See report pages for station lists.

Mr. SPARGER. What does that mean to you, sir?

Mr. PAULEY. It means that any station that has an audience in San Diego will be reported.

Mr. SPARGER. If it meets certain standards?

Mr. PAULEY. Yes.

Mr. SPARGER. This is from the NSI basic radio report, Dayton area, July-August 5, 1962, on reporting standards. Would you read that into the record?

Mr. PAULEY (reading):

Reportable stations are those tuned in by 10 percent or more of the NSI sample homes in the metro area during the average week of this report and that deliver audiences meeting the minimum rating standards during two or more 3-hour day parts. The minimum standards for metro rating for this report are 0.8 for per broadcast audiences and 1.2 for 5-day Monday-Friday and 4-day Saturday-Sunday cumulative audiences, and are applicable to both NSI radio basic report for this market and its per broadcast supplement. Audiences for outside stations are reported if they meet the above standards and are a material factor in the market.

Mr. SPARGER. It says "are a material factor in the market." Would you consider a situation where ABC has an O. & O. owned and operated station, in Los Angeles, that if that station met the reporting standards as outlined here in the San Diego market, it would be listed in the San Diego report?

Mr. PAULEY. I would say that if it had an audience there meeting these standards, it would certainly be a material factor and would be reported.

Mr. SPARGER. Are there any periods where service is provided by the Los Angeles ABC affiliate when it is not at the same time provided in the San Diego market?

Mr. PAULEY. Yes.

Mr. SPARGER. Would you please tell us what those are?

Mr. PAULEY. Well, our San Diego affiliate is KGB. It does not carry, on a Monday-through-Friday basis, our 6:55 a.m. news. This

is a 5-minute news. Los Angeles, however, KABC, which is our affiliate there and a station which we own, does carry news live, 6:55 a.m. Our 11:55 a.m. news is not carried by KGB. This is carried by KABC, and delayed to 12:05.

Our 5:55 p.m. news is unavailable on KGB, but carried live at 5:55 p.m. by KABC, Los Angeles.

Mr. SPARGER. You would say, then, sir, that your Los Angeles station provides programing which is not being provided at that same time in San Diego?

Mr. PAULEY. That is correct.

Mr. SPARGER. In this case, would you consider that such programing would be a material factor in the San Diego market?

Mr. PAULEY. This would be speculation on my part, Mr. Sparger. I could not say. But I would certainly say with our power and coverage pattern—

Mr. SPARGER. Would you say they are providing the only ABC network radio service in the market in that period of time?

Mr. PAULEY. During these periods; yes, sir.

Mr. SPARGER. You referred in your statement to Nielsen telling you that they were working on their new 1960 NCS, which is Nielsen coverage survey data, and that they were going to correct the errors in projections on the NSI, Nielsen Station Index reports. Is that correct, sir?

Mr. PAULEY. That is correct.

Mr. SPARGER. Let me ask you this question: What method does Nielsen use or did Nielsen use in their 1960 NCS in obtaining the coverage data?

Mrs. HARRIS. They used a mail ballot to obtain that information.

Mr. SPARGER. Mrs. Harris, have you been in the research business in radio and television for some time?

Mrs. HARRIS. Yes, I have, sir.

Mr. SPARGER. Were you, prior to joining ABC, with other networks?

Mrs. HARRIS. Yes, I was: I was with NBC for 10 years.

Mr. SPARGER. Did you have anything to do with coverage?

Mrs. HARRIS. Yes, I did.

Mr. SPARGER. When Nielsen made its first coverage study, did they make this on a mail ballot?

Mrs. HARRIS. I don't believe so. They were using a personal interview with their field staff.

Mr. SPARGER. Did they advertise that they were using a personal interview with their field staff?

Mrs. HARRIS. Yes, they did.

Mr. SPARGER. Prior to that time, there had been a service known as BMB?

Mrs. HARRIS. That is right; Broadcast Measurement Bureau.

Mr. SPARGER. This used what type of measurement in collecting their coverage data?

Mrs. HARRIS. They used a post card ballot system.

Mr. SPARGER. Did the Nielsen organization refer to the fact that they were offering an improved service with their first NCS?

Mrs. HARRIS. Yes; they did, sir.

Mr. SPARGER. What happened to BMB?

Mrs. HARRIS. It went bankrupt, I believe.

Mr. SPARGER. May I ask you this: Was an official of BMB a Mr. John Churchill, to your knowledge?

Mrs. HARRIS. Yes; he was.

Mr. SPARGER. Did Mr. Churchill leave BMB?

Mrs. HARRIS. He went with Nielsen. I do not remember what the dates were on this.

Mr. SPARGER. Would you remember approximately what year he joined the Nielsen Co.?

Mrs. HARRIS. On the new NCS study.

Mr. SPARGER. That would be on NCS No. 1?

Mrs. HARRIS. Right.

Mr. SPARGER. Let me ask you this, Mrs. Harris: After the one NCS which was taken with personal interviews, has Nielsen ever produced an NCS report based on personal interviews?

Mrs. HARRIS. After the first one, not to my knowledge. Subsequent ones were done on mail ballot.

Mr. SPARGER. Does anyone else in radio produce coverage data?

Mrs. HARRIS. Not to my knowledge.

Mr. SPARGER. On a national basis?

Mrs. HARRIS. No.

Mr. SPARGER. Would you have a similar situation in Milwaukee, being near Chicago, to what you might have in Los Angeles, in relation to San Diego?

Mr. PAULEY. Yes; we would. We have a Milwaukee station, WISN. And we also have a very powerful Chicago station, 50,000-watt clear channel station, which covers Milwaukee very nicely.

Mr. SPARGER. Do you have particular programs that your Milwaukee affiliate feels are covered more for this market?

Mr. PAULEY. Well, traditionally, yes; the Milwaukee station joined us quite some time after the Chicago station joined us. Milwaukee does not carry Don McNeil's Breakfast Club in the morning.

It is a 55-minute show. Their reason for not carrying it is that WLS-Chicago had established that show in the market to such a degree that they felt it was foolish also to program the show. So they do not carry the Breakfast Club. WLS-Chicago does carry it.

Mr. SPARGER. Did you, when you enlisted the Sindlinger service, improve your standing with respect to rank among the networks?

Mr. PAULEY. No; we did not.

Mr. SPARGER. Are you ranked first in many periods in the Sindlinger reports?

Mr. PAULEY. No; overall in Sindlinger, as in Nielsen, CBS Radio is No. 1 for all commercial programs, excluding religion. NBC and ABC were fluctuating back and forth, in first and second place, many times tied. The other network maintained a fourth position, according to Nielsen, and also according to Sindlinger now.

When we came to the parting of the ways with the Nielsen Co., however, and this I would like to mention, we did not cancel Nielsen or come to a parting of the ways with them because of sour grapes. Many broadcasters, when they do not have the ratings they like, say it is the fault of the rating company or the sample is not big enough. But at that time, we had the five top-rated shows in network radio. But this did not mean anything to us, because a top rating could mean a million or a million two hundred thousand homes.

This was not the kind of measurement we were looking for. We were looking for something that would provide a count of total radios for the whole network radio industry.

Mr. SPARGER. What would the general percentage of change or increased audience be for all Sindlinger?

Mr. PAULEY. Taking the Nielsen and projecting it to people, which we have to do based on some old figures, as near as we can find out, Sindlinger delivers for all network radio, indicates an audience twice the size of that which Nielsen indicated. This is based on people, now.

Mr. SPARGER. In your statement, you referred to the fact that you had made several recommendations to the Nielsen Co. Did ABC or any of its representatives make recommendations on means to measure transistor radios?

Mr. PAULEY. I recommended both in automobile and in transistor, and I am certainly not an engineer, nor am I a research man. But I did have a couple of suggestions where they might measure transistor with a small device of some sort, which is certainly up to their engineers to figure out. Also, I had a concrete suggestion on how to measure automobiles with a far greater sample and far greater accuracy than they are doing now.

Mr. SPARGER. Mrs. Harris, did you at any time make recommendations to the Nielsen Co. on methods to measure automobile or transistor listening?

Mrs. HARRIS. Yes, I did.

Mr. SPARGER. What was that recommendation?

Mrs. HARRIS. As far as the possibility of measuring transistors, to put some kind of a gadget in a transistor, or if that could not be done, determine the life of a battery. This alone would tell how many sets are in use.

Mr. SPARGER. Did they feel the use of a battery was worthy of extensive investigation by them?

Mrs. HARRIS. Not to my knowledge.

Mr. SPARGER. Did they feel that the battery measurement would not be the answer?

Mrs. HARRIS. Well, they said that the life of the battery could not be determined because of the volume. I don't think that makes that much difference. Some people might listen to it quieter.

Mr. SPARGER. Did they say to you that they would prefer to use a mechanical device, if possible?

Mrs. HARRIS. No; I don't believe that they ever really stated it that way.

Mr. SPARGER. Mr. Pauley, when you were preparing your figures for the presentation which you gave here today, did you use the total home figures which Nielsen gives in both the network report and the local report?

Mr. PAULEY. Yes; in both cases, and that I did not indicate in my prepared report, but that is indicated in a footnote in my prepared report.

Mr. SPARGER. No further questions, Mr. Moss.

Mr. MOSS. Mr. Springer.

Mr. SPRINGER. In a market like Chicago, where you might have six radio stations with three networks, when Nielsen makes a report, they do not show anything with reference to any radio stations done by—

Mr. PAULEY. I did not hear the last part of your question, Mr. Springer. I am sorry.

Mr. SPRINGER. Unless you purchase Nielsen service, they do not show anything with reference to what the share of the audience is that that particular station has, do they?

Mr. PAULEY. That would be by NSI, and I think in the case of NSI, they do report all listening they find.

Mr. SPRINGER. Do they report even stations that do not purchase any service from them?

Mr. PAULEY. I believe that is correct, sir.

Mr. SPRINGER. Are you sure?

Mr. PAULEY. I am not sure.

Do you know?

Mrs. HARRIS. They report all stations that meet their minimum standards.

Mr. PAULEY. Of listenership level.

Mr. SPRINGER. Is this true in all markets?

Mr. PAULEY. I believe it is true in all 32 markets where NSI does operate.

Mr. SPRINGER. That is all, Mr. Chairman.

Mr. MOSS. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

Mr. Pauley, from your testimony so far, I take it that your national advertisers almost wholly depend on Nielsen, is that true?

Mr. PAULEY. It has been for the past several years the only national measurement service in network radio, and they do depend upon them to get an idea of the circulation of the programs which they purchase.

Mr. ROGERS of Florida. When you were canceled out, did you consider consulting the Justice Department about any monopoly practice by Nielsen?

Mr. PAULEY. I do not believe that I did. I was faced with an immediate problem and I had to solve it as quickly as I possibly could. I think I devoted most of my time to seeking out another market research agency that could do something for me.

Mr. ROGERS of Florida. Would you say that Nielsen now, as far as national advertising is concerned, is the dominant one in the field and perhaps has control of national advertising as far as the broadcasting industry is concerned?

Mr. PAULEY. As far as network radio is concerned, which I feel best qualified to speak on, I stated earlier in my prepared testimony that we endeavor to sell all aspects of our product, including the rating, of course. However, in most cases, it does get down to cost per thousand, and for the most part, that cost per thousand is based upon the Nielsen NRI, because three of the four networks are reported and do subscribe to Nielsen.

Only one subscribes to another service.

Mr. ROGERS of Florida. And as far as you know yet, the Justice Department has not initiated any antitrust action against Nielsen?

Mr. PAULEY. I am not aware of any, Mr. Rogers.

Mr. ROGERS of Florida. You stated in these figures that you showed us that there were 10 or 15 stations that had a greater market than some 100 or 200 stations, even though the 10 or 15 stations were included in the 100 or 200 figures?

Mr. PAULEY. Yes; we got down to as low, I believe, as five stations. Mr. ROGERS of Florida. Now, this was a difference between NRI and NSI?

Mr. PAULEY. Yes, sir.

Mr. ROGERS of Florida. What did Nielsen tell you; what explanation did they give for that difference?

Mr. PAULEY. Well, we asked them for an explanation. We asked them mainly to correct it, because an explanation as far as we were concerned was of no value, because this was the material the buyer believes and the buyer sees, the one he makes a determination on.

What we wanted was a correction but we were also very curious to know what the explanation was. And we got no answer for several weeks at all, of any kind, despite our repeated requests for a reason.

We finally did receive information from the Nielsen Co. indicating that they had been overestimating the outside coverage area of some of our major stations and this accounted for the discrepancy and that they would take steps to correct this.

Mr. ROGERS of Florida. Now, the individual station can or cannot subscribe for the home market, for its own home market, and yet it is still rated, is that right?

Mr. PAULEY. That is right.

Mr. ROGERS of Florida. But in the national market, the network is subscriber or your large stations are still subscribers?

Mr. PAULEY. The NRI is strictly the network subscriber service. No stations have anything to do with this; just networks.

Mr. ROGERS of Florida. Are there any advertisers that subscribe to this service?

Mr. PAULEY. I believe there are a few advertisers left who do subscribe to NRI. That is one reason of several that we continue to provide lineups to Nielsen.

Mr. ROGERS of Florida. And yet they still do not rate you.

Mr. PAULEY. They do not rate us—they do not print this material in the rating book.

Mr. ROGERS of Florida. Unless you actually subscribe.

Mr. PAULEY. Unless we actually subscribe; that is correct. That is what has happened to us now twice.

The CHAIRMAN. Now, your 10 largest affiliates, you say that they are reported in NSI and those reports said they had a larger audience in the—

Mr. PAULEY. Yes; by NSI.

The CHAIRMAN. Do you happen to know? Perhaps you would know this, if they are also individual subscribers to the Nielsen service.

Mr. PAULEY. Offhand, I do not. But we can certainly find out.

Mr. ROGERS of Florida. Is there any set budget that you have for Nielsen service?

Mr. PAULEY. Yes; we, of course, budget all departments of our company like most companies do and they are based on their charge to us, whatever that would be.

Mr. ROGERS of Florida. Is that charge the same to all networks?

Mr. PAULEY. I don't believe it is. I think the charge was graduated originally by revenue of the networks when Nielsen started the service many long years ago.

Mr. ROGERS of Florida. In other words, a larger network with a larger income would pay a higher price?

Mr. PAULEY. That is correct.

Mr. ROGERS of Florida. Are these ones that have continued to receive the highest ratings, the ones who pay the highest prices or not?

Mr. PAULEY. Mr. Rogers, I would say there would be no correlation here.

Mr. ROGERS of Florida. You feel there is none?

Mr. PAULEY. I do not feel there is any.

Mr. ROGERS of Florida. What about individual stations?

Mr. PAULEY. In this area, I would not be qualified to observe.

Mr. ROGERS of Florida. Do you think it would be wise to consider licensing through the FCC of rating services?

Mr. PAULEY. I do not think that is the answer, Mr. Rogers. I think it is up to the broadcaster and the individual businessman to spend his time making these corrections himself. For example, if broadcasters had spent as much time cleaning up this problem that I present to you today as they spend protesting hearings and investigations, I am sure there probably would not be a hearing today. This is my fervent hope, that broadcasters will take it upon themselves to walk away from things we had walked away from. Possibly, if other people had walked away from it, the corrections would have been made and there would not have been a hearing.

Mr. ROGERS of Florida. But those who benefit by the service, do you presume they will walk away from it?

Mr. PAULEY. I feel an awful lot have not benefited from that and these people certainly exercise an influence. If they were to take a strong, firm stand and walk away from something which they know is wrong for their industry, then I think perhaps the rating services would try, perhaps, a little bit harder to do a little bit better job.

Mr. ROGERS of Florida. I just question whether, for instance, a network which has a high rating, which they can show to advertisers and advertisers have over the years been used to using this service, even though it may be put in big print, "Not Reliable," would not use such service.

Do you think that is the answer?

Mr. PAULEY. I am not quite sure I understood your question, sir.

Mr. ROGERS of Florida. In other words, do you feel that we can get action from those radio stations or networks which are presently benefiting by showing a particular rating in conjunction with the advertising programs that are placed in their stations?

Mr. PAULEY. I think a lot of broadcasters think they are benefiting from ratings, when in fact they may not necessarily be benefiting. I think that broadcasters must also, and I am talking about radio broadcasters now, must place less reliance on ratings and more reliance on other things which they should have to sell, if they do not.

I think a hearing like this will go a long way toward awakening them.

Mr. ROGERS of Florida. But this is also, of course, a determining factor in this—the advertiser himself?

Mr. PAULEY. The advertiser. The broadcaster as a salesman of a property has a responsibility and an obligation to provide the advertiser some information on what the circulation is.

Taking that one step further, and let's now create a hypothetical case: Let's assume there were no ratings at all, unheard of, nobody ever had any. Would not then the broadcaster have to figure out some way to sell his property, other than by the ratings? I think this is where he should turn his attention and place less reliance upon the ratings and convince the advertiser that he has something to sell besides numbers.

Mr. ROGERS of Florida. I agree that this is a very fine approach, but I wonder how practical it is as long as you have rating services and you have advertisers that use this as a basis of telling their clients, "We are getting you so many people listening to your program."

Mr. PAULEY. There is always a trend in something, it will always go up and always go down. I only hope and firmly believe there will be a trend away from the total dependence in some areas of broadcasting upon the ratings.

Mr. ROGERS of Florida. Let me ask you this: You say the ratings are not good?

Mr. PAULEY. Insofar as the NRI is concerned, yes.

Mr. ROGERS of Florida. Now, what is your objection to requiring a license where standards and some supervision can be given in aid to the broadcasting industry, and in effect, to the public, in protecting the public from false reports?

Mr. PAULEY. I simply feel it is the first and foremost obligation and responsibility of the broadcasters themselves, whether it is through their association or a special group or whatever, to try to tackle this problem and solve it.

Mr. ROGERS of Florida. I agree; I think that would be excellent. What time limit would you allow the industry to do this?

Mr. PAULEY. They have had these ratings a long time and I would not be willing to venture a speculation on this.

Mr. ROGERS of Florida. Then should we proceed to move to the suggestion of perhaps legislation in this field? Do you think it might be worth considering, that it might spur the industry on?

Mr. PAULEY. I would prefer to see what the broadcasters themselves might do in this regard. If nothing, this might be an alternative answer.

Mr. ROGERS of Florida. How long should this committee, for instance, wait for the broadcasting industry to straighten out its own house?

Mr. PAULEY. I think that is up to the individual broadcasters to get together and decide how long they give themselves.

Mr. ROGERS of Florida. How many broadcasters are there?

Mr. PAULEY. Well, there are 4,000 radio stations and several television. I do not really know how many individuals comprise the industry. Quite a few.

Mr. ROGERS of Florida. You think they can get together and get moving on this?

Mr. PAULEY. Well, they have gotten together through various associations—through their own association, to a certain extent. They

are not all members of it. But some leadership group, I feel, should take the initiative here to do something.

Mr. ROGERS of Florida. Your testimony has been most revealing and helpful to me; thank you.

Mr. PAULEY. Thank you, Mr. Rogers.

The CHAIRMAN (presiding). Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

There is only one question that, personally, I can see no answer to which is the question of trying to get at the number of radio receiver sets in action at any one time beyond the plug-ins—that is, the transistor and the automobile radio.

I am just trying to figure in my own case. We have two car radios, two transistor radios, and two plug-in radios. I could not, for the life of me, give any accurate data as to the use of those radios that would be of any value to anybody.

Mr. PAULEY. Well, Mr. Younger, I think that you have a point and I think all rating services will always have some bias in them. They will never be absolutely perfect. But I think it is our responsibility to try to find the best methodology that we can and then apprise everybody of any biases or discrepancies that might be in it and let them use their own judgment from there on in.

Our own feeling in this regard is that the only way to get total radio listening is to talk to the people that are responsible for total radio listening—that is, not put a device on a set but by talking to people within a time when their memory factor has not left them, when they can indicate with some degree of accuracy when they listened and what they listened to. If they do not know what they listened to, I think it should be reported as “don’t know.” Radio has become a people-oriented medium. It goes everywhere with people. So it is people you have to talk to and people you have to reach to get any kind of evaluation of it.

Mr. YOUNGER. I think that is true. I know of my own experience. I turn on the radio in the car most of the time I am driving. Sometimes I am listening to it and sometimes I just automatically mentally cut it off and do not listen to it—I am looking out the window or something.

But if you asked me how much time I spent listening to it, I would say, “Well, I listen to the newscasts and that is about all.”

Mr. PAULEY. I felt that way, too, until I had the privilege of listening to several hours of tapes of interviews conducted by a research company, to radio listeners, and the method of interviewing was so adept and they dealt so carefully and did such a thorough job that it convinced me you could do a reasonable job by the personal recall method—that is, talking to people about their radio habits during the past 24 hours.

I think anything beyond that period of time they tend to forget. But in the immediate past, I think you have a pretty good chance of getting an indication of what has happened in terms of radio audience.

Mr. YOUNGER. How did Nielsen Co. arrive at their transistor-plus service?

Mr. PAULEY. By the use of a diary stuck on the back of some 500 to 700 sets, and the listener was supposed to fill out the diary on what he listened to or when the set was in use.

Mr. YOUNGER. That is all.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. Mr. Pauley, how did the listener—what did he receive for filling out this diary?

Mr. PAULEY. I do not know, sir.

Mr. MOSS. Do you think a person who will fill out a diary is a typical radio listener?

Mr. PAULEY. According to the research services, these are supposed to be carefully selected and stratified. They would be more qualified to say whether they are typical than I.

Mr. MOSS. You have no judgment?

Mr. PAULEY. No.

Mr. MOSS. What we have here apparently is a national standard, Nielsen.

Mr. PAULEY. Well, we have the NRI, which is a national radio index.

Mr. MOSS. That is Nielsen's?

Mr. PAULEY. Yes.

Mr. MOSS. It becomes a national standard because the advertiser insists on its being used?

Mr. PAULEY. Over the period of years, Nielsen has become established. And with the decline of the radio industry, most especially the radio network industry, I do not think that any other research companies were really attracted into this area to do anything competitively.

They felt it was a declining field. Our industry has gone down from a \$160 million business to a level of \$35 million last year.

These companies felt there was not any future in it, so they did not offer any competition.

Mr. MOSS. But if it is a standard, it is a very faulty one, isn't it?

Mr. PAULEY. In my considered judgment, it is an extremely faulty one.

Mr. MOSS. And in your presentation, citing compilations from the product itself, you have proved it is not only faulty but bordering on the ludicrous, the ridiculous.

Mr. PAULEY. I would feel free to use those terms.

Mr. MOSS. It would have to be believed that through some process, totally incomprehensible, people disappear.

Mr. PAULEY. That is right.

Mr. MOSS. When you took more, you came up with less.

Mr. PAULEY. That is right; the more stations you cleared and bought, the less audience you had.

Mr. MOSS. Now, after this magic has worked, what goes into NSI? What did they put into an NSI radio report?

Mrs. HARRIS. To my knowledge, sir, this is made up of diaries and audiometers, where they exist within the area.

Mr. MOSS. Have you ever examined diaries?

Mrs. HARRIS. No, sir; I never have.

Mr. MOSS. We had testimony a little earlier that they appeared to be by the older age group or, in many instances, by youngsters.

That is, in fact, they have little or no value, unless you want just to test the preferences of an age group.

Now, what goes into the NRI rating? How do they assemble the information?

Mr. PAULEY. The NRI is comprised of 1,200 electronic devices, 1,200 sets throughout America, hooked to the radio set which records the radio activity to that plug-in set. Now, the Nielsen company has stated that somewhere around a thousand or 1,050 of these are always in perfect working order, so we have to assume, therefore, that the sample really is not 1,200, it is 1,050.

Mr. MOSS. Do we have at the present time as many radio sets as we have television sets?

Mr. PAULEY. We have more.

Mr. MOSS. How many do we have, do you know?

Mr. PAULEY. We have now over 200 million radio sets—past the 200 million mark.

Mr. MOSS. Well beyond the population?

Mr. PAULEY. Oh, yes; it now exceeds the population and it is growing faster than the population. New radio sets are being bought faster than people are being born.

Mr. MOSS. Measuring the 200 million radio sets with a sample of 1,200, which excludes, perhaps, the bulk of the sales in recent years, it will not reflect the battery power of the tube type, nor reflect the battery power of transistor?

Mr. PAULEY. That is correct, which is really the backbone of our industry now.

Mr. MOSS. And does not reflect the mobile?

Mr. PAULEY. No; it does not, not to the programs.

Mr. MOSS. Then we have an illustration of the difference between NRI and NSI.

Mr. PAULEY. Yes, sir.

Mr. MOSS. The fact that when you take two unrelated and uncorrelated methods to arrive at a broad national projection or a local projection, that you are bound to come up with a given answer.

You cannot take diaries to arrive at the local station rating and use 1,200 sets strategically placed and prove anything excepting that one of the methods being used is very faulty, can you?

Mr. PAULEY. That is our feeling, yes.

Mrs. HARRIS. They both could be faulty.

Mr. MOSS. Now, it could be that they are both very faulty.

Mr. PAULEY. Right.

Mr. MOSS. But it is obvious that one is extremely faulty because you have people disappearing when you take the other poll.

Mr. PAULEY. Right.

Mr. MOSS. This is the standard.

Now, Mr. Rogers asked you about some form of regulation. Do you not think that as a minimum, in keeping with the traditions of our society over many, many years, that when there is a need for measurement—after all, you measure your spectrum in which you broadcast—when there is a need for measurement, that some standard be uniformly applied?

Mr. PAULEY. I think there should be a standard uniformly applied.

Mr. MOSS. Now, it is not feasible, because at least I know of no parallel, where the standard of measurement is applied by a part of the industry.

You have your National Association of Broadcasters, for example.

Mr. PAULEY. Yes.

Mr. MOSS. This is representative of what percentage of the industry?

Mr. PAULEY. Oh, I think perhaps—I am only speculating, Mr. MOSS, now, but I would say 60 percent; a little over a half.

Mr. MOSS. These standards of subscribers, or standards of measurement, or measurement of the spectrum, they are applied by only 60 or 70 percent of the population, but we would still end up with a fair amount of—

Mr. PAULEY. We must remember that in many of the smaller markets, there are no rating services, and many of the smaller broadcasters feel no need for them.

Mr. MOSS. Not only that; we have an entire time zone that does not exist.

Mr. PAULEY. Many of these broadcasters are ones who are not members of the NAB.

Mr. MOSS. But if we are going to use this tool to the extent that it is now employed, it should be reliable.

Mr. PAULEY. I believe it should.

Mr. MOSS. The interest here is not just the interest of the broadcasters. The immediate economic need of the broadcasters is certainly deeply involved. But the interest of the public is also involved. You can dream up the best of programs, but you cannot put all of them on on a sustaining basis, can you?

Mr. PAULEY. That is right.

Mr. MOSS. So you have to have sponsorship.

Mr. PAULEY. Right.

Mr. MOSS. And sponsorship now appears to use only this standard. Do you not think there is a requirement for an acceptable standard, although it may be imperfect?

Mr. PAULEY. I certainly do.

Mr. MOSS. Uniformly applied.

Mr. PAULEY. I certainly do.

Mr. MOSS. That is all; thank you, Mr. Chairman.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. Mr. Pauley, when these rather incredible figures were presented to Nielsen, what, again, did they say to you? Did they try to explain or justify the figures?

Mr. PAULEY. When these were first presented to them, they did not say anything. They looked at each other—they were two of them there—and they said “We will get back to you.”

Several weeks went by and we did not hear from them on this specific matter. I would say it was months later that they came up with a definite explanation of what had happened.

Mr. BROTZMAN. Now, would the addition of the transistor-plus rating materially change these figures you have presented to us?

Mr. PAULEY. Oh, we have taken in-home only because this is the only standard we could go on. There was no transistor-plus then. Some of us had auto-plus, some did not. So we stuck to the base,

which was the home, anyway, which was what they measured. The addition of transistor-plus presumably would have increased both these sets of figures which I have shown you. That is, if we are to assume that there is anybody listening to transistor radios.

Mr. BROTZMAN. Now, would you be able to tell the committee what the average rating per period is for each of the radio networks?

Mr. PAULEY. By Nielsen?

Mr. BROTZMAN. Yes.

Mr. PAULEY. I can give you a speculation if this is satisfactory to you.

Mr. BROTZMAN. I will accept the answer that way.

Mr. PAULEY. I think the last time we averaged these out, and this was before we canceled Nielsen, because we do not have the data now, but CBS was the No. 1 radio network and it had probably a 1.1 or 1.2. ABC and NBC were second, approximately the same with roughly a 0.9. I know for a fact that our weekend program was completely parallel with NBC for some time.

And Mutual was somewhat less than ABC and NBC, on the average basis. This would exclude commercial religion.

Mr. BROTZMAN. I would agree with my colleague that certainly the public interest is involved, but trying to arrive at the point of what the economic value of a point is, would you be able to state an estimate as to what the value of one Nielsen rating point across the Nation would be to your particular company?

Mr. PAULEY. Well, if you will again accept a speculation on my part—

Mr. BROTZMAN. All right.

Mr. PAULEY. I would like to be able to do it for the whole industry, if I could. You have to make some basic assumptions, and that is the advertiser is buying circulation. I think that is the basic fundamental of the advertising world, that the advertiser buys circulation for this message to reach people.

If the four networks were to average 1.0 and suddenly they averaged 2.0 and if we were to deduce that ratings had a direct correlation to income, which we may be right in doing, this would then double the gross for the radio network industry. It would therefore take it from \$36 or \$37 million to \$74 or \$75 million.

So it would amount to \$36 million or \$37 million by this process of deduction, if this is acceptable to you.

Mr. BROTZMAN. Back to your sample problem. I think you mentioned 1,200 homes, is that correct?

Mr. PAULEY. Yes, sir.

Mr. BROTZMAN. How many homes would it take to make one point difference, according to that particular rating service?

Mr. PAULEY. One point difference would take about 11 or 12 homes. One audimeter home represents to us 50,000 homes in its projection. If one audimeter home is inoperative, we lose 50,000 homes in our ratings. Therefore, it would take 11 or 12 homes to equal one rating point.

Mr. BROTZMAN. And quite a few million dollars?

Mr. PAULEY. And quite a few million dollars, without any question.

Just how many, I really do not know; certainly plenty.

Mr. BROTZMAN. Have you checked any on the locations of these particular homes that were used in the sampling?

Mr. PAULEY. We have endeavored to check on the locations of these homes, but we have not been able to do so through the Nielsen Co.

Mr. BROTZMAN. You have received no satisfactory answers as to where these homes were located?

Mr. PAULEY. We did not receive any answers; except that the data was unavailable.

Mr. BROTZMAN. So you do not have any idea as to where the particular areas are being drawn upon?

Mr. PAULEY. Specifically, I do not, sir; no.

Mr. BROTZMAN. I have no further questions.

The CHAIRMAN. Did you have a letter that you referred to for the record?

Mr. PAULEY. I do not think so.

The CHAIRMAN. Do you think under the procedures that have been developed and are acceptable to the industry, these rating services have been established and set up as a public service, meaning the public to the extent they are available to serve those that are in the broadcasting industry, advertisers, producers, and so forth?

Mr. PAULEY. The rating which we specifically referred to, no.

The CHAIRMAN. They do not hold themselves out, then, these companies, as available to serve all the broadcasting industry?

Mr. PAULEY. Oh, I am sorry; I misunderstood your question. The NRI does make itself available to the four radio networks. NSI does not make itself available beyond the 32 markets which they survey.

The CHAIRMAN. But within those markets, they are available to everyone who comes in the same category of service?

Mr. PAULEY. As far as I know, Mr. Chairman, yes.

The CHAIRMAN. And in view of the fact that they have then established themselves to provide this service, the industry—that is, the advertising industry—has come to rely on it as a fact?

Mr. PAULEY. Yes; it has.

The CHAIRMAN. And with such reliance, they determine their advertising on the basis of it?

Mr. PAULEY. That is certainly one of the determinants, and a very important one.

The CHAIRMAN. Do you have any suggestions to make on how the situation can be corrected?

Mr. PAULEY. I think that is primarily up to the rating companies themselves and certainly it is up to all broadcasters as a group, but primarily to the people who are in the rating business and purport to do a proper job.

The CHAIRMAN. Do you think there should be requirements that they serve fairly all people?

Mr. PAULEY. I think there should be a set standard, a pre-established standard.

The CHAIRMAN. Should that be done by legislation?

Mr. PAULEY. I do not think at this time.

At a later date, that may be an answer, as I told Mr. Rogers. But I do not think at this time it is necessary.

The CHAIRMAN. In other words, all that you have outlined has been going on ought to remain open and anybody who wants to engage in that kind of activity is free to go and do likewise?

Mr. PAULEY. I think, Mr. Chairman, that as a result of your hearing here, hopefully, some action will be taken by the broadcasters and by the rating companies.

The CHAIRMAN. I think this would be about the best time to make this statement that I can think of. It has been referred to one time before by somebody else. But I want it understood very well that this committee is not holding hearings just for the purpose of spending time and spinning our wheels. If we do not have an objective to reach, if we cannot accomplish some good by this activity, we do not want anybody to get the implication that we are doing this just to expose somebody, to threaten somebody that we will do something.

This is not our purpose at all.

Mr. PAULEY. I understand.

The CHAIRMAN. I want everybody to understand that that is a fact. If there is any skullduggery going on, trickery, fraud, or, as I said in my statement at the outset, if they are not in fact doing what they say they are doing, we ought to know that.

And if that is a fact, then the broadcasting industry and the advertisers and the networks ought to be the first of those who do something about it.

Mr. PAULEY. I concur.

The CHAIRMAN. As I said the other day, I do not see how an industry with hundreds of millions of dollars involved can sit idly by and see a procedure go on where they are absolutely economically strangled and, as was said by somebody the other day, the lifeblood of the industry is tied up in it.

Mr. PAULEY. That is exactly why we took the steps we did at ABC Radio.

The CHAIRMAN. Thank you for your cooperation here before the committee.

Mr. PAULEY. I thank you for permitting me to attend.

The CHAIRMAN. We will recess until 10 tomorrow.

(Whereupon, at 5 p.m. the committee recessed, to resume Friday, March 8, 1963, at 10 a.m.)

BROADCAST RATINGS

FRIDAY, MARCH 8, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The subcommittee will come to order.

Mr. Arthur Mundorff. Is Mr. Mundorff here?

Will you be sworn?

Do you solemnly swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MUNDORFF. I do.

The CHAIRMAN. Mr. Mundorff, would you identify yourself for the record?

TESTIMONY OF ARTHUR MUNDORFF, OWNER AND MANAGER, STATION WPIN, ST. PETERSBURG, FLA.

Mr. MUNDORFF. My name is Arthur Mundorff and I am the owner and manager of station WPIN in St. Petersburg, Fla., where I reside.

The CHAIRMAN. Do you have a statement you wish to present?

Mr. MUNDORFF. No, sir.

The CHAIRMAN. Pardon?

Mr. MUNDORFF. No, sir.

The CHAIRMAN. You are here at the invitation of the committee then?

Mr. MUNDORFF. Yes, sir.

The CHAIRMAN. Mr. Sparger.

Mr. SPARGER. Mr. Mundorff, as a licensee of station WPIN, St. Petersburg, approximately what have been your ratings on the past couple of years?

Mr. MUNDORFF. Those that I have observed, Mr. Sparger, have been very low—in the neighborhood of 0.4, 0.2, 0.1.

Mr. SPARGER. Do you subscribe to any rating services, sir?

Mr. MUNDORFF. No, sir.

Mr. SPARGER. What percentage of your business comes from national spot advertisements, sir?

Mr. MUNDORFF. Over the past 3 years our national spot business, which is business that originates from the agencies in New York City and Chicago, et cetera, has been less than 0.05 percent of our gross sales.

Mr. SPARGER. Then you have no problem selling your station advertisements locally but you do have a great problem in reaching the national time buyers?

Mr. MUNDORFF. Yes, sir.

Mr. SPARGER. Let me ask you this, sir. Did you take steps to try and get some national business?

Mr. MUNDORFF. Yes, sir, I made many, many trips to New York, particularly, up until a few years ago. Through personal contacts, having worked in New York a good many years, I knew a great many agency people personally and I made trips and visited these people on behalf of WPIN. I was unsuccessful in getting any spot business.

Mr. SPARGER. You were formerly associated in the earlier days of radio with CBS radio network and later with WPAT, which is a New Jersey station but covers New York, is that correct?

Mr. MUNDORFF. Yes, sir, I was with CBS for 18 years and with the other in the neighborhood of a year.

Mr. SPARGER. Were you in contact in New York when you went on these trips to check on your national business with those you had long been acquainted with from your prior radio experience?

Mr. MUNDORFF. Yes, sir, I counted on this.

Mr. SPARGER. Can you name some of the people you went to see, sir?

Mr. MUNDORFF. Mr. Dodge, Miss Reggie Schubell, Ed Cashman, Phil Cohen—the list is long.

Mr. SPARGER. And these are people that are in high levels of advertising agencies today?

Mr. MUNDORFF. Yes, sir.

Mr. SPARGER. What did you request of them, sir?

Mr. MUNDORFF. I made the call and requested that we be given consideration for spot schedules placed in the Tampa-St. Petersburg market. They were most helpful, took me down to the time buyer, and suggested that we be given complete consideration—and nothing happened.

Mr. SPARGER. What did the time buyers tell you, sir?

Mr. MUNDORFF. Well, they took me to the chief time buyer, the head time buyer, who in effect has nothing directly to do with the buying. The buying is done by a subordinate behind a desk who then projects these ratings on a slide rule. If you have no ratings then you come up with a cost per thousand that is too high in their estimation, and you don't get any business.

Mr. SPARGER. Then you were faced, sir, with the situation where even in spite of close personal relationships they still relied on the ratings for their purchases?

Mr. MUNDORFF. Further than that, Mr. Sparger. In the 13 years I have had the station I have had local representatives, local distributors, local dealers, contact their home office, when we knew a national schedule was coming up, with the urgent request and suggestion that they use our station. The request would then filter over to the agency and on down to the time buyer and that was the end of it.

Mr. SPARGER. Can you give us an example of that, sir?

Mr. MUNDORFF. Well, specifically, yes, I have a few of them as a matter of fact. Recently on Lincoln-Mercury, the Lincoln-Mercury dealer in St. Petersburg called the representative here in Washington and he called the agency with the urgent request that we be used. That it was the type of station he felt would do a job for Lincoln-Mercury and that was the end of that.

Another one—I have correspondence here.

Mr. SPARGER. Did you also have the Phillips dealer?

Mr. MUNDORFF. The Phillips dealer, the local distributor for them in Tampa. We called at our expense to Oklahoma City, which is their home office, with the urgent request that they use the station. As I understand it, it was forwarded to the agency and that was the end of it.

Mr. SPARGER. Was the schedule placed on another station?

Mr. MUNDORFF. Yes, sir. I have another one, which was the wire that was sent to Mr. Roosevelt here in Washington on behalf of Wynn Ross, the Fiat dealer in St. Petersburg. He sent a wire urgently requesting St. Petersburg local radio coverage—Tampa stations are not adequate for purchase purposes—saying they think they deserve consideration, and suggesting hereafter consideration be given to local dealers' opinions.

Mr. SPARGER. So we have a situation here, do we not, sir, where even though local distributors for large corporations desire to have your station used still that has little or no effect?

Mr. MUNDORFF. That is true, sir.

Mr. SPARGER. Would you say, sir, then that the—that for national business, since you received less than 1 percent of your income at the station from national business, that when it gets down to national business, it is just ratings, is that correct?

Mr. MUNDORFF. Absolutely, sir.

Mr. SPARGER. What type of programing do you do, sir?

Mr. MUNDORFF. Well, I am not familiar with the Washington stations or I could compare it but we do program, in our opinion, what would be adult programing: good music, standard show type music, not rock and roll in other words.

Mr. SPARGER. How do you feel that the ratings as they presently exist—affect the programing of a radio station?

Mr. MUNDORFF. Programing of my station or of any station?

Mr. SPARGER. Of stations generally.

Mr. MUNDORFF. Oh, I think it is most effective in the type of programing a man might decide to do in order to get ratings.

Mr. SPARGER. Then, sir, would you say what you would have to do in order to get ratings? Do you feel that you would have to change your programing and program not what you wanted, but program just for the rating?

Mr. MUNDORFF. I would have to program for ratings and run contests and giveaways and that type of thing.

Mr. SPARGER. Would you say then, sir, that as a licensee, in order to attract national spot business, you would have to give your programing virtually to the rating services?

Mr. MUNDORFF. Generally so, I would say so, Mr. Sparger.

Mr. SPARGER. I have no further questions, Mr. Chairman.

The CHAIRMAN. That is a pretty extreme statement. What do you mean by giving the program to these rating services?

Mr. MUNDORFF. Well, sir, when we apply for a license to the Commission, we make certain representations in percentages of how we will program: agricultural, educational, talk, discussion, et cetera. The license is given to us on the presumption that we will comply with what we suggest to the Commission we will do. In my opinion, in order to get ratings we would have to ignore the proposal to the Commission of what we propose to do on the basis of which we got our license.

The CHAIRMAN. Why would you have to ignore that?

Mr. MUNDORFF. Well, because normally as it has been brought out, discussion programs, educational programs, agricultural programs, of which we have very little in the market would have no interest to the general mass public.

The CHAIRMAN. I think you made a good point here today, but it seemed to me as if you have thrown a cloud over it by some statement you just made about the rating services telling about the programs.

Mr. MUNDORFF. They don't tell us, sir, but if we want to get a rating we would have to program in an entirely different manner than we presently do.

The CHAIRMAN. Then it is something that I have not heard. Do you mean to say that the rating services tell you in order for you to get a rating from them you have to comply to a certain demand they make on programing?

Mr. MUNDORFF. No, sir. No, sir. I didn't make it very clear, Mr. Chairman.

The CHAIRMAN. Apparently you didn't.

Mr. MUNDORFF. In my opinion, in order to get ratings we would have to program in an entirely different manner than what we presently do. The rating services do not tell us what to program but generally speaking in our particular market—

The CHAIRMAN. What you are saying to the committee is that the kind of programs that you have, the rating service tells you, do not get a high rating?

Mr. MUNDORFF. Yes, sir.

The CHAIRMAN. And they do discuss with you the kind or type of program that they do receive high ratings for?

Mr. MUNDORFF. No, sir.

The CHAIRMAN. They don't do that even?

Mr. MUNDORFF. No, sir. I don't think I have made it clear yet, Mr. Chairman, the point I am trying to make.

In our particular market No. 1 rated stations are rock and roll stations. I have no objections to these but it is typical rock and roll; a loud noise and screaming type of an operation which in my opinion as a licensee I don't want to program for my public. Yet they get the ratings. We program for instance in the early afternoon from 1 to 3 o'clock semiconcert music—semiclassical music, and yet in the most recent rating they show us with no listeners, absolutely no listeners. Yet this program's Pulse consistently—

The CHAIRMAN. I thought you said you didn't take the rating service?

Mr. MUNDORFF. We don't.

The CHAIRMAN. You mean they rate you anyway?

Mr. MUNDORFF. Oh, yes.

The CHAIRMAN. Do you mean these rating services will on their own give a rating which goes to the advertisers of all stations in a particular market?

Mr. MUNDORFF. The national advertisers, yes, sir.

The CHAIRMAN. Whether you want it or not?

Mr. MUNDORFF. Yes, sir.

The CHAIRMAN. Now then do you mean, do I understand you very clearly, that from your experience that if you would take the rating services it could have something to do with your rating?

Mr. MUNDORFF. I believe this is so.

The CHAIRMAN. No. 2, if you would change your programing to meet more the type of programing the rating services suggest, you would have a higher rating?

Mr. MUNDORFF. They don't suggest but the rating reports indicate what it takes to get a high rating in that market.

The CHAIRMAN. The rating services what?

Mr. MUNDORFF. Indicate by their results that that type of programing gets a high rating. They don't tell us or suggest.

The CHAIRMAN. Do you have any reason to doubt that result as reached by the rating services?

Mr. MUNDORFF. Yes, sir.

The CHAIRMAN. You do have doubts?

Mr. MUNDORFF. Yes, sir. In our particular case here, Mr. Chairman, a point of interest, I checked with the members of my staff, people that are connected with the radio station, and in total years of association in the radio business of the nine people it totaled 134 years including my own. In that time only one man, my sales manager, had ever been called and he was called on an unlisted private number. Yet out of 134 years total experience, none of us or our families or intimates have ever been called or surveyed.

The CHAIRMAN. Been called by whom?

Mr. MUNDORFF. By the rating services or interviewed by them. I don't know where they get these figures from but they must talk to somebody.

The CHAIRMAN. Maybe so. I have been listening to the radio a good many years, I have never been called either.

Mr. MUNDORFF. This is my point, Mr. Chairman.

The CHAIRMAN. I don't know that that gives me the intimate knowledge that they do not spot check on a basis they can depend upon. I don't know myself. I know what happened to Literary Digest magazine back in the old days but I also know that it seems that the country now, is pretty high on this business of ratings and spot reports.

Mr. MUNDORFF. Well, we have also, Mr. Chairman, more than one rating service that works the market. Invariably they come up with different answers every time between Hooper and Pulse and Nielsen. The No. 1 station will be different in many, many cases and our position in the market will be different in many cases. Western Union has taken surveys down here.

The CHAIRMAN. That being true and that is what puzzles me, Mr. Mundorff, about a great industry such as the broadcasting industry, serving the public in this country and the advertising industry which becomes such an important integral part of our lives, the economic and social life of the American people, and where hundreds of millions of dollars are riding on it, how can you say that such an important industry would have such great confidence and rely to the extent they do on it? What is the explanation for this?

Mr. MUNDORFF. They have a slavish opinion of these ratings, they have to grab on something in New York when they buy. Now locally we don't have this problem with our local advertisers.

The CHAIRMAN. Do you think that this is a traditional procedure that has grown up on Madison Avenue which led to the control of most of this, and for lack of anything else, they are using ratings which they depend on?

Mr. MUNDORFF. I would say for the lack of anything else they are using it. They have to use it, they have to justify the buy. But in my opinion, Mr. Chairman, if I may, the unfortunate part of these rating services whether they are correct or incorrect is that the ultimate decision to buy a spot schedule in the Tampa-St. Petersburg market and the amount of money—

The CHAIRMAN. But the whole thing boils down to this, that this is a procedure that has grown up and been accepted by the industry whereby as a matter of fact those who participate and accept it benefit, and those who do not are left out.

Mr. MUNDORFF. Yes, sir.

The CHAIRMAN. And that is what you say here today?

Mr. MUNDORFF. Absolutely, sir.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Mr. Mundorff, do you have a network affiliation?

Mr. MUNDORFF. No, sir.

Mr. YOUNGER. Have you ever taken a poll, a telephone poll or any kind of a survey of your own to ascertain how many listeners you have?

Mr. MUNDORFF. Yes, sir. We have been very encouraged by the results of our spot checking of our listenership. We also ran a survey, oh, some many years ago, which, of course, would not be applicable today, by Western Union. We came out fairly well but Western Union in this particular case will run a survey in any manner that you wish.

Mr. YOUNGER. Will you explain how they run their survey?

Mr. MUNDORFF. They will do whatever you want.

Mr. YOUNGER. You don't mean to convey that they will give you any kind of a report you want?

Mr. MUNDORFF. You can tell them what area you want them to call. You could even specify the homes if you wanted to and they will give you a report and put the Western Union name on it. We can come up No. 1 in the market. We have a case in Tampa-St. Petersburg where a local station on the beaches down there ran one of these Western Union surveys in which they told them what categories of businesses they wanted them to call. Then they got their report and they put a big, full page ad in the newspaper that they had more listeners than the other three stations in St.

Petersburg combined, which was a ridiculous statement. Yet it gave us a considerable amount of trouble because of the name of Western Union in back of it.

Mr. YOUNGER. I don't understand yet. You say that they will give you any kind of a report you want or do they cover any sector of your trade area?

Mr. MUNDORFF. They will do it in any manner that you direct them to do it, Mr. Younger.

Mr. YOUNGER. Well, do they make the calls, does Western Union make the calls?

Mr. MUNDORFF. Yes, sir.

Mr. YOUNGER. And you make up the questions that you want asked?

Mr. MUNDORFF. Yes, sir.

Mr. YOUNGER. And that is the way you determine the result?

Mr. MUNDORFF. Yes, sir.

Mr. YOUNGER. In other words, you are telling the committee then that any survey, telephone survey of that type, will produce the kind of a result you want, but you can control the questions, is that correct?

Mr. MUNDORFF. Surely, yes, sir.

Mr. YOUNGER. That is very interesting. That has not been introduced yet.

Mr. MUNDORFF. It is very simple, Mr. Younger.

Mr. YOUNGER. Then are we to conclude that the Western Union rating is not too acceptable?

Mr. MUNDORFF. It is accepted.

Mr. YOUNGER. Or it is reliable?

Mr. MUNDORFF. It is reliable in view of the fact you told them what questions to ask. You do not divulge this to your potential advertisers.

Mr. YOUNGER. The rating that they might give of your station as No. 1 might not necessarily be the No. 1 station if a different type of a question was asked?

Mr. MUNDORFF. Yes, sir, that is true.

Mr. YOUNGER. That is all.

The CHAIRMAN. Well, the same question asked in a different way, you say that would change the result?

Mr. MUNDORFF. Yes, sir.

The CHAIRMAN. Does Western Union carry this service on?

Mr. MUNDORFF. They have a division, as I understand it, that is countrywide that will run surveys for you in any manner that you direct.

The CHAIRMAN. But they control the questions?

Mr. MUNDORFF. No, sir; you tell them what you want them to ask and they will report the results.

The CHAIRMAN. Well, if they work on the questions that you ask them to work on, you cannot have any complaint about that, can you?

Mr. MUNDORFF. The only complaint I have is that it is a loaded survey. When I ask them to ask questions that will make me No. 1 in the market, and put Western Union's name under it, and we do not disclose the questions that were asked.

The CHAIRMAN. Another point I raise is: What could be the objection of anybody's asking or developing a question if they want to ask a question that would be misleading to themselves?

Mr. MUNDORFF. They would recognize this when they set up the survey with Western Union, but the net result—

The CHAIRMAN. But the station is doing it itself, isn't it?

Mr. MUNDORFF. If they are paying for it, but all they want is—

The CHAIRMAN. Who gets the information?

Mr. MUNDORFF. All they want is a report from Western Union.

The CHAIRMAN. All who wants?

Mr. MUNDORFF. The station.

The CHAIRMAN. What do they do with it?

Mr. MUNDORFF. They can go to the advertisers and say they had a survey run by Western Union and they came out No. 1.

The CHAIRMAN. The station provides what that result is if it is carried to its conclusion then, and the station under that kind of a situation is authorized in cooperation with Western Union to practice fraud in advertising?

Mr. MUNDORFF. Not necessarily, Mr. Chairman.

The CHAIRMAN. That is what you are saying.

Mr. MUNDORFF. The station does not divulge what questions were asked, but there is no fraud involved if they come out No. 1 and the survey is conducted by Western Union.

The CHAIRMAN. If the questions are tricky and are misleading, what is it if it isn't fraud?

Mr. MUNDORFF. I suppose it could be, sir, under those circumstances. I had not carried through the thought to that extent. I personally have not done it recently, but this particular situation was one where they had more than all three stations in the market combined.

The CHAIRMAN. Mr. Mundorff, I think you are one who has a very serious problem who we have found out a great deal of information from. There are broadcasters who have refused to program for ratings because of the effect it would have on their business.

I am very strong for this business of the broadcasting industry policing itself, but we have had this same question up over and over again. It looks as if this record is beginning to show more and more abuses and practices on the public and on the content that goes into this thing.

In my judgment it is going to call for some very serious consideration as to what should be done.

Mr. MUNDORFF. I concur, Mr. Chairman.

Mr. YOUNGER. I have one other question. It does not apply solely to this investigation, but it is connected with the question that we have been dealing with on the suspension of section 315. Now if I follow your line of reasoning, in a newscast or in a documentary or something like "Meet the Press," do you think that a station can so frame the questions that it asks as to indicate an endorsement or leaning toward one candidate as against another candidate if it were in a political fight?

Mr. MUNDORFF. I would say this could be done, Mr. Younger. The human voice can create all kinds of impressions publicly by the way you project it.

Mr. YOUNGER. The way you project the question you can—

Mr. MUNDORFF. You can draw forth a "Yes" answer or you can draw forth a "No" answer depending on how you project your question.

If you wished, as a station operator, you could reword the news to give a different impression. This is the power of radio. That is why it is under the control of the FCC and should be.

Mr. YOUNGER. Thank you.

The CHAIRMAN. Again, in order that the record may be clear on this, do the advertisers accept the type of rating that a station presents to them?

Mr. MUNDORFF. You are speaking of the local advertisers or the national advertisers?

The CHAIRMAN. Any of them, I do not care, national or local.

Mr. MUNDORFF. On a local level some of them do. On a national level I don't believe that these time buyers, that these agencies would pay an awful lot of attention to a Western Union survey. Certain agencies rely on Pulse, other agencies only use Hooper's, other major agencies will only use Nielsen's.

This is a policy set forth by these agencies. If you have a good rating in Pulse you get the business, regardless of whether it is teenagers you have as an audience, you will get the Cadillac business. There is no conception given to the frequency, whether you are non-directional or directional, your type of programing, your type of audience or the quality of your audience, they just buy on the numbers.

This is why I don't go to New York any more. I found myself spending \$500 to \$1,000 on trips to New York, going up and down Madison Avenue; calling; giving my story; and my station just doesn't mean anything; there is no sense coming up any more unless you have the ratings.

The CHAIRMAN. In other words, you just do not get in the door with that type of rating?

Mr. MUNDORFF. Absolutely. Even where it is urged by the local distributor. For instance with Coca-Cola, we had the Coca-Cola business from the local bottler, he was extremely happy with it and then because of company policy they turned it over to an agency. Despite the fact that the local bottler wanted to use us, we didn't have the numbers so we lost the business. We cannot break it down.

The CHAIRMAN. Thank you very much.

Mr. MUNDORFF. Thank you very much.

The CHAIRMAN. We appreciate having your testimony.

Mr. Robert Hurleigh.

Mr. Hurleigh, will you be sworn?

Do you solemnly swear the testimony you give will be the truth, the whole truth and nothing but the truth, so help you God?

TESTIMONY OF ROBERT F. HURLEIGH, PRESIDENT, MUTUAL BROADCASTING SYSTEM

The CHAIRMAN. Mr. Hurleigh, will you identify yourself for the record, please?

Mr. HURLEIGH. My name is Robert F. Hurleigh, I am president of the Mutual Broadcasting System which operates one of the four national radio networks.

Mutual Broadcasting is not in the television business, either as a network or as a station operator. Hence, my testimony today will be limited entirely to the field of aural broadcasting.

I think it would be helpful to the committee if it understood, in advance, the special nature of our network operations and the limited areas in which audience rating surveys touch upon that operation.

Mutual Broadcasting does not own or operate any radio stations. In this sense, we are quite different from the other three radio networks, each of which owns and operates either six or seven high-powered stations in major markets of the country.

Hence, the other networks would be interested in audience ratings both for their network as a whole, and for their owned and operated stations in these major markets. Mutual does not have this latter interest.

The most distinctive feature of Mutual Broadcasting System's operation is the fact that we are the world's largest network. There are 467 stations directly affiliated with the Mutual Network, and an additional 46 stations are affiliated with us through the Inter-Mountain Network. Thus, our programming is made available to a total of 513 stations. The overwhelming majority of these stations are in small markets.

In fact, in 200 markets, the Mutual affiliate is either the only station in the market, or the only network station in that market. Mutual operates under the basic concept that its programming is most effective when it is received via the listeners' local, hometown station, rather than from a high-powered station located many, many miles away.

With this background, let me now turn to the question of the accuracy and reliability of national rating surveys on the two major questions with which this committee has been concerned this week.

The major national rating service for network radio programming is the Nielsen survey. It is my understanding that Nielsen conducts its surveys in approximately 32 major markets, and has 1,100 to 1,200 audimeters throughout the whole country.

I think the committee will understand how a survey which is limited to 32 major markets and 1,100 to 1,200 audimeters cannot possibly come up with accurate and reliable figures as to the size of Mutual's audience, which is to be found in 513 markets, most of them small and scattered throughout the United States.

Moreover, Nielsen does not take into account out-of-home listening which is so important to radio today. Thus, it is our feeling that the Nielsen method of surveying leaves much to be desired.

The second question which this committee has been considering is the use of the audience rating surveys by networks in planning their program service. Here, too, it is very important for the committee to

understand the nature of Mutual's operation and the extent to which its programing concepts differ from that of the other radio networks.

At Mutual, we view ourselves as a service network, whose object is to serve our local affiliates by providing them with a well-rounded fare of news, public service, and public interest programing, which these stations can use or not use at their individual election.

Thus, we make available to our affiliates, agricultural programs, religious programs, discussion programs, forums, a wide variety of news and public affairs programing, business news programs, news commentaries, programs of symphonic music, sports shows and the like.

We require our affiliates to take only the 5-minute newscast on the half-hour, which we endeavor to sell in order to provide the income with which to operate the network.

Of course, we are very much interested in the kind of ratings that we get for this 5-minute newscast since the livelihood and income of the network is dependent on our ability to convince advertisers to buy this period.

However, the rest of the program fare which we offer to our affiliates is really not touched by what Nielsen says, or what any of the other national rating services say as to the size of our audience.

As I previously indicated, this material is offered purely as service to our affiliated stations and they can accept and use the programing, or decline to do so, at their own election. We will continue to offer all of these public interest programs, and I hope a good many more, and will do so even if the rating services show that such programs are less popular than hour-long personality shows, for instance, soap operas, or other entertainment features.

I don't mean to imply that Mutual's news, discussion, and other public affairs programing do not enter into the rating picture at the local level.

On the contrary, our files contain many, many letters from affiliates reporting a dramatic improvement of their ratings and share of audience after they began to offer Mutual programs to their listeners.

Obviously, when a station can make available to its local audience a well-rounded newscast originating from Washington, D.C., the Nation's Capital, voiced by a nationally known newsman, and dealing in depth with international and national news events, this kind of news program is bound to attract more listeners than would a routine newscast of the kind which might be prepared by a small market radio station from news ticker material.

Similarly, we give live coverage to political conventions, man-in-orbit shots from Cape Canaveral, and so forth, which stations could not otherwise broadcast. We at Mutual are conscious of this and, hence, try to present the best quality of programing that we know how to present, so that our programs will be attractive to our affiliate's audiences and will gain for them a larger share of local audiences.

This, in turn, has made it possible for our affiliates to have greater success in local, regional, and national sales and thus has brought them more income.

In summary, we at Mutual recognize the need in our industry for estimating the size of radio audiences. We feel that the only practical way to estimate this audience is through ratings. But we're very conscious of the limitations of the present audience rating survey methods insofar as national radio network programming is concerned.

The national service we use does not reach out adequately into the many, many small markets upon which Mutual relies to build up its vast audience. Mutual would favor and would support any practical proposal for improvement of the methodology used in arriving at ratings so that its share of audience would be more accurately reported.

However, the nature of our operation is such that the overwhelming bulk of the program service which Mutual makes available to our affiliates would remain unaffected by the "numbers" revealed in surveys.

Unless we are convinced by our affiliates, or by more reliable data than we now have, that audiences need and want different programming than that which we now offer, we will continue to offer the kind of fare in the future as we have in the past.

That is my statement, Mr. Chairman.

[EDITORIAL NOTE.—Mutual Broadcasting Co. did not supply the expenditures for audience research at the time of the hearing and the following has been supplied for the record: "Fiscal 1962, \$105,879, A. C. Nielsen Co."]

The CHAIRMAN. Mr. Sparger.

Mr. SPARGER. Mr. Hurlleigh, do you presently or have you ever had mutual guaranteed circulation contracts where if you did not meet a certain number of Nielsen rating points you would have to give additional spots to an advertiser?

Mr. HURLEIGH. Yes, we have, sir.

Mr. SPARGER. Let me ask you this, sir: In a period several years ago, Mutual canceled the Nielsen service; is that correct?

Mr. HURLEIGH. That is correct.

Mr. SPARGER. How did you appear in that period in the Nielsen rating books?

Mr. HURLEIGH. I have no real knowledge on that, it was before I took over as president of Mutual. It is my understanding at that time we lost business and had a difficult time at the agencies.

Mr. SPARGER. Were you listed in the Nielsen rating books?

Mr. HURLEIGH. No, I believe there was a blank where we normally would have appeared.

Mr. SPARGER. Are you presently subscribing to the Nielsen Radio Index?

Mr. HURLEIGH. Yes.

Mr. SPARGER. Why would you say Mutual resubscribed after previous cancellation?

Mr. HURLEIGH. It is used by 99 percent of all the nationally known agencies as a yardstick to measure the radio networks.

The CHAIRMAN. What networks are you talking about?

Mr. HURLEIGH. I am talking about almost every nationally known agency you would know from, say, J. Walter Thompson on down to those agencies that have any national business.

The CHAIRMAN. Well, I suppose you are talking about advertising.

Mr. HURLEIGH. I am sorry, sir, advertising agencies.

The CHAIRMAN. All right.

Mr. SPARGER. Did you during the period when you were listed as a nonsubscriber in the Nielsen book, lose business because you could not submit availabilities based on Nielsen information?

Mr. HURLEIGH. We could not show our share of audience and we could not make our presentations based on the Nielsen figures which were requested by the advertising agencies.

Mr. SPARGER. How high do the ratings usually run in the Nielsen network radio report?

Mr. HURLEIGH. You mean what would the Nielsen rating for Mutual or other radio networks be?

Mr. SPARGER. Yes, sir.

Mr. HURLEIGH. It runs about one point. We all average—the four radio networks are rather close together, I would say about 50,000 homes separates, many times, the top network from the low network.

You will find about 1.1 sometimes for either CBS or NBC which most of the time are at the top of the heap, and you will find a 1 or an 0.9 for ABC or Mutual. We run third and fourth.

Mr. SPARGER. Would you say, sir, that the ratings in the Nielsen Radio Index run generally within statistical variance during many time periods of the day?

Mr. HURLEIGH. Yes.

Mr. SPARGER. Let me ask you this, sir: How many homes would it take to make one rating point in the Nielsen survey?

Mr. HURLEIGH. I would say somewhere between 10 and 12.

Mr. SPARGER. Let me ask you this, sir: What would you say the value to Mutual Radio or to network radio generally, would be if there was a—if you could have the net increase across the board of one Nielsen rating point?

Mr. HURLEIGH. Assuming that there is approximately \$38, possibly \$40 million worth of national business on network radio today on all four networks, if each of the four networks could gain another rating point, I would not think that we could assume to get double the amount as you would be doubling the point ratings from 1 to 2, but you could certainly get about \$10 million more after a certain period of time. It might mean as much as a million, a million and a half dollars to Mutual, alone.

Mr. SPARGER. You have said, sir, that the advertising agencies all rely on the Nielsen rating reports in network radio; is that correct?

Mr. HURLEIGH. That is right.

Mr. SPARGER. Would you describe the present Nielsen service as a network radio report?

Mr. HURLEIGH. In which way, Mr. Sparger?

Mr. SPARGER. In the pocket piece, the NRI, is this a network radio report?

Mr. HURLEIGH. Yes, it is.

Mr. SPARGER. Let me ask you this, sir: Did your company in August 1961, in Wonewok, Minn., hold a conference with directors and directors for advertising agencies?

Mr. HURLEIGH. An affiliated company of Mutual's, the National Advertising Co., Mutual's parent company is the Minnesota Mining & Manufacturing Co. and an affiliated company of Mutual's is the National Advertising Co., an outdoor company.

It had been holding these media conferences at Wonewok and asked if we wanted to come in. We came in for the first time in 1961. This is the media conference you are referring to?

Mr. SPARGER. Yes, sir.

Was the purpose of this to give Mutual an opportunity to present a sales pitch to advertising agencies and advertisers?

Mr. HURLEIGH. Yes, sir.

Mr. SPARGER. I would like for you to identify for me, sir, this document which says "3-M Media Directors Conference, 1961," and purports to be a transcript without names.

Would you identify that for us, sir?

Mr. HURLEIGH. Yes.

Mr. SPARGER. Is this a transcript, to your knowledge, that was produced from that conference?

Mr. HURLEIGH. Well, I see some statements in here that is evident to me it was. I have never seen the transcript. I know there was a tape made of it and I can see that there are in here—yes, many things that would indicate to me that it is a transcript of it.

Mr. SPARGER. Let me ask you this question, sir: Since the advertising agencies rely so greatly on this, did an advertising agency executive, to your knowledge, reply to a question stated: "To think that Nielsen should measure network radio today is just beyond discussion"?

Is this the general tenor of the discussion of the meetings?

Mr. HURLEIGH. I recall that statement having been made by one of those attending.

Mr. SPARGER. Did the same man or a different man say, "We know that Nielsen can't do the job; Pulse can't do this job; in fact, nobody is doing this job."

Do you recall that statement, sir?

Mr. HURLEIGH. Yes, I do.

Mr. SPARGER. Did one of these media men also say, sir, that: "The time buyer and advertising agency leans upon this thing and it is the only crutch that he has?"

Mr. HURLEIGH. Yes.

Mr. SPARGER. Did an advertising agency executive in discussing the rating services say, "Yet, we go and we seriously show these things to a client and the client seriously considers them, and we never discuss the fact that they are not worth a darn"?

Mr. HURLEIGH. Yes.

Mr. SPARGER. Did an advertising agency executive say, "But the truth is nobody wants research; nobody wants solid research because they are afraid it might come back and bite them—if we want it we can get it"?

Mr. HURLEIGH. Yes.

Mr. SPARGER. Mr. Hurleigh, since this appeared to be the attitudes of some of the executives, do you feel that this is the general attitude of the advertising agency executives that were present at this conference?

Mr. HURLEIGH. Well, let us say it certainly was the attitude of many of them at the conference.

Mr. SPARGER. And yet, sir, it has been stated here before and would you agree that in spite of these statements these same executives still rely and use the Nielsen data extensively in purchasing spot radio and Mutual radio?

Mr. HURLEIGH. Yes, sir.

Mr. SPARGER. Did you ever request of Nielsen information as to what you might do to increase your rating?

Mr. HURLEIGH. Yes, sir.

Mr. SPARGER. Did they advise you that you should obtain a certain type of facility in order to help increase your ratings?

Mr. HURLEIGH. Yes, sir.

Mr. SPARGER. What type of facility was this, sir?

Mr. HURLEIGH. They suggested that we obtain as our facility 50,000-watt stations in as many of the major markets as possible.

Mr. SPARGER. Let me ask you this, sir: After you came back and started purchasing the Nielsen service again nationally, do you feel that if you had not purchased the Nielsen national service, Mutual would not have been able to survive economically?

Mr. HURLEIGH. There would have been grave doubts whether we could have or not.

Mr. SPARGER. In other words, sir, you are saying that in order for a radio network to operate it must have—or in this period in 1957 and 1958 when Mutual was not listed in the Nielsen reports—they must have subscribed to this service in order that they could economically survive?

Mr. HURLEIGH. We have found it wise to keep Nielsen for that reason.

Mr. SPARGER. No further questions, Mr. Chairman.

The CHAIRMAN. Mr. Moss.

Mr. MOSS. Mr. Hurleigh, do you use both NRI and NSI?

Mr. HURLEIGH. We use NRI, Mr. Moss, and from time to time we have the NSI.

Mr. MOSS. Do I understand you supply services to your affiliates and these are supported, if I interpret your remarks correctly, by the sale of the 5-minute newscast on the half hour?

Mr. HURLEIGH. The network is, sir.

Mr. MOSS. This is the principal network support?

Mr. HURLEIGH. It is our only income other than the religious programs that we sell.

Mr. MOSS. And this is sold what, national advertising?

Mr. HURLEIGH. National advertisers.

Mr. MOSS. And at this point the NRI rating is of significant importance?

Mr. HURLEIGH. Yes, sir.

Mr. MOSS. You do not, however, use the Nielsen station reports?

Mr. HURLEIGH. No, sir; not for the same reason. I should like to add, that in 1959 we made comparisons using Pulse, which is another rating service, and using the station indexes of Nielsen and with our top 10 or 20 markets came up with more audience through the station index and through Pulse than we were given by Nielsen in the national rating picture of their Nielsen Radio Index.

So it is rather confusing to us that we have such a small audience in NRI comparatively with 438 stations that may be clearing at one time than they will report in the Nielsen Station Index for perhaps 20.

Mr. Moss. Well, your experience is similar to that of what ABC told us yesterday that NRI for 5 stations gave them 99,000 listeners and the NSI for 175 stations for the same period of time gave them an audience of 138,000.

Mr. HURLEIGH. Very confusing, Mr. Moss. Also, if I may say so in this same connection, and as I mentioned in my statement, my prepared statement; we do not feel that we get credit for the 200 stations that are in the smaller markets, particularly stations where we are the only network, markets where we are the only network station.

Mr. Moss. If I understand you correctly, you have an associate affiliation in Inter-Mountain?

Mr. HURLEIGH. The 46 stations of the Inter-Mountain with headquarters in Salt Lake City.

Mr. Moss. They do not exist for the purpose of national radio? My understanding is that the mountain time zone is excluded.

Mr. HURLEIGH. That is right.

Mr. Moss. Well, this important part of your market is just overlooked completely?

Mr. HURLEIGH. We feel there are many areas where we do not get credit. If you realize that we will clear 435, 440 stations at one time for a national advertiser and if you figure that a market of some 50,000 where we have a network station should have an audience. I heard the testimony of an owner that he has no audience in his locality or has none given to him by the rating service. If we have 1,000 people or homes tuned into that station and we have 438 stations, we certainly should have a larger audience than Nielsen will give us at any one time.

I am not even counting our major market stations that certainly have many times that amount.

Mr. Moss. Are advertisers interested in reaching the people who reside in Colorado, Wyoming, Montana, Utah, New Mexico, and Arizona?

Mr. HURLEIGH. Mr. Moss, they buy those numbers, they buy those figures. If we come in and we show less figures that increases our cost per thousand sales, and our pricing has to be competitive with the other network. What we have in a smaller market does not seem to count.

Mr. Moss. Do you regard the ratings as alone reliable?

Mr. HURLEIGH. I have never questioned the basic integrity of the service that we use insofar as what they do with the figures when they get them. I do quarrel with, and have in the past, the methods that they use. I think it is inadequate.

Mr. Moss. It does not question integrity to method?

Mr. HURLEIGH. It could, sir, but I am not in a position nor do I feel that I wish to question their integrity.

Mr. Moss. Well, do you question the integrity of the figure without questioning the integrity of the individual?

Mr. HURLEIGH. No; I say if Nielsen would put more audimeters in other areas, if they would go outside of the 32 markets to measure, then we could get some credit for this, you see.

I also believe that they are following an archaic method in suggesting that we get 50,000-watt stations. This was predicated on the old idea when programing on radio stations was of the Jack Benny, the Fred Allen programs, the Fibber Magee and Mollie, when, taking a city like Chicago, the 50,000-watt stations could beam that program out many, many miles, and obviously you would have listeners in other areas because there would be no network affiliation in these other areas tuning to these programs.

We had no television. But with the advent of television the programing, per se, of this nature went off radio stations. The 50,000-watt station certainly does not do any more of a job in a given market than a 5,000-watt station that has power enough to adequately cover the area.

If a station has a good disc jockey, and I will show you many instances where a 5,000-watt station does a better job and gets a higher rating than a 50,000-watt station. But Nielsen still figures on the number of homes covered by a station.

So if a 5,000 station comes up with one point and a 50,000 station comes up with one point, Nielsen then has a way of figuring the number of homes that would be in the 50,000-watt area and would give them a final rating larger than the 5,000-watt station which would not be assumed to cover as much distance; but you won't find the people in Connecticut and Hartford listening to the New York stations as much today as you did years ago when they were listening for the big programs. They want to know the weather; what is happening in the town; local programing. This is our philosophy, to allow the local station to do the local programing and we give the stations those things nationally that they would not otherwise have.

The CHAIRMAN. Will the gentleman yield?

Are you saying then, Mr. Hurleigh, the methods used, as you have described, result in false reports of what the actual facts are on which the national advertisers depend?

Mr. HURLEIGH. Misleading; certainly. We get no credit. In California we have 30 stations. We have nine in your State, sir. I believe that the nine stations that we have in Arkansas certainly give us an audience that would be competitive with and perhaps higher than several stations in your major markets that would have none of the buttressing that we give from Helena, Ark., and places of that sort.

The CHAIRMAN. You say "misleading." I used the word "false." Let's analyze that just a moment.

You have just said that with regard to those stations serving a certain area, and you call that a market?

Mr. HURLEIGH. Right.

The CHAIRMAN. And you have just said that the station with 5,000 watts in community "B" is included in that market?

Mr. HURLEIGH. No, sir; I don't believe I said that or I am misunderstanding you. I said there could be two stations in Chicago, two with their license granted for the city of Chicago and then the market is Chicago and environs.

Now the 5,000-watt station licensed for Chicago would obviously not have the power to go out as far. In other words, it would not be considered to take in Milwaukee, but a 50,000-watt station would be given the coverage to expand over Milwaukee.

Now in the days when you had the other kind of programing and no television where they had to tune to that Chicago station, that 50,000-watt station in order to get the programs they wanted if they resided in Milwaukee or a little further north of Milwaukee, perhaps up the lake, these people would bring up the total audience for the 50,000-watt station, but today with the advent of television that 50,000-watt station does not do anything more than the 5,000-watt station, and the 5,000-watt station could conceivably have a better lineup of talents, disc jockeys primarily, and news and things of this sort. So it would gain a better audience in the Chicago market, yet the 50,000-watt station would get a larger rating or a higher rating because Nielsen gives them credit for the number they would normally cover by their 50,000 watts because Nielsen is still using the method that they used back in those days.

I quarrel with them and want them to try to rate it for the practical environs of where the listening habits of the person would direct them to follow the station.

The CHAIRMAN. In other words, you say then, that the very fact that the 50,000-watt station covers Milwaukee, that Nielsen is giving a report that includes Milwaukee when actually the report has nothing to do whatsoever with the service that it is rendering in the Milwaukee area?

Mr. HURLEIGH. That is right, sir.

The CHAIRMAN. Now, if that is not false, what would you call it?

Mr. HURLEIGH. Misleading, sir.

Mr. MOSS. I have no more questions.

The CHAIRMAN. Mr. Rogers of Florida.

Mr. ROGERS of Florida. Mr. Hurleigh, as I understand it, your main income from your affiliates is brought about by the purchase of your news program, is that correct?

Mr. HURLEIGH. Not from our affiliate, sir. We get no income from affiliates for advertising. The contract is, that an affiliate gives us 5 minutes of its time in effect on every half-hour and we give them 5 minutes of our service. It is a swap, you might say.

Now, in some areas, obviously you get into a position where you go into promotional endeavors to help a station in a major market.

Mr. ROGERS of Florida. So, then, you have that 5 minutes to sell to a national advertiser?

Mr. HURLEIGH. Yes.

Mr. ROGERS of Florida. I see. Now, I believe you stated that when you dropped—canceled—the Nielsen service, that it definitely affected the national advertising.

Mr. HURLEIGH. It did, sir.

Mr. ROGERS of Florida. Any particular accounts that it dropped, that you recall?

Mr. HURLEIGH. No, not at the moment.

Mr. ROGERS of Florida. Could you get that information?

Mr. HURLEIGH. Yes.

Mr. ROGERS of Florida. Could you furnish it?

Mr. HURLEIGH. Yes, indeed.

[EDITORIAL NOTE: Information not supplied by Mutual Broadcasting System.]

Mr. ROGERS of Florida. And the amounts of the contracts involved?

Mr. HURLEIGH. Yes.

Mr. ROGERS of Florida. And perhaps the dates when you stopped the service, and how quickly it affected your revenues on national advertising?

Mr. HURLEIGH. There is this, too, to be said: Our sales staff, without this tool, is at a disadvantage as he competes for a sale with the salesmen from the other networks. Now, if the salesman works harder, and obtains a contract, it might not necessarily show up as much as it would really be plaguing us, from the standpoint of having our salespeople coming back very unhappy that they do not have the same sales tool, as they call it, that their competitors have.

Mr. ROGERS of Florida. Now, from what I have understood, the rating does not vary greatly between the various networks; is that true?

Mr. HURLEIGH. That is right, sir.

Mr. ROGERS of Florida. It is quite close?

Mr. HURLEIGH. Yes.

Mr. ROGERS of Florida. Is there any other service besides Nielsen that actually rates all of the networks?

Mr. HURLEIGH. No, sir; radio networks, no.

Mr. ROGERS of Florida. No other service?

Mr. HURLEIGH. There is no other service available to measure, even as Nielsen attempts to measure it, the national radio audience, other than Nielsen.

Mr. ROGERS of Florida. So, they have a complete monopoly in this field?

Mr. HURLEIGH. They are alone in that field.

Mr. ROGERS of Florida. Yes. Did you ever discuss with the Nielsen people, or any of your staff discuss with Nielsen, an improvement of their methodology?

Mr. HURLEIGH. Yes, sir. I had a running feud with them in 1959. I carried on quite a campaign to try to obtain what I requested to be an audit bureau of circulation, which is used for publications, particularly newspapers; one that would be as Caesar's wife—that we all believed; that the agents could believe; that the clients could believe.

The client is the most important person here; this is the one that believes he is getting this circulation, and depends entirely upon the Nielsen figures as submitted to him by his advertising agency.

So, I have called for this as recently as last November in a speech here at the Advertising Club in Washington. I suggested that, with the money being spent by radio stations and television stations, and the television networks and the radio networks; we spend \$105,000 a year with Nielsen, and, if you combine all of this money that is being spent by the different agencies—may I add, too, that advertising agencies pay a pretty penny for this service, too.

Mr. ROGERS of Florida. You mean Nielsen also charges the advertising agents?

Mr. HURLEIGH. Yes.

Mr. ROGERS of Florida. For the same service that they have been paid for by the networks?

Mr. HURLEIGH. That is right, sir. Now, if we could get all of this into one pot; that is why I wonder about your questioning; is it solely in this field? Because, ABC is alone in the field of measuring the circulation of newspapers. If it could be the kind of a measurement that we could rely on, and we would all believe in as the ABC figures are believed in, then we should not question whether it is alone in the field, perhaps.

Mr. ROGERS of Florida. Your suggestion would be to have an industry group do this?

Mr. HURLEIGH. That is right. That was my suggestion in November, and has been my suggestion since 1959.

Mr. ROGERS of Florida. Through your National Broadcasters Association?

Mr. HURLEIGH. I suggested the Radio Advertising Bureau because, you see, I do not feel I can speak for television or television stations. The Radio Advertising Bureau is an organization similar to NBA, excepting that RAB has nothing to do with legislation or FCC; it is trying to sell radio.

Mr. ROGERS of Florida. What specific suggestions did you make as to methods in obtaining a correct result for radio?

Mr. HURLEIGH. I did not get into the methodology. I suggested that the RAB call in all of the major rating services, try to decide which of their ways of measuring was the best, try to combine them, perhaps, and to come up with a Radio Audit Bureau.

Mr. ROGERS of Florida. Has there been any acceptance of your idea?

Mr. HURLEIGH. I believe that there will be, in the next several weeks almost, a meeting in connection with this. I was told this about 2 weeks ago.

Mr. ROGERS of Florida. And you have been talking for this for how long?

Mr. HURLEIGH. Since 1959, sir.

Mr. ROGERS of Florida. Now, in talking to Nielsen, did you make some specific suggestions as to changes you thought they should make?

Mr. HURLEIGH. Yes. I asked to have a measurement of our smaller stations. I suggested that I did not believe that they are right, in the way they are requesting the 50,000-watt stations, and the ABC radio network is now out on a campaign to try to get 50,000-watt stations.

I don't believe that you need 50,000-watt stations in these markets, particularly if you have stations around there. The weather can change in 50 miles.

Mr. ROGERS of Florida. I understand. Now, has Nielsen made any changes according to your suggestions?

Mr. HURLEIGH. I don't believe they have; yes, I have a letter here which may be interesting, if I may read it, Mr. Chairman.

This is from the Nielsen organization, dated March 1, 1963. It is concerning the NSI, which is the Nielsen Station Index.

For some time we have recognized the increasing need for two major changes in NSI measurements and reporting of local radio audiences, to reflect trends

taking place in radio itself and to maintain Nielsen's standards of accuracy and statistical significance. The primary needs are:

1. Inclusion of more of the sources of listening such as: personal portables, transistors, etc., auto radios, FM and AM, both in-home plus out-of-home and by stations.

2. Larger samples, to help delineate real differences between audiences of the ever-increasing numbers of radio stations.

If you notice the date, sir, March 1, it seems apparent to me that perhaps your committee, Mr. Harris, is having some effect.

Mr. MOSS. Who signed that?

Mr. HURLEIGH. Signed by Mr. John K. Churchill.

Mr. MOSS. I ask that that be made part of the record, Mr. Chairman.

Mr. CHAIRMAN. Have you read all the letter?

Mr. HURLEIGH. No.

The CHAIRMAN. Let it be included in the record.

Mr. HURLEIGH. This is a copy from Nielsen. I did not bring mine. I had this copy here.

Mr. ROGERS of Florida. Mr. Hurleigh, let me ask you this: Is it your feeling since Nielsen is the only rating service that rates networks that they have not had to make any corrections according to suggestions by the various networks because they are the only rating service that is available?

Mr. HURLEIGH. This is possible, sir.

Mr. ROGERS of Florida. Well, is it or is it not?

Mr. HURLEIGH. It would appear to be; yes, sir.

Mr. ROGERS of Florida. So, in effect, they have a monopoly here and they ignored suggestions of improvement; is that true or not?

Mr. HURLEIGH. They have not taken our suggestions for improvement to help us. Now the point might be, and I do not wish to defend Nielsen but I think in fairness I should say that we were asking for measurements which would help us. We believe our philosophy is proper and right that we are not getting credit for these stations.

Our whole idea of the Mutual network, as it was first established, was not necessarily to go into the major markets and be a dominant factor but to give the advertiser those markets which he would not normally get.

We are twice as large as NBC and CBS in numbers but we seem not to get credit for it. I was asking for something specific and it might not have been in the idea of the Nielsen people that this would be for all of the networks.

Mr. ROGERS of Florida. That is all. Thank you.

The CHAIRMAN. Mr. Hull, do you have anything?

Mr. HULL. No.

Mr. MOSS. Mr. Hurleigh, do you agree for all practical purposes, the Nielsen Radio Index has become a standard in the industry?

Mr. HURLEIGH. Yes, sir.

Mr. MOSS. A standard should be relied upon?

Mr. HURLEIGH. Yes, sir.

Mr. MOSS. To the extent it should be possible to make it so?

Mr. HURLEIGH. Yes, sir.

Mr. MOSS. This standard is not reliable because on its face without examination of methodology you can take two products from the same firm, NRI and NSI, and come up with totally irreconcilable differences, in fact, you arrive at the impossible because you can take more

stations covering the same period and get fewer listeners than you can by taking a fractional part of the number of stations and get more listeners?

Mr. HURLEIGH. That is right, sir.

Mr. MOSS. Rather it borders on fantasy; does it not?

Mr. HURLEIGH. It certainly does, sir.

Mr. MOSS. And if this fantasy becomes the standard, then it is difficult to regard it as reliable?

Mr. HURLEIGH. That is right, sir.

Mr. MOSS. Thank you.

The CHAIRMAN. Thank you very much, Mr. Hurleigh. We appreciate having your testimony.

Mr. HURLEIGH. Thank you, sir. Thank you, gentlemen.

The CHAIRMAN. Mr. Gordon McLendon.

Do you solemnly swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McLENDON. I do.

The CHAIRMAN. Would you identify yourself for the record?

**TESTIMONY OF GORDON McLENDON, PRESIDENT, McLENDON CORP.,
DALLAS, TEX.**

Mr. McLENDON. Gordon McLendon.

The CHAIRMAN. Of course we knew your name. Will you further identify yourself, please?

Mr. McLENDON. Dallas, Tex., is my residence. I am the president of the McLendon Corp. which owns and operates six radio stations in the United States.

The CHAIRMAN. Do you have a statement?

Mr. McLENDON. I have not got a prepared statement.

The CHAIRMAN. Do you have any comment of your own you would like to make?

Mr. McLENDON. Yes, I have. I think perhaps some questions that may be asked me will furnish me with a background for making these comments, but I can go ahead and make these comments before the questions are directed to me if you wish.

The CHAIRMAN. Very well, you may proceed.

Mr. McLENDON. I have no particular comments to make here this morning about either Pulse or Hooper. I wish, however, to say that in our own experience and for reasons which I will set forth here, we regard the Nielsen rating as a colossal and meaningless absurdity. Among other factors, let us take first of all an actual comparison of ratings in Louisville, Ky.

Our corporation owned a station in Louisville, Ky., at the time that these ratings were made. In the period from October through December 1961, while we owned WAKY in Louisville, at 7 o'clock in the morning Hooper showed that station with a 42-percent share of audience. Pulse showed the station with a 29-percent share of audience at 7 o'clock in the morning. Nielsen showed the station with a 5-percent share of audience.

At 7:30, Hooper shows us with 33.1 percent, Pulse with 30 percent, Nielsen with 9 percent.

I need not point out to you gentlemen that those figures are quite a disparity.

We have a situation existent where this disparity runs throughout the comparison between Nielsen and Pulse. We have a situation now in Chicago which is even more absurd where our radio station which at times approaches first place in the Chicago market in both Pulses and Hooper is not even listed by the Nielsen report.

We understand that the Nielsen people simply have not gotten around to recalibrating whatever instruments or audimeters they have in the Chicago market.

Our question is how much longer do we suffer before these people recalibrate? Nielsen has just circulated a letter of which Mr. Hurligh has read a part. They say,

We have now discovered that we need about four or five times as great a sample as we presently have in order to be accurate.

What has happened to all these reports in the past? If they assume that they need a much greater sample to be accurate, they, of course, admit that they have not been accurate in the past. And how about the millions upon millions of dollars of damage that have been done to American radio stations by their inaccuracy of the past? Are we merely to ignore the fact they now say "We better have a four or five times greater sample"?

What will happen about all these hundreds and hundreds of millions of dollars damage done to the radio business down through the years past?

Nielsen further says, and it is always interesting, that—

Audiences for outside stations are reported if they meet the above standards and are a material factor in this market.

Well, is Nielsen to set themselves up as God and say which stations are material factors in the market?

I would like to have somebody at Nielsen explain to this committee or any other committee what they regard as a "material factor." It is not set forth at any place.

For quite a long time after we became first in the Oakland-San Francisco market in Hooper, we were not even listed by the Nielsen report in Oakland and San Francisco and the reason that we were not listed for quite a spell was because of a statement in a letter from Nielsen that—

Nielsen resists including a station in the report until we are assured of its continuing stability.

How long does a station have to go until Nielsen is assured of its "continuing stability"? And besides that, in a matter of true research, if a station has $33\frac{1}{3}$ percent of the audience, or 5 percent, or 1 percent, or 100 percent, it should be reported. Its "continuing stability" has no place whatever in reporting of audience measurement.

Mr. Moss. Would you identify the station in San Francisco?

Mr. McLENDON. KABL in Oakland, Calif.

We have any number of instances in our radio stations where damage has been done, traceable damage, and we have on occasion notified the Nielsen Co. of that damage.

I have a memorandum here of March 8, 1957, in which we notified Nielsen that our station in San Antonio, KTSA, had just lost Silver Dust, 11 spots per week for 24 weeks at our cost of \$25 each. The memorandum goes on to say,

The total amount of the order loss amounts to \$6,600.

On May 29, 1957, we wrote Nielsen,

For your information the business placed for Merrin through J. Walter Thompson was placed as a result of Nielsen NSI in 1957; the amount of money was \$9,000 over a 13-week period.

Another quote:

I called on the agency with Paul Ray of John Blair's office in Chicago and talked to Mary Kay, time buyer, and Ed Fitzgerald, head of Media, and they both gave me the same story, that they only use Nielsen.

The Daren McGavren Co. writes,

Mike Schwartz was pitching Extra News, a station located in Tijuana and for which our corporation holds the U.S. sales rights.

J. Walter Thompson pretty much honors the Nielsen rating as per our discussion and at your recommendation Mike asked the buyer to call for the figures allocated to Extra News. The buyer did so and somebody at Nielsen told him that no figures for Extra News in Los Angeles were compiled at all.

For some strange reason in the San Diego book they put us in with a funny little box which says we have no audience there. At any rate, they will not give any Nielsen figures for Extra News. They refuse to acknowledge the fact that we exist.

I have, I think, pointed out also that in Buffalo the manager of our station WYSL in Buffalo, Arthur Holt, wrote me on March 17, 1961:

I have just returned from a sales trip to Chicago where the really great importance of being listed in Nielsen was impressed on me by the attitude of the buyers. Currently we are not being considered a factor in the market despite Pulse and Hooper acceptance, et cetera.

When such New York accounts as Pall Mall and Nescafe are also following this line of reasoning, it becomes obvious how absolutely essential it is that we be listed by Nielsen in their next report for Buffalo. Without attempting to exaggerate the significance, I believe that annual money equal to a normal month's billing is being withheld from us because of our failure to appear in Nielsen.

Any personal attention that you are able to give this problem will be greatly appreciated since it affects our earning power to such a great extent.

Gentlemen, as I say, so that you will not have the impression that I am complaining about rating services because our programing is poor and we have low ratings, I do not wish to have this committee misunderstand me. I have no comments about Trendex, Pulse, Hooper. I am only pointing out the absurdity of and the damage done to the broadcasting industry by this one rating service. The others I have quarreled with here and there, but they are complaints that I can work out privately with the rating services involved.

I come before you to complain about radio ratings not as a matter of sour grapes but to complain of one rating service specifically, and that is my statement.

The CHAIRMAN. Mr. Sparger.

Mr. SPARGER. Mr. McLendon, you, in the summer of 1962, requested that your advertising representative, the Daren McGavren Co., contact Nielsen and find out why Extra News was not listed in Los Angeles?

Mr. McLENDON. I can't recall, but I sure hope I did.

Mr. SPARGER. Did you receive from your rep this memorandum?

Mr. McLENDON. I see. This was Bill Morgan, our station manager, contacting McGavren, but I did receive a copy of this memorandum; yes.

Mr. SPARGER. In this memorandum the director of research, Mrs. Horn, of McGavren & Co. stated:

I have been told the company policy is that the publication of station totals is not mandatory when the station in question is not licensed to the market for which the report is issued.

In the case of Extra News, it is not licensed to Los Angeles.

2. It is not licensed to San Diego, but stations totals were published in this market report because of past relationship to XEAK. Station totals were withdrawn from the book at the request of station management.

3. Therefore, since the station is not licensed to either market, they are not obliged to publish the station totals in either report.

Now, you have stated, sir, that according to the Nielsen pocketpiece that the station must first be a material factor in the market. On another occasion you were told that the station must show up in San Francisco with stability and in this third situation, you were told that the station must be licensed to the market.

Mr. McLENDON. There is one other line there that you didn't read. It said they repeated that subscription to the L. A. salesman that station totals will be published in the L. A. book. Apparently, that is a fourth criteria.

Mr. SPARGER. Yes, sir; I was going to get to that next.

Mr. McLENDON, you have stations in several markets. Generally what types of programing do you use on these stations?

Mr. McLENDON. We have various types of programing which we use. We have popular music stations in Dallas, Houston, San Antonio. In Oakland and in Buffalo our stations are what we would characterize as good music stations. In Chicago our station is oriented toward Chicago's very large Negro audience, and the station for which we have the sales representation in Tijuana is an all-news radio station.

Mr. SPARGER. In testimony yesterday, Mr. Peter Tewksbury discussed television programs and how it was necessary for them to start in order to make an appearance in the rating books. He mentioned that it was necessary to promote with the new show to get audience originally and that the programing had to be good to keep the audience, but continued promotion would help.

Have you found this true in radio?

Mr. McLENDON. Yes. I believe there are some shows, some few shows, that are so unique and so very good that without any promotion at all they seize an audience.

As for instance, the "\$64,000 Question" was so unique and so big that even without anything more than the word-of-mouth promotion, it would have gotten an audience; but by and large, the average radio show must have initial promotion to attract attention to it. Then if it is a good show, it can retain it itself without too much promotion.

Mr. SPARGER. Do you continue promotion after the first operation, after the first opening of a station in the establishment of a station?

Mr. McLENDON. We do. We have continuing promotions on all of the radio stations where we have anything to do with the programing.

Mr. SPARGER. Have you done these promotions recently and if so what type would they be?

Mr. McLENDON. Yes. We are constantly involved in programing, in promotion. For instance, some of the promotions involve themselves with giveaways, many do not. As for instance, the other day we had a contest which was a kind of humorous contest in Chicago which the listeners were advised if they would send us \$500 we would send them 25 words or less.

(Laughter.)

It caused a lot of comment and to my absolute amazement we got two checks for \$500.

(Laughter.)

Which we had to return, of course.

In another instance last week our station in Dallas, trying to, I suppose, capitalize on the publicity being given the President's endorsement of 50-mile hikes staged what we call a forced march from the Sheraton Hotel in Dallas to the Southland Life Insurance Co. building which is a distance of approximately 50 yards and some 1,000 people joined the announcer in this forced march of 50 yards.

So it takes all kinds of promotion and continuing promotion to keep the people talking about the radio stations. I make no apologies whatever about promotion. I think it is important, vital—and show me the station that has no promotion or poor promotion and I will by and large show you a station which is not operated in the public interest as well as it should be.

Mr. SPARGER. Have you used devices such as window stickers on automobiles?

Mr. McLENDON. Yes.

Mr. SPARGER. How would this work, sir?

Mr. McLENDON. After—well we have worked in many ways. In some cases we have sold it to a client, that is, we go to a client and say: If you will pay us so much money we will advertise that rear-window stickers for this radio station, which also will bear your name, can be had at a certain place and we will get the audience to come and get these stickers and post them on the back of their car windows. In other cases we have not received money, we have merely printed the stickers ourselves without any sponsor identification on them and induced, oh, for instance, a chain of filling stations to distribute the stickers for us. I hope I am being responsive.

Mr. SPARGER. Yes, sir. Would you say that this keeps your name, the name of the call letters of the station before the public?

Mr. McLENDON. It is certainly one of the devices which we feel keeps our name in front of the public.

Mr. SPARGER. Do you feel the methods used by some survey companies that it is important that people be made familiar with your call letters?

Mr. McLENDON. I am sorry.

Mr. SPARGER. In the methods used by some of the survey companies do you feel that as a result of these methods that it is important that your call letters become known to the public?

Mr. McLENDON. I think it is important for everyone except Nielsen because I think Nielsen is so ridiculous I don't know what is important.

Mr. SPARGER. Tell me, sir, do you know what the sample size of the Nielsen survey is in Chicago?

Mr. McLENDON. I do not know for a fact. I could only guess. If you would care to have my guess I shall.

Mr. SPARGER. Would you estimate it for us, sir?

Mr. McLENDON. I would guess 300 in the city of Chicago and of those I would guess that only a very small fraction of those are actually on meters, that the rest of the sample of perhaps 300 is probably a diary sample.

Mr. SPARGER. Then approximately how many homes would it take to make up a Nielsen rating point in Chicago?

Mr. McLENDON. Approximately three homes to make up one rating point.

Mr. SPARGER. If you were able to have a net increase across the board of one rating point in the Chicago Nielsen survey what effect would this have on your local and national business?

Mr. McLENDON. My answer will be related to our station in Chicago, WYNR. I would say an increase of 1 Nielsen rating point could mean \$25,000 a month to our station in Chicago.

Mr. SPARGER. Would that be locally?

Mr. McLENDON. The majority of that sum would come from Chicago advertising agencies since that is the city in which Nielsen is most accepted.

Mr. SPARGER. Would you say, sir, that in Chicago even locally that advertising agencies rely greatly on the Nielsen data?

Mr. McLENDON. I certainly would.

Mr. SPARGER. Would you say that most of the time purchases by advertising agencies in Chicago are based on Nielsen rating data?

Mr. McLENDON. I cannot answer that. I would rather rephrase it and say that of purchases made by Chicago time buyers based upon rating services far more purchases are based upon Nielsen than are based upon any other rating service.

Mr. SPARGER. Are you a subscriber to any Nielsen reports in any market?

Mr. McLENDON. We are in Houston.

Mr. SPARGER. Why are you a subscriber there, sir?

Mr. McLENDON. Because we are No. 1.

Mr. SPARGER. Are you listed in any reports in which you are a non-subscriber in any market?

Mr. McLENDON. Yes.

Mr. SPARGER. Are there any markets in which your station is not listed by Nielsen?

Mr. McLENDON. Yes.

Mr. SPARGER. I want to give you this, sir. This is the Louisville area per broadcast radio supplements, July-August 20, 1961. I would like you to tell me, sir, what sample size is represented to you in your judgment in that report?

Mr. McLENDON. It reads:

In general, however, there are not less than 150 different homes.

Mr. SPARGER. Would you be under the impression, sir—would it be represented to you from your understanding, of this, that there would be a minimum of 150 homes?

Mr. McLENDON. Yes, that would be my understanding of what it says there. In fact that is what it says.

Mr. SPARGER. Would you have a problem getting certain station representatives if your station did not materially improve in its ratings?

Mr. McLENDON. Definitely.

Mr. SPARGER. After you bought the station in Louisville, when you improved your ratings in the market, did you have a substantial increase in national business from a result attributable to ratings?

Mr. McLENDON. A tremendous increase.

Mr. SPARGER. Was it over 3,000 percent, sir?

Mr. McLENDON. I am not certain but that sounds like an accurate figure.

Mr. SPARGER. What position was your station in the market when you took over the station?

Mr. McLENDON. Well, I would characterize it as in last place.

Mr. SPARGER. Within a short period of time what position was it in?

Mr. McLENDON. In first place.

Mr. SPARGER. At one time, sir, it was reported that you paid your disc jockies on the basis of their Hooper rating. Did you do this, sir?

Mr. McLENDON. I did.

Mr. SPARGER. Are you still paying your disc jockies on the basis of their Hooper rating?

Mr. McLENDON. No, we discontinued it.

Mr. SPARGER. For what reason, sir?

Mr. McLENDON. I don't think disc jockies were quite able to understand it. So we discontinued it, not because it didn't seem to be working for us, we still think it was a most legitimate method of compensation if they just could have understood it.

Mr. SPARGER. Did you pay them on the basis of the 30-minute period listed in the Hooper report?

Mr. McLENDON. To the best of my memory, yes.

Mr. SPARGER. This question, Mr. McLendon, in conclusion. When the advertising agencies buy time using the Nielsen report, to your knowledge do they rely on the average audience figure or upon the cumulative audience figure?

Mr. McLENDON. The average audience figure.

Mr. SPARGER. No further questions.

Mr. MOSS. No questions.

The CHAIRMAN. Mr. Springer.

Mr. SPRINGER. No questions.

The CHAIRMAN. Mr. Hull.

Mr. HULL. No questions.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Just one. Do you have any network affiliate?

Mr. McLENDON. I do not, sir.

Mr. YOUNGER. They are all independents.

Mr. McLENDON. They are all independents, yes, sir.

Mr. YOUNGER. That is all.

The CHAIRMAN. Mr. Rogers.

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

Mr. McLendon, what reaction did you get from Nielsen when you brought these matters to their attention? I believe you wrote them

certain letters about the loss of certain business. What reaction did you get?

Mr. McLENDON. I find it difficult to answer that question, sir, because the answer I got I would term doubletalk. I cannot remember doubletalk so I would say that is the answer I got.

Mr. ROGERS of Florida. Was it in a letter or a telephone call or what?

Mr. McLENDON. Yes, I have any number—I will not say any number, I have a few letters from Nielsen which impressed me as being doubletalk. Maybe somebody can understand them, I can't.

Mr. ROGERS of Florida. Can you furnish them to the committee?

Mr. McLENDON. I have already furnished that to this committee.

Mr. ROGERS of Florida. All right. Could you give us maybe an example of this doubletalk you are talking about if you recall it?

Mr. McLENDON. No, sir, I do not at this moment recall it.

Mr. ROGERS of Florida. Have you tried to subscribe to the Nielson in some of these areas?

Mr. McLENDON. No, sir; we have not. The first time that we ever subscribed to Nielsen was in the last couple of years when suddenly we turned up No. 1 in Houston. It seemed to us since this—it seemed senseless to us since we were No. 1 that we should not go ahead and use it for a sales tool, although I have tried to make clear here I do not believe it. But if some agencies do, as a matter of good common sound business sense it makes sense for us to buy it when we are No. 1.

Mr. ROGERS of Florida. Have you tried to use any other agencies in your sales pitch to advertisers, national advertisers?

Mr. McLENDON. In any other rating services?

Mr. ROGERS of Florida. Yes.

Mr. McLENDON. Yes, we do constantly. We use Pulse. We use the Hooper service. We have used at different times the Trendex service. We have quarrels from time to time, we disagree with them that we are too low here or that they are not doing certain things right but we are able to iron these things out privately. It is only when a survey in our opinion has no vague relevancy to the facts that we feel that we must come before this committee or else seek other redress.

Mr. ROGERS of Florida. Let me ask you. Those advertisers who cancel or refuse to continue their advertising with you because you did not have Nielsen ratings, were they willing to accept another rating at all?

Mr. McLENDON. I cannot answer that in every case. However, sir, I can testify definitely that there are several major agencies where a Nielsen rating is mandatory. No other rating will satisfy them if there is a Nielsen rating in the market.

Mr. ROGERS of Florida. That is all.

The CHAIRMAN. Mr. Springer.

Mr. SPRINGER. Where there is a Nielsen rating you say an advertiser won't accept it?

Mr. McLENDON. No, as I said there are certain agencies that will accept nothing else.

Mr. SPRINGER. Certain agencies?

Mr. McLENDON. Certain major agencies.

Mr. SPRINGER. To that extent and in that respect Nielsen has a monopoly, does it not?

Mr. McLendon. Yes, it does. The answer is yes. I want to make it clear I am not here to complain about monopoly. If monopoly is gained genuinely and through competency, if any concern is so good and so accurate and serves such a worthwhile function that it gains a monopoly through merit, that is fine. Where the monopoly is gained through other than merit I would complain and here it is certainly gained through other than merit.

Mr. SPRINGER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. McLendon. We want to thank you for your presence and your testimony.

Mr. McLendon. Thank you, sir.

The CHAIRMAN. Mr. C. Van Haaften.

Will you be sworn Mr. Van Haaften?

Do you solemnly swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. VAN HAAFTEN. I do.

The CHAIRMAN. Will you identify yourself, please?

**TESTIMONY OF C. VAN HAAFTEN, MANAGER OF STATION KTUC,
TUCSON, ARIZ.**

Mr. VAN HAAFTEN. I am part owner and manager of a radio station in Tucson, Ariz., KTUC, and we also have an FM station, KFMM.

The CHAIRMAN. Are you also president of the Arizona Broadcasting Association?

Mr. VAN HAAFTEN. Yes, sir.

The CHAIRMAN. Do you have a statement that you wish to present at the outset?

Mr. VAN HAAFTEN. I should like to. I am sorry that I am not quite as prepared as your previous witness with figures but I have a lot of information I would like to pass along.

I think I will qualify as a small station operator rather than a large station operator. In Tucson, we have 10 radio stations. One is currently off the air and is expected to go on again in 3 or 4 weeks. It went off because of changing ownership and losing money. We also have two other applications that have been approved. I only give you this information to show you that it is a severely competitive market.

We have never subscribed to rating services at KTUC in the 5 years that we have owned it, partly because I don't believe they are accurate.

I heard you discussing a moment ago the number of homes involved and I am always doubtful that a 300-home sample in Chicago and a 300-home sample in Denver, Colo., and a 300-home sample—if such it be—in Tucson, Ariz., will always come up with the same figure. I doubt ratings generally. I have had instances in other television stations. I at one time was associated with KOA in Denver, Colo., wherein the American Research Bureau gave us a rating on a show that had not yet begun.

It also gave us a rating on a show when we were off the air. It was not a good rating, I will grant, but it was as much as the show deserved because it was not a very good program and it was not on the air that night, because of technical difficulties.

For this reason we have never subscribed to the ratings but let me also say—

The CHAIRMAN. Could I stop you there just a minute?

Mr. VAN HAAFTEN. Yes, sir.

The CHAIRMAN. How did you come out with the advertisers on those ratings?

Mr. VAN HAAFTEN. That happened to be a show that was not much of a program in the first place. We were never able to sell it, ratings or no. And it didn't come out with a good rating anyway. To give you a comparative figure, a good figure would have been 40 or 50. This show came out with a 10 so you can see it was pretty far down the list.

Let me say that KTUC, not subscribing to ratings has not suffered, because we have been fortunate enough to remain in either the top, second, or third spot. We are behind what we term the rock and roll—this is a station devoted to the teenage trends and it usually comes in a pretty good first. In my own mind I question how accurate that rating is in view of the fact in my own home I have a teenage daughter who listens and—who always answers the telephone. So if they were to call my home, they would get my teenage daughter who would naturally enough give the rock and roll station. However, since she is affiliated with me, she would not because of loyalty.

I have been dismayed by ratings for another reason. I think that quite frequently an advertising agency will use a rating as a crutch I am speaking now a great deal more on a national scale than on a local scale. If a time buyer runs down a list of stations in Tucson, Ariz., and he sees ours with 250 watts in second or third position and he sees the top station with 10,000 watts of power, it is far easier for the time buyer to justifying the purchase of that station whether or not it serves his particular client. As a case in point, we program for the family audience, we are thinking more of mother and father rather than the youngsters. We also program sports so we get dad listening pretty well. The Cadillac agency had placed the announcements on the top station which was the rock and roll station. The local Cadillac dealer was quite upset by this because he preferred to buy KTUC, our station. So he went back to his agency and complained and they gave us some business, too. I will admit we encouraged him to complain but it was more or less his idea. He was shooting for a different audience than the "rock" station gave him. I only use this as an illustration of the problem of rating services generally. It is a crutch by which you can justify the buy if you don't pursue this far enough to relate it to your product and the audience reached by that particular station.

Let me give you another little illustration. We have in Tuscon what is called a "Christian" station. This is our term for the station meaning that they program religion every day of the week, Monday through Sunday. Generally a radio station feels that the audience does not want religion on every day. We will take it on Sunday but want the news and music and time signals in the morning rather than religion. We therefore avoid putting religion on except on Sunday. The Christian station, however, having a very low rating, and I would say in a market of 10 stations it is probably ninth or eighth,

has a very loyal following. The people who want that religious station realize that their attention to the client's messages, will keep this Christian station operating, so generally they are very loyal audiences. I make this as a sales point. You have a low-rated station that can do a good job for a specific client in spite of the fact that it is way down at the bottom of the heap.

In the matter of economic injury on the local scene, this becomes a real problem if you have a low-rated station. Please remember that this is not a problem at KTUC because we are second or third. If you have a low-rated station and you have a rating coming out about every 6 months, you have roughly 60 days after a rating comes out and is somewhat forgotten, to go out and begin to build your income again. You can do this on the basis of results. You encourage a client to try your station; he does; he gets results from his advertising, so he is happy. You begin to build up your income to a point where you can almost break even. About this time another rating comes out which shows you seventh or eighth or ninth in the market and your clients call and cancel. They cancel because advertising agencies say, "Look, you don't want to be on this station, it does not have the audience you need." So they switch that account to another higher rated station. The low-rated station must then begin all over again trying to build up a sizable number of advertisers in order to defray his operating costs. He can do this after the rating has been somewhat forgotten because in between they can always say "3 months have gone by; how do you know the rating was correct?" We have ratings circulating around Tucson, and I must admit that since Mr. Sparger and Mr. Richardson have been there, we don't have them circulating quite as much as we did before, but almost any time you can get a copy of the rating even though it is supposed to be given only to those who subscribe to it.

I have one more instance to call to your attention of a station that had a very low rating, began a promotional campaign and hired a lesser used rating service. I am not saying this very well, but it is not one of the generally accepted services—to do a rating for them. At the end of this period, in spite of the fact that Pulse and Hooper had shown them to be fifth, sixth or seventh in the market, the Conlan survey suddenly showed them to be in top position. This rating only lasted until the next Hooper or Pulse came out when they resumed their status at the bottom of the list. This raises a good deal of question in my mind as to its authenticity. If you can buy a specific rating and because you are the only station purchasing that rating, you can occasionally come out on top, it does not lend much credence to the authenticity of the ratings generally. I have a little bit the feeling—maybe this is not pertinent here—that it is like the story of the flea. They were doing research on the flea and they pulled off a leg and snapped their fingers and the flea jumped. So they pulled off another and snapped their fingers and the flea jumped. They pulled off all its legs and snapped their fingers and the flea didn't jump. So they found out by this logical research that a flea without legs is deaf.

I want to reiterate that my complaint is not for my specific station. We do not subscribe to ratings, we don't use them to sell with, although I must admit that our national representative in New York, Chicago,

Los Angeles, encourages us to subscribe to a rating service because then they feel they will have more material to offset their sales problem which is against two things; one, that we are not the top rated station and secondly, that we only have 250 watts of power which actually is adequate to cover Tucson and greater Tucson. We don't have quite the same problem in the West that you do here. Outside of Tucson it is mostly cactus, very few people. So we cover the main audience that we are trying to cover and each little city outside of Tucson has its own radio station.

Thank you.

The CHAIRMAN. Mr. Sparger.

Mr. SPARGER. Mr. Van Haaften, you referred to the fact that on many occasions flyers would be distributed in the market that listed the ratings for all of the stations. Did they list them by call letters?

Mr. VAN HAAFTEN. They did, yes. I have copies of mimeographed copies that were sent out not to other radio stations but to other agencies and they of course let them be circulated. If you have a friend in the agency he will call you and say, "Van, would you like to see the latest Pulse? I will send you a copy. And he does. Sponsors receive them first, of course.

Mr. SPARGER. Have you ever noted in the rating service booklets that if they quote from them in advertising material they are supposed to designate stations as A, B, C, rather than giving call letters?

Mr. VAN HAAFTEN. Yes.

Mr. SPARGER. Would this in your opinion be a violation of this provision?

Mr. VAN HAAFTEN. Yes, indeed.

Mr. SPARGER. Then would you feel this provision is effective?

Mr. VAN HAAFTEN. No, it has not been in Tucson; although, as I said earlier, since your visit we have not seen quite as many of them floating around.

Mr. SPARGER. In relation to the national business, sir, would you say that the time buyer is the one that relies on the ratings, for your market?

Mr. VAN HAAFTEN. Yes, I think generally they do.

Mr. SPARGER. Does he not normally have copies of what your ratings are even though you don't subscribe?

Mr. VAN HAAFTEN. Yes.

Mr. SPARGER. That is all the specific questions, Mr. Chairman.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. No questions.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Just one.

You referred to the fact that probably in Chicago or somewhere else 300 or 200 houses is not a very good sample for a rating. If it is true that out of the 300 you have a certain member of viewers who are not interviewed, but make up the reports from memory or without the interview, if they doubled the number of samples they would have maybe the same percentage of faked interviews so that your results would not be any better?

Mr. VAN HAAFTEN. Their contention is that the ratio of error, at least in the meetings I have attended, their contention is that the ratio of error is very slight in this 300 sample and that increasing the num-

ber makes very little difference. If they increase the size of the sample they say it makes very little difference in that error ratio. Does that answer your question, sir?

Mr. YOUNGER. Yes, if you grant that there is very little error in the smaller sample; but the point that I was making is that we have had testimony to the effect that where the sample was gathered by interviews that a number of the interviewers preferred, if it was raining or snowing or something else happened, they would prefer to get a malted milk somewhere rather than make the interview but they would report it and you had a certain percentage, whatever percentage that was, maybe 10 percent or say for instance 5 percent, and you doubled the number of samples and you had the same number of people who are interviewers who did not interview, it would not be any better as a rating than the other one, would it?

Mr. VAN HAAFTEN. No, sir.

Mr. YOUNGER. So the fact that you necessarily increase the number of samples, it does not necessarily give you a better rating or a more reliable rating necessarily.

Mr. VAN HAAFTEN. Not necessarily, but, on the other hand, I think of instances in the ARB situation in Denver and I was in Denver for 7 years, that is why I refer to the occasionally—to Denver, and there we did subscribe to a rating service at KOA and I know where a diary was kept by someone entirely prejudicial.

The chief engineer of one of the television stations at one time kept the diary. And another time my neighbor kept it. It should have been beneficial to me except that he disagreed with our program policy completely. So if you have a very small sample and then you get some prejudiced persons involved in this diary you are going to distort it somewhat.

Mr. YOUNGER. Would you not have about the same percentage of prejudiced people regardless of how many samples you took?

Mr. VAN HAAFTEN. I don't feel that you would and I think that the ratio of prejudiced people would be smaller in a greater number.

Mr. YOUNGER. Is your station in Tucson very successful financially? I am not inquiring for the Internal Revenue.

Mr. VAN HAAFTEN. Thank you. There are three of us who own it and all of us have been in the radio business for a good number of years. I have been in 25 years and Ben Slack, who is sales manager, has been in about 20 years, our chief engineer and business manager who is part owner has been in the business about 18 years. We work good long hours to keep this working, and yes, it is moderately successful, the KTUC portion. KFMM is not.

Mr. YOUNGER. Would you be more successful if you had ratings you could use?

Mr. VAN HAAFTEN. If we had the top rating very possibly we would be more successful, yes, sir.

Mr. YOUNGER. Do the Nielsen reports in that area report your station regardless of the fact that you do not subscribe?

Mr. VAN HAAFTEN. I do not recall seeing a Nielsen on that market.

Mr. YOUNGER. Do the others?

Mr. VAN HAAFTEN. Yes, they do report the station. So you might say that I get the benefit of that report without subscribing to it.

Mr. YOUNGER. Do you think your station is treated fairly?

Mr. VAN HAAFTEN. If I accept in my own mind the theory of rating as being an accurate proposition, I would say it was treated fairly and in view of the fact that I do not subscribe and I still rate well, either indicates that they endeavor to be completely honest and successful or else I have an extremely potent radio station.

Mr. YOUNGER. That is all.

The CHAIRMAN. Mr. Rogers.

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

Do you feel that if you did subscribe to any of these services your rating might improve?

Mr. VAN HAAFTEN. I would not want to say that that would be true, no, sir. The feeling is among broadcasters—but I think this is done in a lighthearted vein—that if you will subscribe you will gain a couple of points.

Mr. ROGERS of Florida. I thought you gave some examples where a station did subscribe and got a top rating?

Mr. VAN HAAFTEN. With a lesser known survey group, yes. In that case there was much speculation as to how they managed to go from the lowest position—or not lowest, but among in the bottom half—to the very top station and in the business in Tucson no one accepted this for a moment as being authentic; no, sir.

Mr. ROGERS of Florida. Do you feel that because the station subscribed this rating was obtained?

Mr. VAN HAAFTEN. Indeed we did.

Mr. ROGERS of Florida. So there was some feeling this had some effect on the rating you are given?

Mr. VAN HAAFTEN. Yes, sir, but again may I say that this is not one of the Tucson recognized services. I think generally in Tucson, Pulse is considered to be more authentic than any of the others.

Mr. ROGERS of Florida. Do you have any national advertisers on your station?

Mr. VAN HAAFTEN. Not as many as I would like.

Mr. ROGERS of Florida. Well, I realize that, but do you have some on it?

Mr. VAN HAAFTEN. The ratio to local advertisers is about 85–15 I would say or 90–10; 10 percent national and 90 percent local.

Mr. ROGERS of Florida. How does that compare to stations that have ratings?

Mr. VAN HAAFTEN. With more power and better ratings you get more national business.

Mr. ROGERS of Florida. Now let me ask you this. You say Nielsen does not come into your area at all?

Mr. VAN HAAFTEN. Excuse me, sir, I didn't mean to say they do not. I think I said I was not aware of their entering the market.

Mr. ROGERS of Florida. I see. I wondered if they give you any rating nationally? Is the Tucson area included in any national ratings?

Mr. VAN HAAFTEN. I am sorry, sir, I don't know.

Mr. ROGERS of Florida. They are not? As far as your knowledge is concerned, it is not?

Mr. VAN HAAFTEN. As far as my knowledge, no.

Mr. ROGERS of Florida. So that you are completely excluded in the national ratings in this area?

Mr. VAN HAAFTEN. To my knowledge. If I may inject this, at one time the ABC Radio Network asked for a survey of a particular program on all ABC radio stations. In that case we would have been involved.

Mr. ROGERS of Florida. Now you don't feel that ratings are helpful to the industry as I understand it?

Mr. VAN HAAFTEN. No, I do not, sir.

Mr. ROGERS of Florida. What have you done as a member of your association to get the industry itself to—

Mr. VAN HAAFTEN. The only thing I have tried to do is discourage the ratings within the city itself. I have encouraged the other radio stations to discontinue the practice of subscribing.

Mr. ROGERS of Florida. Have you had any success?

Mr. VAN HAAFTEN. No. You will get the bottom five stations on your side, but the top two or three say, "No thank you, I want this rating."

Mr. ROGERS of Florida. Now have you taken any action in your State organization?

Mr. VAN HAAFTEN. No, sir.

Mr. ROGERS of Florida. Have you introduced resolutions asking that certain standards be set by the association and that research be done and if these rating services don't match the standards or come up to the expectations of the industry that they be refused by the industry as servicing it?

Mr. VAN HAAFTEN. Are you asking me, sir, as of the Arizona Broadcasters or as a person?

Mr. ROGERS of Florida. As an individual broadcaster.

Mr. VAN HAAFTEN. I have only been president since the first of the year and have not had occasion.

In answer to your other question, no, I have not.

Mr. ROGERS of Florida. Do you think it would be wise for this service if it is a national service used in interstate commerce to be licensed by the FCC where certain standards could be checked into and subscribed so that the public interest could be protected?

Mr. VAN HAAFTEN. It is a difficult question.

Mr. ROGERS of Florida. I should not think it would be so difficult, either there should be standards or there should not be. If the industry is not going to do it, how do you feel?

Mr. VAN HAAFTEN. Generally I am not in favor of additional Government restrictions but in this case—

Mr. ROGERS of Florida. Well, I am not either.

Mr. VAN HAAFTEN. In this case since we have seemingly no way to protect ourselves I would say "Yes."

Mr. ROGERS of Florida. You feel that something must be done in other words?

Mr. VAN HAAFTEN. Yes, sir.

Mr. ROGERS of Florida. That is what we want to know because if this hearing continues I must say that I agree that something must be done. We talk about a Red star over Cuba. I would say a national rating service which has a monopoly is a Red star over the broadcasting industry.

Mr. VAN HAAFTEN. I would agree with you.

The CHAIRMAN. Thank you very much, Mr. Van Haaften. The committee will recess for the noon lunch hour and come back at 2 o'clock.

(Whereupon, at 12:20 p.m., a recess was taken until 2 p.m. of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. Peter Straus.

Do you solemnly swear that the testimony you will give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STRAUS. I do.

TESTIMONY OF R. PETER STRAUS, PRESIDENT, STRAUS BROADCASTING GROUP AND PRESIDENT, STATION WMCA, NEW YORK

Mr. STRAUS. Mr. Chairman, my name is R. Peter Straus. I am president of the Straus Broadcasting Group and president of radio station WMCA, an independent radio station in New York City.

The CHAIRMAN. Do you have a statement that you would like to present?

Mr. STRAUS. I have a brief statement, if I may, Mr. Chairman.

The CHAIRMAN. You may proceed.

Mr. STRAUS. If a radio licensee is to serve the needs, tastes, and interests of his listening area, he must strive to know as much as possible about the people within it.

There are, of course, a number of ways to get to know your audience—through the analysis of the quantity and nature of mail, careful attention to phone calls from listeners, evaluation of advertising results, as well as through personal contact with listeners at major public events, such as remote broadcasts, community functions, meetings, and the like.

In a market the size of New York, however, such indicators can only supplement, but never fully take the place of, the recognized audience measurement services as prime sources of useful data.

Let me tell you briefly how we regard ratings at WMCA when we use them for programing and policy decisions. WMCA's broadcast philosophy is fairly simple to enunciate, although admittedly difficult to implement to our complete satisfaction at all times.

We attempt to reach, appeal to, entertain, inform and educate the largest possible number of listeners within our signal area. Our strategy is to compete for a large share of the general interest or, if you prefer, "mass" audience. Having appealed to their existing tastes and interests as we perceive them, we then inject into our programing schedule a measure of more serious material through editorials, special programs, documentaries, and discussions.

By means of this formula we hope to accomplish two objectives:

- (1) to gain the interest and loyalty of a large audience which we know to be primarily responsive to entertainment, news broadcasts, and everyday utilitarian information such as weather, time, traffic conditions, and so forth; and

(2) to serve that minority of listeners who tastes and aspirations go beyond those of the largely entertainment-oriented majority. In so doing, of course, we give the majority an opportunity—and, hopefully an attractive one—to enlarge its horizons and to acquire new interests.

WMCA subscribes to all the major rating services in radio. In addition, we commission special reports from time to time, and in one recent case we engaged the services of the Psychological Corp. to carry out what is probably the most intensive and extensive qualitative study of the New York radio audience ever conducted. It is a red book and I believe some are available.

When making decisions about WMCA programming and in planning the implementation of our company's objectives, we analyze, evaluate, and compare the various rating reports. We bear in mind that each of the rating services uses somewhat different methodology, and each has resulting advantages as well as recognized limitations.

We believe that ratings represent the single most weighty body of objective data available to a broadcaster. We also recognize that these data will never be able to be free of all of their imperfections. Hence, we are careful to avoid making hasty or unwarranted decisions or changes based on periodic fluctuations, statistical variations, or, since we operate in a market served by more than one rating service, the differences among them.

We try, therefore, to keep ratings in proper perspective and do not worship "numbers" as though they were themselves ingredients of a station's programming. In our view, music, news, information, editorials, personalities, discussions—these are programming ingredients.

The so-called numbers are merely an attempt to describe how the programming ingredients are working. Numbers worshippers—whether broadcasters or advertisers—often lose sight of this vital distinction.

Neither do we judge all radio station activities primarily on the basis of ratings. Let me offer you contrasting examples. If, to take a hypothetical example, we experiment with our music and, let's say, play hit tunes of the past 20 years all day Sunday for a period of 6 months, we would consider ratings to be a major barometer by which to judge the relative success or failure of such an experiment.

If, to take an actual and current example, we research the housing problems in New York for 18 months and subsequently broadcast a series of documentary reports in order to stimulate thought, arouse indignation, and contribute to corrective action by city officials and others involved, we would not consider ratings to be a major test in such a program.

What we look for in such a case are the various types of reactions which show us whether or not we have succeeded in forcing the attention of the community and its leaders to a major, substantive issue.

The distinguished members of this subcommittee—who are themselves engaged in a vital aspect of mass communications—know all too well how often the opportunity presents itself to rack up impressive new vote totals at the next election by championing a cause which carries with it the corresponding version of big "rating" values.

Yet important principles must prevail, and even though some votes are sacrificed in the process, the national interest will have been better served.

Whether we are dealing with votes or ratings—in politics or broadcasting—achievement is not to be measured by numbers alone.

We would be happy if advertisers and their agencies regarded ratings in the same perspective as we do, weighing in all other relevant factors beyond bare statics. We would also urge upon our agency friends that a balanced view of the role of ratings—often well understood by high-level agency functionaries—be extended to those who make numerous buying decisions, so that they, too, may have the benefit of the same understanding and the same philosophy.

It is a little discomfoting, we feel, when an agency executive makes a speech urging broadcasters not to be enslaved by the “numbers game,” only to have a buyer in his employ insist the very next day that your station’s sales presentation consist almost wholly of pure arithmetic.

In general, we find advertising agencies which use radio schedules 52 weeks, year after year, to be the best informed about the use of ratings and the least concerned with occasional variations and minor fluctuations. Such advertisers can get a much clearer and more valid picture of a station’s long-term performance than can the advertisers who buy radio schedules in the all-too-familiar 5- or 8-week “cycles.”

In fact, probably the best and most practical judges of radio’s sales effectiveness are the innumerable local retail advertisers, most of them can’t decipher unfamiliar ratings but can easily recognize the familiar ring of the cash register.

Unfortunately, the difference of a rating point one way or the other—involving a major New York radio station—can result in an advertising buy which costs that station a substantial amount of money. Conversely, such a difference can cause another station an unexpected windfall.

It is our job as broadcasters to convince the advertisers and their agencies of the need to take the longer view and consider all the other applicable circumstances involved. What the rating services can contribute for their part is to perfect their methodology, so that if we do lose or gain, say, \$50,000 by virtue of the difference of a single rating point, we are at least being penalized or rewarded because of a factual occurrence.

What is truly exasperating is to lose a substantial order based on a fluctuation which might have resulted from a statistical variation, an unstable sample, incomplete supervision, faulty interviewing, careless tabulating or any one of a series of other possible errors.

That is really a case of being caught in an impossible squeeze between the advertisers who worship numbers without reservations and the rating services which furnish statistics about which everyone has reservations, including the rating services themselves.

WMCA joins with others in our industry who are currently urging all of the radio rating services to examine and to continue to reexamine their methods and to try to cope with the admittedly knotty problem of trying to uncover and measure the vast amount of scattered and diffuse listening which characterizes radio patterns today.

Our population is more mobile than ever before; radios are used in every room in the home and in every conceivable place outside the home—in automobiles, in public places, on boats and beaches, in business establishments, and—especially during newspaper strikes—even on subways and commuter trains. There are reported to be over 200 million radio receivers of all types in use in this country, and we sympathize with the problem the rating services have in finding and properly measuring all of this listening. Nevertheless, we urge them to continue their efforts to do a far more complete and far more thorough job.

WMCA is willing to stand or fall on the results of valid audience information. If you believe the good, you must believe the bad; and we disassociate ourselves from those whose primary object in complaining about ratings seems to be explainable largely in terms of their own disappointing rating performances.

We constantly seek, and are fortunate to have found—year in and year out—a major share of New York's listeners. But this happy circumstance does not preclude our recognizing both that ratings serve as only one of several crucial bench marks for the broadcaster and that rating analyses must be improved.

We would, of course, be most happy to furnish this subcommittee with any additional data or documentation which may lead to a better understanding of audience measurement as it affects a major market radio station.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Sparger, any questions?

Mr. SPARGER. Mr. Straus, I have in my hand the NSI basic report for the New York metro area for September to October 1962 to which you were a subscriber; is that correct?

Mr. STRAUS. We are a subscriber, yes.

Mr. SPARGER. Would you tell me, sir, what the sample size as represented to you for the metro area is in this report?

Mr. STRAUS. Metro area, 300.

The CHAIRMAN. What metro area?

Mr. SPARGER. The New York metro area.

If the sample size is 300, sir, then how many homes would it take for 1 rating point?

Mr. STRAUS. I don't know the answer to that, Mr. Sparger, without doing a little more arithmetic.

Mr. SPARGER. There are 100 rating points in the whole, potentially?

Mr. STRAUS. A hundred points. It sounds like it would take three families for one rating point.

Mr. SPARGER. Tell me what generally is the range of ratings in this New York report?

Mr. STRAUS. Somewhere between one and three or four in rating points.

Mr. SPARGER. In rating points?

Mr. STRAUS. Yes.

Mr. SPARGER. Could you tell me, sir, what the value would be to WMCA if you were to have a net increase of one rating point across-the-board for your station?

Mr. STRAUS. It is difficult to know precisely, but I would guess it would be in the middle of six figures in the course of a year.

Mr. SPARGER. Thank you, sir. We have no further questions.

The CHAIRMAN. Let me see. That could mean a lot—in the middle of six figures.

Mr. STRAUS. Mr. Chairman, it really is hard to judge. My best guess would be that a one-rating-point increase across-the-board for WMCA in Pulse, the most important measurement in our area, or in Nielsen, would mean something in the area of hundreds of thousands of dollars, but whether that figure is 200 or 500 or 600, I really would not know.

The CHAIRMAN. Just by the change of one rating point?

Mr. STRAUS. For 52 weeks across the board, yes.

The CHAIRMAN. Mr. Moss.

Mr. MOSS. No questions.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Just one question.

This report from the Psychological Corp. seems to be quite a study. Would it be fair to ask what you paid for this service?

Mr. STRAUS. Yes, sir; I don't think there is any secret about that. By the time we include the costs of printing the studies and so on, about \$25,000.

Mr. YOUNGER. About \$25,000?

Mr. STRAUS. Yes, sir.

Mr. YOUNGER. Do you consider that you received value out of it in relationship to the advertising agencies?

Mr. STRAUS. Mr. Younger, if I may back up just a little to answer that question, this has only been out a few months, I don't know whether in fact we have \$25,000 more of billing on WMCA already as a direct consequence of that study. I would doubt it; but we are an independent radio station, and independent radio stations are the major part of radio broadcasting in the United States presently, nonnetwork, independents.

We have a substantially larger total billing and we felt it important for us to know our own audience better, both for our program judgments and for advertising sales.

Mr. YOUNGER. Did your advertisers accept this or were they pleased with it or did they consider this was a proper comparison with Nielsen or the other bureaus?

Mr. STRAUS. We did not present it to them as a proper comparison because this goes further into depth and is not directly comparable to what the other services purport to measure. They did accept it; they were impressed with its methodology and the soundness of it. We presented it to many of them, and they were extremely interested.

I think it is fair to characterize all that have seen this report as being extremely interested, and they found it valuable, yes.

Mr. YOUNGER. What other markets do you have?

Mr. STRAUS. We also operate a news service for about 120 radio stations around the country, Radio Press International. This is our only radio station.

Mr. YOUNGER. That is all.

The CHAIRMAN. Thank you very much, Mr. Straus. We appreciate your presence here today.

Mr. STRAUS. Thank you, Mr. Chairman.

The **CHAIRMAN**. Mr. Murry Woroner.

Do you solemnly swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **WORONER**. I do.

TESTIMONY OF MURRY WORONER, MANAGER OF STATION WAME, MIAMI, FLA.

The **CHAIRMAN**. Would you identify yourself for the record, Mr. Woroner?

Mr. **WORONER**. My name is Murry Woroner, and I am station manager of Station WAME in Miami, Fla.

The **CHAIRMAN**. Do you have a statement, sir?

Mr. **WORONER**. I have a brief statement.

The **CHAIRMAN**. Very well.

Mr. **WORONER**. In September 1962, on a trip to New York City, discussions with certain advertising agencies indicated to me that Mr. George Thorpe of Radio Station WVCG, Coral Gables, Fla., had uncovered certain facts which indicated that the Pulse, Inc., might be having some difficulty in conducting door-to-door surveys in Dade County, Fla. Upon my return to Miami from New York, I contacted WVCG and was told that certain communities in Dade County prohibited door-to-door solicitation of any kind. The station was reluctant to pass any further information to me, and I decided that since the Pulse was currently proposing to release a Qualitative Radio Research Report that would indicate a station's audience not only by size of audience but by age, sex, occupation, and size of family, I should make an attempt to determine if, in fact, it would be possible to determine this when the bulk of the upper income area of the communities were reportedly closed to them for surveying purposes.

In an attempt to determine how many communities were opened or closed to Pulse, I wrote the head of government in each of the 27 municipalities that compose Dade County (exhibit No. 1).

During the month of November, I received answers from six communities indicating surveys could be made in their communities in some cases with certain restrictions (exhibit No. 2). In addition, I received letters from 13 communities indicating either surveys would not be permitted under any conditions, or very stringent regulations under which the survey would have to be made (exhibit No. 3). Since the communities which indicated the rigid restrictions were, in almost every case, the upper income communities and represented more than 25 percent of the total population of this area, I felt that it threw considerable question into the validity of the Pulse studies made in this market. I discussed this matter with the owner of WAME and with other persons for whose judgment I had great respect and on their advice submitted copies of what I had gathered to Mr. Rex Sparger of this committee.

In December of 1962, Dr. Roslow of Pulse, Inc., was in Miami and discussed this situation with me. At that time, I told him I had this correspondence and he told me, "I don't care what they say, I say we survey anyway and if one of our interviewers is stopped by a policeman in a given town, we leave and then come back and finish." I told Dr. Roslow I was looking into the matter further and I would defend

the position we are taking by showing this correspondence to any person who was interested. I told him at that time I felt these communities were taking a strong stand that would indicate an almost impossible position for him in this area. I then questioned his ability to deliver a qualitative analysis or even a quantitative study of the Miami market when so much of the upper income area was closed to him. Dr. Roslow repeated his position that he surveyed these areas anyway and remained adamant on the point.

In January, on another sales trip to New York, Philadelphia, and Atlanta, I showed the file to various time buyers. Some said regardless of what I show them, the policy of their agency was to buy strictly by the Pulse numbers and they had to be guided by that policy. Others indicated they had seen similar things in the past but since Dr. Roslow maintained that he did survey these communities anyway, they would still go along with him. At least one buyer indicated he would like to look further into the matter with the agency's research department.

On this same trip, I discussed this matter with my representative who indicated that since his salesmen had to represent many stations, he felt he could have no part of a fight or controversy with a rating service which might be detrimental to his overall sales effort. I further discussed the matter with Robert Pauley, president of ABC Radio Network, who further encouraged me to submit the material to Mr. Sparger.

During the month of January, the Pulse, Inc., released a report purporting to be a study conducted during the last 2 weeks of October and for 3 weeks in November. On the third page of the survey report (exhibit No. 4) appears this statement :

A total of 30 days of interviewing was conducted in the following communities : Bay Harbour Island, Biscayne Park, Coral Gables, Miami Shores, Miami Springs, Miami Beach and West Miami. This amounts to 23 percent of the total sample for this report.

Since several of these communities were among those that indicated they would not permit surveys, I called each of them and discovered that five of the seven didn't feel these surveys were made.

On February 5th, I wrote Dr. Roslow referring to this paragraph and quoted what I had been told. I sent copies of this letter to Mr. Sparger, Mr. Pauley, and our representative (exhibit No. 5).

On February 7, Dr. Roslow wrote me two letters. One, in answer to my letter of February 5th, warned me he could prove the surveys were conducted, that my statement had caused him severe damage and unless stopped would cause additional damage and he could not permit this to go on. Dr. Roslow demanded an immediate answer from me concerning this and saying I would stop issuing statements and would refrain from doing so in the future (exhibit No. 6). Simultaneously with this letter, I received a second letter from Dr. Roslow, evidently one of a group sent to many station managers in this area. He referred to the fact that these communities do have restrictive ordinances and asked for the help of the Miami broadcasters to get permission to survey there. He further stated that these ordinances are seldom enforced. He offered a plan to petition the townships on behalf of the broadcasters to permit the surveys to be made (exhibit No. 7).

On receipt of Dr. Roslow's letter with its implied threat, I personally visited the offices of the heads of government of each of the communities involved. I talked to the city managers or chiefs of police in each case. I asked them to check thoroughly to determine whether or not what they had told me on the phone was accurate and asked them to write me their findings.

On February 12th, I answered Dr. Roslow's letter and a copy of my answer is attached hereto (exhibit No. 8). On the day following the mailing of my letter to Dr. Roslow I received a phone call from him asking why he had not received an answer. I advised him my answer was en route and discussed briefly with him the position we had taken. He told me then he would wait until he received my letter before he took any action. I told him then as I had told him in my letter that I was here in Miami and would not be running away and if he could prove the authorities in these communities didn't know what they were talking about, I would publicly apologize.

Later in February, I received answers from five of the seven communities identified as having been surveyed for a total of 30 days. To quote from those letters, which are attached hereto (exhibit No. 9) :

Deputy Chief of Police Peter Stewart of Miami Beach :

I feel certain that a spot check of the residential areas named, by telephone, would reveal that no such operation has been conducted. Further, and for your information, the city of Miami Beach does enforce its solicitation ordinances rigidly and is most meticulous in scrutinizing the requests and the operatives involved.

C. B. Wright, chief of police, West Miami :

Please be advised that in my opinion, the possibility would be remote and to my knowledge none has.

W. G. Kimbrough, chief of police, Coral Gables :

It is possible for this to have been done, but it is most unlikely that it could have been done without the knowledge of the police department and to my knowledge it was not done. This company applied to this city for a permit to do this about the time mentioned, but the permit was denied at that time.

James H. McDonald, chief of police, of Miami Springs :

Pulse, Inc., has never made a request in Miami Springs for conducting a poll or a survey and I feel, to my own knowledge, that such a survey was never made in Miami Springs.

Edward H. Preble, town manager of Bay Harbor Island :

I can assure you that between the activities of our police department and the quick information which we always get from our citizens concerning door-to-door solicitation, that there is more than extreme degree of doubt in my mind that any survey of this type was made in Bay Harbor Island.

Mr. Preble further sent me a copy of a letter, a true copy of which is attached (exhibit No. 10) in which he denied Pulse, Inc., permission to survey on January 21, 1963.

An interesting sidelight on the Coral Gables reported survey is contained in my letter of February 12th (exhibit No. 8) on page 1, paragraph 3. Mrs. Muriel Levy applied for permission to survey for Pulse, Inc. in November and was denied permission to survey until the processing of her application was completed. She then applied for permission in January, it too was denied. She finally was authorized to survey in Coral Gables from February 11 through March 14.

In view of the foregoing, one cannot help but question the validity of the October-November study released by Pulse and the subsequent LQR, Qualitative Analysis released by Pulse for this market.

Since the economic life or death of the individual broadcasting station is so tightly controlled by ratings, I feel all rating services must be of such character as to be not subject to question in matters of integrity or honesty.

Attached hereto as exhibit No. 11 is a group of letters and memoranda from our representative, typical I am sure, of correspondence received by radio and television stations all over the country and indicate just how much the numbers game affects a station's income. I have heard broadcasters say, "Sure, I subscribe to various ratings simply because I am afraid not to."

I do not know, of my own knowledge, whether or not a station's ratings would rise or fall depending on whether or not that station was a subscriber. However, in all honesty, we did not have the courage to be a nonsubscriber and find out. However, these hearings have given us the courage to act, and we have now canceled our subscriptions to Pulse, Hooper, and Nielsen, Exhibit 12.

As a broadcaster who for 15 years has managed and owned parts of radio and television stations, I strongly urge the committee to pursue this investigation of the rating service to the bitter end and then prepare legislation to protect the broadcasting industry in this country from the rating abuses now suffered, to establish once and for all that rating books do not have the status of the Constitution, the Bill of Rights, or the Holy Bible, and that, in fact, they should be accepted with not a grain but a barrel full of salt.

I fully believe that the battle for the numbers is responsible for and a great contributor to Mr. Minow's vast wasteland. When a broadcaster must fight for economic survival, he unfortunately, under the present system, is more often than not forced to program down rather than up to his listeners. In radio—screaming disc jockeys, rock and roll, in television—violence.

I have always been concerned by one facet of the rating services. Since these services' basic sources of income are the advertisers, their agencies and the broadcasters, would not there be at least a suspicion or the slightest smidgin of question that major contributors might receive preferential treatment? I firmly and honestly believe that the ratings exert more influence over the programming of the radio and television stations of this country than does the Communications Act, or the Federal Communications Commission, and that only the broadcaster with unlimited financial reserves or a one-station market can buck the numbers and program what he believes honestly is best for his market.

That concludes my statement, Mr. Chairman.

Thank you.

(Exhibits Nos. 1, 5, 6, 7, 8, 9, 10, and 11 are included for clarity of the preceding statement.)

EXHIBIT No. 1

MIAMI, FLA., *October 31, 1962.*

Mr. MELVIN L. REESE,
City Hall, Dinner Key,
Miami, Fla.

DEAR MR. REESE: In an attempt to validate current surveys being circulated pertaining to our industry, we beg your indulgence in answering a couple of questions for us. Your early reply would be greatly appreciated.

1. Do you have any ordinances pertaining to door-to-door surveying of this type on your books?

2. Are these ordinances enforced?

3. If so, has any surveying organizations complied with your regulations and conducted surveys within your city limits?

4. If so, who?

Would you please enclose a copy of any applicable ordinances with your answer to this letter.

Thank you very much for your cooperation. If we may be of service to you in any way, please do not hesitate to ask.

Cordially,

WAME BROADCASTING Co.,
 MUBRY WOBNER, *Station Manager.*

EXHIBIT No. 5

FEBRUARY 5, 1963.

Dr. SYDNEY ROSLOW,
The Pulse, Inc.,
New York, N.Y.

DEAR SYD: Your October-November book for Miami lists on page 3 a group of communities in which a total of 30 days of interviewing were conducted. They are: Bay Harbour Island, Biscayne Park, Coral Gables, Miami Shores, Miami Springs, Miami Beach, West Miami.

You further state that this accounts for 23 percent of the sample in the report.

I have (as I advised you when you were here) contacted the authorities in these communities again regarding this and received from them (all but one) a categorical denial of your statement. In effect, they said as follows:

1. Biscayne Park—"We gave Pulse permission to survey for 2 days (not 30). The area they were restricted to was between 6th and 7th Avenue and from 116th to 117th Street, that one square block only."

2. Miami Springs—A flat statement, "No organization has conducted any surveys in the town."

3. Bay Harbour Island—"It is forbidden by law, and we told them (one survey outfit) that. Their proposed survey was not made. It would be impossible for a survey to be made without our knowledge."

4. Miami Shores—"It is inconceivable to us that such a survey could be made without our knowledge. We do not believe such a survey was made."

5. West Miami—"No license has been issued for the past 2 years. No one could conduct a survey of this type without our knowledge."

6. Miami Beach—"We have not granted a permit for the past several years, it could not have been done without our knowledge, our residents would have complained, our law is strictly enforced."

7. Coral Gables—"Our law is specific. The Pulse started proceedings to get a Mrs. Levy authorized to survey in Coral Gables but has not completed the authorization at this time—January 1963. It would be virtually impossible for them to have surveyed in the Gables without us knowing it, and we have no knowledge of such a survey."

Since six of the seven listed communities say that it is not possible for their cities to have been surveyed by you, I feel it throws a considerable shadow over the validity of the report in toto.

Considering the fact that the additional communities of: North Bay Village, North Miami Beach, North Miami, Indian Creek, Bal Harbour, Surfside, Golden Beach, also have strict prohibitive ordinances and say they have never been surveyed, I must question your ability to deliver a valid study of this market on either a quantitative or qualitative basis.

Since these communities represent some 25 percent of our total population and in general the upper 25 percent income group, I wonder how you can release an LQR report for Dade County.

I have called the attention of several prospective clients to these glaring contradictions and intend to supply copies of all my files to those persons most interested in the matter.

I know you have told me that you have surveyed these communities in violation of the law, and that if one of your interviewers is picked up by the police, you just go back and try again another day.

But the communities involved say this has not been the case.

Please advise how you can list six towns as surveyed when such is so vehemently denied by those towns.

Cordially,

WAME BROADCASTING Co.,
MURRY WORONER, *Station Manager.*

EXHIBIT No. 6

THE PULSE INC.,
New York, N.Y., February 7, 1963.

Mr. MURRY WORONER,
*Station Manager, WAME,
1850 Northwest LeJeune Road, Miami, Fla.*

DEAR MR. WORONER: I am in receipt of your letter of February 5, 1963, referring to our Miami survey of last fall.

Has it occurred to you that you should have checked with me before sending damaging statements through the mail particularly where the allegations made by you are wholly untrue?

We are in a position to prove to you that these surveys were conducted in the seven communities listed in our report.

The statements made by you have already caused us severe damage and unless stopped and retracted will continue to cause us additional damage. We cannot permit this to go on.

If you wish proof of this, we shall be happy to see you in our New York office for this purpose.

I must have your reply by return mail advising that you have ceased issuing these statements and will refrain from doing so in the future.

Cordially,

SYDNEY ROSLOW.

EXHIBIT No. 7

THE PULSE, INC.,
New York, N.Y., February 7, 1963.

Mr. MURRY WORONER,
*Vice President and Station Manager, WAME,
Miami, Fla.*

DEAR MR. WORONER: I am sure you are aware of the fact that there are about 20 communities in the Miami metropolitan area which have ordinance restricting or prohibiting soliciting. Under soliciting, many of them include the kind of research interviewing we and other market and opinion research companies do.

Since we have been advised by counsel and believe that our interviewing should not fall in the province of the ordinances because these ordinances so directed are a constitutional abridgment of freedom of speech and discussion, we have in fact conducted our interviewing in these communities nevertheless. We interview 6 months of the year, and in the course of the 6 months these "problem" communities fall into the sample periodically.

As a test procedure, we applied to four communities for permission to come in and do our surveys. One granted permission; one denied permission; two remain undecided.

I feel that the Miami broadcasting stations must band together and with us approach the authorities in these problem communities so that we can obtain permission to do our interviewing when these communities periodically fall in our sample.

Since we have been surveying in the Miami area, we find that these ordinances are seldom enforced, presumably because of the constitutional objection. We have had a minimum of difficulties but occasionally a police officer does question one of our interviewers. This is an unpleasant situation for our interviewer.

My plan is to present a petition to all of the townships involved, signed by the Miami broadcasting stations requesting that they grant us the permission to conduct our surveys without hindrance to our interviewers. We will cooperate with the communities involved when they fall in the sample by letting them know precisely where it is we intend to interview and the days involved.

May I hear from you in this regard at your very earliest opportunity.

Cordially,

SYDNEY ROSLOW.

EXHIBIT No. 8

FEBRUARY 12, 1963.

Dr. SYD ROSLOW,
The Pulse, Inc.,
New York, N.Y.

DEAR DR. ROSLOW: I am quite disturbed by the different character of the two letters you wrote to me on February 7, 1963, and since they are so different in character, I cannot possibly answer them simultaneously, therefore, I will take the liberty of answering them separately but within this letter.

Letter A (requesting help):

Paragraph 1. I am aware that the ordinances exist.

Paragraph 2. I am not qualified to state the constitutionality of these ordinances but have been informed by local officials that they feel equally strong that they have the right to protect their citizens against being annoyed.

Paragraph 3. You state, as of February 7, that you applied to four communities for permission to come in and conduct your survey—"one granted permission, one denied permission, two remain undecided." We know that you applied to Bay Harbour Islands, Coral Gables, Biscayne Park, and Miami Shores. We also know that Miami Shores and Biscayne Park granted permission for your interviews in November, that the processing for Coral Gables took longer and your interviewer for the Gables picked up her license on February 11, and has permission to survey from now through March 14. We also know Bay Harbour Islands turned you down. So either you are misinformed or someone is not passing correct data on to you.

Paragraph 4. So?

Paragraph 5. I could not agree with you less. We have been checking with the authorities locally and have found that in every one of the major municipalities where an ordinance exists, it is, in fact, rigidly enforced.

Paragraph 6. I think the petition is valid and a sound approach to the problem; however, I feel there are some important communities which still will not respond.

Letter B (threatening):

Paragraph 1. Acknowledge receipt.

Paragraph 2. This is incredible, when you were in my office I discussed this matter with you. At the time, you were castigating George Thorpe, of WVCO, for causing you problems. I told you then I was building a file and in fact showed you some of the correspondence pertinent thereto. I advised you then that these statements threw some shadows on the validity of your reports. You shrugged them off saying, "I don't care what the police or city officials say, I say we make the survey in those towns, laws or no laws." I feel that direct conversation between us was all the checking anyone could ask for.

Paragraph 3. You say that you are in a position to prove that the surveys were conducted in the communities listed in the report. Okay, I'm from Missouri, show me.

Paragraph 4. You say that my statements have caused you severe damage and unless stopped and retracted will continue to do so, and that you cannot permit this to go on. Since in your first letter dated the seventh you defend yourself under the constitutional right of free speech, how can you now claim the right to restrict mine? I will not hesitate to repeat everything I have said because it boils down to this: "Syd Roslow claims, on page 3 of the October-November survey for the Miami metropolitan area that a total of 30 days of surveying was conducted in seven specific communities (Bay Harbour Island,

Biscayne Park, Coral Gables, Miami Shores, Miami Springs, Miami Beach, and West Miami). Here are letters from the officials of these communities. They say (not Murry Woroner) there is grave doubt that, in at least five of the seven, any such survey was made." This is the extent of what I have said. I let the persons to whom I speak look at your survey, your correspondence, and the correspondence of the officials, and draw their own conclusions. In no case do I go beyond saying that I feel in view of this a thorough investigation is called for and that in evaluating the survey this should be kept in mind.

I shall be more than happy to discuss this with you further, either here or in your office or before the House Investigating Committee. I will be in New York this spring as usual, or can make time available to you here at your convenience.

I think the chiefs of police of Miami Beach, Bay Harbour Island, Coral Gables, West Miami, and Miami Springs would be more than interested in your explanation of how these surveys were taken without their knowledge.

I am sorry, Syd, that our long relationship has dropped to the level where you threaten me. However, I can assure you I bear you no personal malice.

Paragraph 6. You demand that I advise by return mail that I have ceased issuing these statements and will refrain from doing so in the future. Regretfully, I must say in all good conscience that I will continue to show any interested party the letters from you, your survey, and the letters from the interested government officials and their position on this matter. If it will relieve your mind, I will add to the file both of your letters of February 7 and this reply to you.

Cordially,

WAME BROADCASTING Co.,
MURRY WORONER, *Station Manager.*

EXHIBIT No. 9

CITY OF MIAMI BEACH, FLA.,
February 18, 1963.

Mr. MURRY WORONER,
*Vice President, Station WAME,
Miami, Fla.*

DEAR SIR: Pursuant to our conversation, I have checked with all our desk officers, telephone operators, and dispatchers in an effort to determine whether or not this headquarters received any complaints or inquiries as to the survey allegedly made by Pulse, Inc., New York City. None of the duty supervisors or employees received any calls.

Hence, with 27 years of experience in this line here at Miami Beach, I am constrained to challenge the statement that any such survey was made, especially during the hours indicated. Inasmuch as no permit was issued for such a survey by this department, I do not believe it would be possible for any survey team to operate within our city limits without the department's being notified by our citizens. For years we have encouraged our citizens to call us in connection with any survey or solicitation and have never failed to receive calls within an hour of any survey's commencement, no matter what its nature might be. To claim that such a survey was conducted, and over a period of 30 days, is almost beyond the pale of possibility. Further, in the light of past experience, I am confident that our uniform patrol division could not have failed to encounter at least one unauthorized operative during the specified hours in our residential areas.

I feel certain that a spot check of the residential areas mentioned, by telephone, would reveal that no such operation had been conducted. Further, and for your information, the city of Miami Beach does enforce its solicitation ordinances rigidly and is most meticulous in scrutinizing the requests and the operatives involved. Where such permits are issued, each operative is required to secure a police identification card, cleared through the FBI and, without which, he is invariably arrested and restrained from working.

Trusting this will clarify your problem, I remain,

Very sincerely yours,

PETER STEWART, *Deputy Chief.*

TOWN OF MIAMI SPRINGS, FLA.,
February 12, 1963.

MURRY WORONER,
Vice President, WAME Radio Station,
Miami, Fla.

DEAR SIR: Pulse, Inc., has never made a request in Miami Springs for conducting a poll, or a survey, and I feel to my own knowledge that such a survey was never made in Miami Springs.

Our ordinance, under which such a survey would be conducted, is strictly enforced, and knowing the citizens of Miami Springs, at least one complaint, or telephone call requesting information about such a survey, would have been made.

Yours truly,

MIAMI SPRINGS POLICE DEPARTMENT,
JAMES H. McDONALD, Chief of Police.

TOWN OF WEST MIAMI, FLA.,
February 12, 1963.

Mr. MURRY WORONER,
Radio Station WAME,
Miami, Fla.

DEAR SIR: In reply to your personal inquiry of this date, as to whether unlawful house-to-house solicitation could be conducted in West Miami without knowledge of the police department, please be advised that in my opinion, the possibility would be remote, and to my knowledge none has.

Yours very truly,

C. B. WRIGHT,
Chief of Police.

MIAMI SHORES VILLAGE, FLA.,
February 12, 1963.

Mr. MURRY WORONER,
Station WAME,
Miami, Fla.

DEAR Mr. WORONER: This is to advise that the Miami Shores Police Department reports that sometime last fall, probably in October, a crew of two people were given permission to go from door to door in Miami Shores and inquire as to residents' radio listening practices. These two people as far as the police have knowledge of were the only ones doing this work and they were here for 2 or 3 days.

Yours very truly,

Village Manager.

THE CITY OF CORAL GABLES, FLA.,
February 13, 1963.

Mr. MURRY WORONER,
Radio Station WAME,
Miami, Fla.

DEAR Mr. WORONER: Referring to your question of yesterday, to me, as to whether or not I thought it possible for the Pulse, Inc., to have made a door-to-door survey in our city sometime in the months of October and November 1962.

It is possible for this to have been done, but it is most unlikely that it could have been done without the knowledge of the police department and to my knowledge it was not done. This company applied to this city for a permit to do this, about the time mentioned, but their permit was denied at that time.

Trusting that this is the information you desired.

Very truly yours,

W. G. KIMBROUGH,
Chief of Police.

EXHIBIT No. 10

JANUARY 21, 1963.

Mr. LAURENCE ROSLOW,
Associate Director, *The Pulse, Inc.*,
New York, N.Y.

DEAR MR. ROSLOW: The town of Bay Harbor Islands has an ordinance on its books prohibiting door-to-door solicitation or canvassing in this municipality. This ordinance was enacted in order to preserve the peace and quiet of our community, many of whose residents are elderly retired people. The town council has delegated to the town manager authority to permit solicitations solely and only by properly screened and legitimate charitable organizations.

I regret, therefore, that it will be impossible for your organization to survey this town.

Very truly yours,

EDWARD H. PREBLE, *Town Manager.*

EXHIBIT No. 11

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

CHICAGO, *September 18, 1961.*

To: Mr. Murry Woroner, WAME.

From: T. S. Chambon, Jr.

Re: Swift & Company—Allsweet, Leo Burnett Co.

Thank you for relaying Mr. Peter La Bruzzo's interoffice correspondence to us concerning the Allsweet campaign. Mr. La Bruzzo did submit for WAME/Miami and it was our privilege to follow up on this submittal.

The agency advises that they have placed a schedule in the Miami market on stations WJBS, WQAM, and WFUN. The primary reason for not selecting WAME at this time was the trend showed in Hooper and Pulse. Their thinking seemed to follow the line that they placed their schedules with the leading stations in the market. Should anything further develop concerning this account, we will be in contact with you.

TED.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

SAN FRANCISCO, *September 26, 1961.*

To: Murry Woroner, WAME, Miami, Fla.

From: Bob Allen.

Re Contadino.

DEAR MURRY: The buy went to WQAM, WGBS, WCKR and WFUN. The only consideration was share of audiences.

BOB ALLEN.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *May 14, 1962.*

From: Bob Brown.

Re Great American Industries—(Super Cooler) Kastor, Hilton, Chesley, Clifford & Atherton.

The above account will be running a radio schedule on WQAM and WFUN beginning June 25. This schedule will run for 4 weeks.

The buy was based strictly on ratings.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *April 26, 1962.*

To: Murry Woroner, WAME, Miami, Fla.
 From: Norm Alpert.
 Re Westinghouse—McCann Erickson.

Sorry to report the above account bought 10 spots per week for 3 weeks on WGBS, WQAM and WFUN.

We pointed to the quality programming of WAME as compared to the rock 'n roll of WFUN and WQAM, but this was a buy based largely on Pulse figures.

Very best regards,

NORM ALPERT.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *May 21, 1962.*

To: Murry Woroner, WAME, Miami, Fla.
 From: Norm Alpert.

Re Johns-Mansville Brake Linings—Cunningham & Walsh.

Sorry to report the above account bought five announcements per week for 2 weeks on WGBS. We offered the baseball to the agency during our pitch, but as you can see the account had a very limited budget.

This buy was based on Pulse ratings, and the thought was to reach a higher income group, since Johns-Mansville Brake Linings are about double the cost of ordinary brake linings.

Very best regards,

NORM ALPERT.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *May 17, 1962.*

To: Murry Woroner, WAME, Miami, Fla.
 From: Norm Alpert.
 Re Nestea—McCann Erickson, Inc.

Sorry to report the above account ordered 10 minute announcements per week on WGBS and WQAM. This was a numbers buy—based on the most recent Pulse.

We stressed the new programming and the news blocks, but the agency stuck to the book. We also presented the adjacencies to Yankee baseball for the weekend since this was a weekend buy, but the agency countered with the statement that they were after a female audience and they felt they would not reach this with baseball.

Very best regards,

NORM ALPERT.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *May 23, 1962.*

To: Murry Woroner, WAME, Miami, Fla.
 From: Bob Reinhard.
 Re Purolator—J. Walter Thompson.

Sorry to report that the above account is coming into your market on radio stations WGBS and WQAM.

It is obvious that the agency has purchased only the top Hooper rated stations in your market.

Cordially,

BOB.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *May 23, 1962.*

To: Murry Woroner, WAME-AM, Miami, Fla.
 From: Bob Reinhard.
 Re Chesterfields—J. Walter Thompson.

Sorry to report that the above account is coming into your market on radio stations WGBS, WQAM, and WFUN. The agency stated that this was strictly a numbers buy based on the latest Nielsen and Hooper.

We offered Yankee baseball adjacencies to the above account, however, they declined stating that they must stress ratings and could not deviate from using traffic times.

Best regards,

BOB.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *May 23, 1962.*

To: Mr. Murry Woroner, WAME-AM, Miami, Fla.
 From: Brock Petersen.
 Re Quaker State—Kenyon & Eckhardt.

The above account is currently running on WQAM and WGBS. This buy was based strictly on ratings and coverage. We have given the agency the WAME presentation, which you left here with us, in an effort to secure this business, but have met with no success. This seems to be strictly an uninspired numbers buy.

Kindest personal regards.

BROCK PETERSEN.

VENARD, TOBBERT & McCONNELL, INC.

SUCCESSORS TO

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *October 29, 1962.*

To: Mr. Murry Woroner, WAME-AM, Miami, Fla.
 From: Bob Brown.
 Re N.Y. & New England Apple Growers—Charles W. Hoyt.

WGBS has been chosen to carry a 2-week schedule of 30-second and 10-second announcements, beginning November 7.

The buy was based on Pulse ratings.

Best regards.

VENARD, RINTOUL & McCONNELL, INC.

INTEROFFICE CORRESPONDENCE

NEW YORK, *June 29, 1962.*

To: Mr. Murry Woroner, WAME-AM, Miami, Fla.
 From: Bob Brown.
 Re Grove Laboratories (Ammens Powder), Doherty, Clifford, Steers & Shenfield.
 Ammens will be running its second flight totaling 7 weeks on WFUN beginning July 16.

WFUN was chosen by the agency because of its higher ratings.

Best regards.

BOB.

BROADCAST RATINGS

VENARD, TORBET & MCCONNELL, INC.
INTEROFFICE CORRESPONDENCE

NEW YORK, *December 13, 1962.*

To: Mr. Murry Woroner, WAME-AM, Miami, Fla.

From: Bob Brown.

Re: Revlon Sun Bath—Grey advertising.

WGBS, WQAM, WCKR and WVCG will carry the Revlon Sun Bath radio schedule in Miami beginning December 17.

This buy was based mostly on Pulse ratings.

Best regards,

BOB,

VENARD, TORBET & MCCONNELL, INC.
SUCCESSORS TO
VENARD, RINTOUL & MCCONNELL, INC.
INTEROFFICE CORRESPONDENCE

NEW YORK, *November 19, 1962.*

To: Murry Woroner, WAME, Miami, Fla.

From: Bob Reinhard.

Re: Vicks Chemical Co.—Morse International.

We are sorry to report that the above account is coming into your market on radio stations WGBS and WINZ.

This buy was made strictly according to Pulse. At the time this buyer was considering these markets, she was completely and totally inundated with national buys. There were four national schedules to be placed simultaneously. This is an agency that normally has a total of four buyers, however, just prior to the placing of this campaign, two of the buyers resigned and one was released. Consequently, the one remaining buyer, the senior buyer, was completely overloaded with work.

We definitely intend to switch pitch these accounts and will advise you as soon as possible.

Best regards,

BOB.

VENARD, TORBET & MCCONNELL, INC.
SUCCESSORS TO
VENARD, RINTOUL & MCCONNELL, INC.
INTEROFFICE CORRESPONDENCE

CHICAGO OFFICE, *January 9, 1963.*

To: Murry Woroner, WAME, Miami, Fla.

From: Jon Ruby.

Re: Libby, McNeill & Libby—J. Walter Thompson.

We have just learned that this account has finalized its plans for your market. Schedules have been placed on WGBS, WINZ, WQAM, WCKR and will start January 16, 1963.

This buy was based upon the July-August 1962 NSI rating book and all time classifications were used. The primary criteria for this buy was cost per thousand as well as total homes reached. Rating points, while secondary, were also important since there was a total rating point goal involved. One drawback to our position was the lack of audience composition data available on most of our time periods. While this is a minor point, it made it all but impossible for us to draw a comparison between our CPM women or adults and that of the other stations.

If the forthcoming Nielsen should prove the above conclusions false, the agency has left the door open for a switch pitch at that time.

JON.

VENARD, TORBET & MCCONNELL, INC.
INTEROFFICE CORRESPONDENCE

NEW YORK, *January 11, 1963.*

To: Mr. Murry Woroner, WAME-AM, Miami, Fla.

From: Bob Brown.

Re: Bristol-Myers (Minit Rub)—D. C. S. & S.

WCKR will carry the first of two Minit Rub flights—beginning January 14 and will run through February 8.

This buy, for the most part, was based on Pulse ratings.

Best regards.

The CHAIRMAN. Mr. Rogers of Florida, do you have any questions?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

I thought this was a very helpful statement. Of course, I have been amazed at what has been revealed here in the committee.

How long have you used the Nielsen rating?

Mr. WORONER. About 3½ years, sir.

Mr. ROGERS of Florida. Have you used the local rating or the national?

Mr. WORONER. Local.

Mr. ROGERS of Florida. Are you listed in their national rating?

Mr. WORONER. Well, we would not be listed in the national book, sir, only the networks would be. The book that comes out for the Miami-Dade area would be the book that would list us.

Mr. ROGERS of Florida. All right, sir. Did you use the three services together?

Mr. WORONER. Yes, sir.

Mr. ROGERS of Florida. At one time?

Mr. WORONER. Yes, sir; we have used them continually.

Mr. ROGERS of Florida. Did they differ?

Mr. WORONER. Oh; yes, sir.

Mr. ROGERS of Florida. How frequently?

Mr. WORONER. The best example I could give you is that at the present time the last rating book, one rating shows a given station first and another station fifth, and another rating service shows the fifth place station as first, so there is considerable variation in the positions of the stations.

Mr. ROGERS of Florida. Would you let the committee have those?

Mr. WORONER. Yes, sir.

Mr. ROGERS of Florida. You can supply them?

Mr. WORONER. All right.

Mr. ROGERS of Florida. What is the cost per service to your station? Is there a difference of cost?

Mr. WORONER. Yes, sir. We pay about \$240 a month for Nielsen, about \$105 a month for Pulse and \$166.67, somewhere in that neighborhood, for Hooper.

Mr. ROGERS of Florida. How often do you receive the ratings?

Mr. WORONER. The Hooper is a monthly index. We get a single sheet of paper each month that is a bimonthly report, the survey being taken the first week of each month, a telephone survey.

The Pulse we get three times a year, the Nielsen we get three times a year but we pay on a 12-month basis.

Mr. ROGERS of Florida. Are the Nielsen and the Pulse ratings made at a particular time of the year?

Mr. WORONER. Yes, sir; we have advance information, generally, when a rating period is coming and this, of course, results in the hypo of the ratings by the various broadcasters as it does in other parts of the country, too.

Mr. ROGERS of Florida. Do you have knowledge as to whether they advise stations that are not subscribers, whether they are getting ready to make a survey or not?

Mr. WORONER. I imagine, sir, that there is a form letter that goes out which indicates a survey is in the offing, but I am quite sure the nonsubscriber does not get the dates, does not know when the survey will be taken.

Mr. ROGERS of Florida. So someone could put on an advertising campaign?

Mr. WORONER. Yes, this is a customary practice.

Mr. ROGERS of Florida. So it would rise their rating or would have a tendency to?

Mr. WORONER. Yes. It is rather typical, I am sure in watching television you can guess when the top features are running it is a rating week. If the features are 1938 vintage you can bet your bottom dollar it is not a rating week.

Mr. ROGERS of Florida. Has this been the practice—for the survey people to let subscribers know?

Mr. WORONER. Yes.

Mr. ROGERS of Florida. Then an effort is made to attract listeners in this particular period?

Mr. WORONER. I would say so.

Mr. ROGERS of Florida. Have you done any particular advertising when your period is coming up or is this done?

Mr. WORONER. Yes, sir; it is done. You will find this is the period when the big giveaway contest would run on rock and roll and a station's outside advertising would be increased. Every effort would be made to get as much in as possible during the rating period which, in effect, is fraud on the part of the stations and on the part of the ratings perpetrated on the part of the advertiser who buys thinking he is getting what was true during the rating period, and which is no longer true.

Mr. ROGERS of Florida. Yes, it definitely constitutes a fraud, not only on advertisers, but I would think on the public as well.

The CHAIRMAN. I can say that it was precisely one of these situations that was called to my attention by one of our colleagues in a certain community that caused me to decide it necessary to send a staff member down to look into it. We found this out to be the fact in that area, and after going into it rather fully it raised a lot of these questions.

Consequently, it resulted in a more extensive investigation throughout the country in an effort to see if this was done. That was from another section of the United States.

Mr. ROGERS of Florida. Now, do clients to these rating services also know the area which will be surveyed? Is there any way for you to know of a particular area or is it a—

Mr. WORONER. Since the techniques are so different, sir, since Nielsen has a preselected group of homes, Hooper is working from the telephone directly and Pulse is going on a neighborhood door-to-door

basis, it would be difficult to say we know of which specific area. However, in one case I would like to point out in a community, for example, where Pulse is required to get a permit, as they would be in Dade County—I could go to that license bureau when I knew that Pulse was coming up and find out what area they had been given permission to do and when.

Mr. ROGERS of Florida. That is what I thought because I noticed in your exhibit 7, the letter of February 7 from Roslow he states:

We will cooperate with the communities involved when they fall in the sample by letting them know precisely where it is we intend to interview and the days involved.

Mr. WORONER. As in the case of Biscayne Park, which was one of two of the seven questioned communities that gave him permission, they not only gave him permission to survey for 2 days but they limited it to one block in the community. Obviously, if we had known that in advance and intended to try to fraudulently affect the survey we could go to that block and try to influence as many homeowners as we could to be tuned to our station.

Mr. ROGERS of Florida. Now with great competition, this is a temptation, I presume, for stations to do that?

Mr. WORONER. I would have to be honest, sir, and say that I would be sorely tempted.

Mr. ROGERS of Florida. Yes. So the very system begets fraud?

Mr. WORONER. I think so. My personal feeling was that out of this would come legislation which would require extreme secrecy of the survey so no one would know when it was being made; that the legislation would require that persons making the survey were qualified—not just a housewife to get a dollar an hour to go out with a list of questions and ask them; that the sample size would have to be considerably larger than what it now is.

There are so many things I feel are wrong with these surveys that I hope will be corrected by these hearings.

Mr. ROGERS of Florida. Now let me ask you this: Do you think the broadcasting industry, itself, can correct this situation?

Mr. WORONER. No, sir; I don't.

Mr. ROGERS of Florida. Do you think legislation is necessary?

Mr. WORONER. Yes, sir; I do.

Mr. ROGERS of Florida. Do you think perhaps licensing of any of these rating companies who do business in interstate commerce might be an approach?

Mr. WORONER. I think it would be an excellent approach, setting the standards they had to work under.

Mr. ROGERS of Florida. Thank you very much. Your testimony is most helpful.

The CHAIRMAN. I think I better let Mr. Sparger go ahead.

Mr. SPARGER. Mr. Woroner, let me ask you this, sir: Have you attempted to at any time verify from Pulse their fieldwork? Have you ever made an attempt to look at their fieldwork?

Mr. WORONER. Yes, sir. When this controversy came up and Mr. Roslow then told me that if I would come to his New York office on this October-November survey—no, he didn't say he would let me see the fieldwork; he never did say he would let me see the fieldwork.

Mr. SPARGER. He did not agree you could see it at that time?

Mr. WORONER. No, sir.

Mr. SPARGER. Have you ever seen the fieldwork of any rating service?

Mr. WORONER. No, sir.

Mr. SPARGER. Have you ever requested specific information from a rating service relative to the breakdown of their samples in the area?

Mr. WORONER. Yes, I have.

Mr. SPARGER. Who was that with, sir?

Mr. WORONER. Nielsen.

Mr. SPARGER. What response did you get, sir?

Mr. WORONER. I got a letter from them saying it is none of my business is effect, they don't make that information available to anyone.

Mr. SPARGER. Will you read what they did say to you?

Mr. WORONER. The portion that refers to it—

Mr. SPARGER. Refer to the date of the letter.

Mr. WORONER. The date of the letter is May 31, 1962, and it is signed by David A. Traylor of the A. C. Nielsen Co.

Mr. SPARGER. Would you read the whole letter in the record?

Mr. WORONER (reading).

This will acknowledge your letter of May 26 repeating the questions raised by Frank which I covered in my letter to you dated May 4. Frank's letter and yours read as though Nielsen had suddenly made changes in NSI techniques and procedures in your area which favored other stations and worked to the disadvantage of station WAME.

Obviously this is not the case. A sample size metro area definition, methods of measuring and computing total homes, in-home and out-of-home, plus measurement techniques, are the same as they were when WAME first subscribed to NSI. They date back to the first report issued for Miami-Fort Lauderdale. Both your contracts entitle you to reasonably interpret such information, Murry. There is no guarantee in the contract that you will be satisfied with your ratings or those of competing stations.

It was suggested that you accepted many aspects of the service which you now seem to question.

As for the Nielsen policy of nondivulgence of county by county net in tab sample details, it applies for nonsubscribers and subscribers alike, I could not change it if I wanted to.

I would be glad to discuss the NSI report, WAME trends and levels and overall NSI methodology with you. I will even admit that NSI is not perfect, but I sincerely believe that NSI provides adequate data within the limits set forth in the report which I repeat apply to all stations and which applied at the time you bought the service.

Cordially.

Mr. SPARGER. Let me ask you this: What size sample does Pulse have in Miami; do you know?

Mr. WORONER. No, I don't.

Mr. SPARGER. Can you refer to it?

Mr. WORONER. Yes.

The CHAIRMAN. Did you read the entire letter?

Mr. WORONER. Yes, sir.

I am sorry, I don't see where he has it listed in this report.

Mr. SPARGER. Let me ask you this: From the July-August 1961, radio report for Louisville of the A. C. Nielsen Co., NSI, would you tell me, sir, what your interpretation of the sample size for this record would be?

Mr. WORONER. The number of homes comprising—150.

Mr. SPARGER. Let me ask you this question, sir: This is the C. E. Hooper report for Louisville, Ky., October–November 1962. Would you tell me what the sample size listed is?

Mr. WORONER. 900 homes.

I have found it now in this Pulse. According to this, I am sorry I cannot interpret it, it says, "The sample for this study is 3,040 study roster reconstruction interviews plus 1,310 not-at-home contacts."

I don't know how many homes were actually interviewed.

Mr. SPARGER. This is the Radio Pulse, Miami, Fla., metropolitan area, October–November 1962.

Could you tell me, sir, what the qualifications are for Pulse interviewers since you referred to that in your statement as represented to you by Dr. Roslow?

Mr. WORONER. A woman who can read and write and work for a dollar an hour. I don't know. There are no technical qualifications. They are housewives who go out and work on these interviews.

Mr. SPARGER. What is the range of ratings normally in your market, sir?

Mr. WORONER. The range of ratings?

Mr. SPARGER. Yes.

Mr. WORONER. Which rating?

Mr. SPARGER. In Nielsen, for example, sir?

Mr. WORONER. I can refer to the last one where the high in a given time period would range from about a 5 down to about a 1.5, something like that.

The CHAIRMAN. Mr. Moss wants to ask a question.

Mr. MOSS. I am just interested in what a not-at-home contact is.

Mr. WORONER. Sir, I don't have any idea what it is. If the interviewee is not there, I wonder how the gentleman adds it into the rating.

Mr. MOSS. Mr. Sparger, do you know what a not-at-home contact is?

I am informed it is counted in the sample size when no one was at home.

Mr. WORONER. I think according to the figures in that particular Pulse, the October–November, 25 percent of the total sample was not at home.

Mr. SPARGER. Can you tell me, sir, what kind of economic areas that Pulse supposedly went to in its sample which you question?

Mr. WORONER. These are definitely the upper 20 percent income areas where the homes would run from \$25,000 up.

Mr. SPARGER. Does Pulse publish demographic data which would break down into higher economic levels?

Mr. WORONER. They currently have just released a report, which we did not subscribe to, called an LQR-100 study, which purports to contain that information.

Mr. SPARGER. In local radio, what survey is most accepted by the advertising agencies for local radio purchases?

Mr. WORONER. In Miami we have a similar situation to what New York City has. About 80 or 85 percent of all the business we do is agency placed. For this reason we are faced with the problem that some agencies like Hooper, some agencies like Nielsen, some agencies like Pulse—I received this, for example, from my representative, this is dated January 1963, and it lists every major advertising agency

in the country and it tells you what rating service they will buy by.
 Mr. SPARGER. Would it be possible, Mr. Chairman, to have this put in the record?

The CHAIRMAN. Yes, if there is no objection to it.

Mr. WORONER. I would be glad to supply it.

The CHAIRMAN. Let it be received.

(The material referred to follows:)

VENARD, TORBET & McCONNELL, INC.
 Radio and Television Station Representatives
 New York, N.Y.

To: All stations.

From: Alan Torbet.

Date: January 1963.

Here is an updated listing of the rating services as preferred or primarily used by the major agencies:

NEW YORK

	Radio			Television	
	Pulse	Hooper			
N. W. Ayer & Son, Inc.	Pulse				ARB
Ted Bates & Co.		Hooper			ARB
Batten, Barton, Durstine & Osborn		do		NSI	ARB
Benton & Bowles, Inc.		do			ARB
Compton Advertising, Inc.					ARB
Cunningham & Walsh, Inc.	Pulse			NSI	
D'Arcy Advertising				NSI	
Dancer, Fitzgerald, Sample, Inc.		Hooper	NSI	NSI	ARB
Doherty, Clifford, Steers & Shenfield	Pulse	do	NSI	NSI	
Donahue & Coe, Inc.	do				ARB
Doremus					ARB
Doyle, Dane & Bernback	Pulse				ARB
Ellington	do				ARB
Erwin Wasey, Ruthrauff & Ryan	do	Hooper		NSI	ARB
William Esty & Co.		do	NSI		ARB
Fletcher Richards, Calkins & Holden			NSI	NSI	
Foote, Cone & Belding	Pulse				ARB
Fuller, Smith & Ross	do	Hooper			ARB
Gardner Advertising Co.	do			NSI	
Geyer, Morey, Madden & Ballard	do				
Grant Advertising, Inc.	do				ARB
Grey Advertising, Inc.	do				ARB
Guild, Bascom & Bonfigli	do				ARB
Gumbinner	do	Hooper			ARB
Hicks & Greist					ARB
Kastor, Hilton	Pulse	Hooper			ARB
Kenyon & Eckhardt, Inc.	do				
Kudner, Inc.	do				ARB
C. J. LaRoche					ARB
Lambert & Feasley		Hooper	NSI	NSI	ARB
Leunen & Newell				NSI	ARB
Richard K. Manoff Advertising					ARB
J. M. Mathes, Inc.	Pulse			NSI	
Maxon, Inc.					
McCann-Erickson, Inc.	Pulse	Hooper			ARB
McCann-Marschalk, Inc.	do				ARB
Mogul, Williams & Saylor	do				ARB
Monroe F. Dreher				NSI	
Morse International	Pulse		NSI	NSI	
Norman, Craig & Kummel	do			NSI	ARB
Ogilvy, Benson & Mather	do			NSI	
Papert, Koenig, Lois	do				
Parkson Agency	do	Hooper			ARB
Peerless Advertising	do				
Reach, McClinton				NSI	
Street & Finney					ARB
Sullivan, Stauffer, Colewell & Bayles		Hooper	NSI	NSI	
Tatham-Laird					ARB
J. Walter Thompson Co.		Hooper	NSI	NSI	
Wesley Associates	Pulse	do			
Weston	do			NSI	
Young & Rubicam, Inc.	do				ARB
Philadelphia Agencies	do				ARB

CHICAGO

	Radio			Television	
Aubrey, Finlay, Marlay & Hodgson.....	Pulse				
N. W. Ayer & Son, Inc.....	do		NSI	NSI	
Batten, Barton, Durstine & Osborn.....				NSI	
Batten, Barton, Durstine & Osborn, Minneapolis.....	Pulse		NSI	NSI	
Leo Burnett & Co., Inc.....	do		NSI	NSI	ARB
Campbell-Mithun, Inc., Chicago.....			NSI	NSI	
Campbell-Mithun, Inc., Minneapolis.....	Pulse			NSI	
Compton Advertising, Inc.....					ARB
Dancer-Fitzgerald-Sample.....			NSI ¹	NSI	
D'Arcy Advertising, Chicago.....	Pulse		NSI	NSI	
Foote, Cone & Belding.....	do		NSI	NSI	
Clinton F. Frank, Inc.....			NSI	NSI	
George H. Hartman Co.....	Pulse				ARB
Kenyon & Eckhardt, Inc.....	do		NSI	NSI	ARB
Keyes, Madden & Jones.....			NSI	NSI	ARB
Knox Reeves Advertising, Minneapolis.....			NSI	NSI	
Earl Ludgin & Co.....					
McCann-Erickson, Inc.....	Pulse				ARB
Arthur Meyerhoff & Co.....	do		NSI	NSI	
Needham, Louis & Brorby, Inc.....			NSI	NSI	
North Advertising Agency.....				NSI	
Post & Morr.....	Pulse		NSI	NSI	ARB
John W. Shaw Advertising, Inc.....			NSI	NSI	
Tatham-Laird, Inc.....	Pulse ²				ARB
J. Walter Thompson Co.....			NSI	NSI	ARB
Geoffrey Wade Advertising.....			NSI	NSI	ARB
Edward H. Weiss & Co.....				NSI	ARB
Young & Rubicam, Inc.....	Pulse				ARB

¹ Major markets only.

² Agency does not subscribe to Pulse.

ST. LOUIS-KANSAS CITY

Bruce B. Brewer Co., Kansas City.....	Pulse				ARB
D'Arcy Advertising, St. Louis.....	do		NSI	NSI	
Gardner Advertising Co., St. Louis.....	do		NSI	NSI	ARB
Ralph H. Jones Co., Cincinnati.....					ARB
Krupnick & Associates, St. Louis.....	Pulse				ARB
Potts-Woodbury, Kansas City.....	do				ARB

DETROIT

Batten, Barton, Durstine & Osborn.....					ARB
Batten, Barton, Durstine & Osborn, Cleveland.....	Pulse				ARB
D. P. Brother.....	do				ARB
Campbell-Ewald.....	do		NSI		ARB
MacManus, John & Adams.....	do			NSI	ARB
McCann-Erickson.....	do				ARB
Young & Rubicam, Inc.....	do				ARB

LOS ANGELES

N. W. Ayer & Son, Inc.....	Pulse		NSI	NSI	
Batten, Barton, Durstine & Osborn.....	do				ARB
Compton Advertising.....	do		NSI		ARB
Donahue & Coe.....			NSI	NSI	
Erwin Wasey, Ruthrauff & Ryan.....			NSI	NSI	
Fletcher, Richards, Calkins & Holden.....	Pulse			NSI	
Foote, Cone & Belding.....	do			NSI	ARB
Fuller, Smith & Ross.....	do			NSI	
Hixson & Jorgensen, Inc.....	do				ARB
Honig-Cooper & Harrington.....	do				ARB
Kenyon & Eckhardt.....	do				ARB
Lennen & Newell.....			NSI	NSI	
McCann-Erickson.....	Pulse			NSI	
MacManus, John & Adams.....			NSI	NSI	
J. Walter Thompson.....	Pulse			NSI	
Wade Advertising.....			NSI	NSI	
Young & Rubicam.....	Pulse				ARB

SAN FRANCISCO³

	Radio			Television	
	Pulse				
N. W. Ayer & Son, Inc.....	do				ARB
Batten, Barton, Durstine & Osborne.....	do				ARB
Beaumont Hohman & Durstine.....	do				ARB
Botsford Constantine & Gardner.....	do		NSI		ARB
Campbell-Ewald.....	do				ARB
Cappel, Pera & Reid.....	do				ARB
Compton Advertising, Inc.....	do				ARB
Cunningham & Walsh.....	do			NSI	ARB
Dancer-Fitzgerald-Sample.....	do	Hooper			ARB
Erwin Wasey, Ruthrauff & Ryan.....	do				ARB
Evans McClure.....	do				ARB
Foote, Cone & Belding.....	do		NSI	NSI	
Fuller, Smith & Ross.....	do				ARB
Garfield, Hoffman & Conner.....	do	Hooper		NSI	
Gerth, Brown, Clark & Elkus.....	do				ARB
Grant Advertising.....	do				ARB
Grey Advertising.....	do				ARB
Guild, Bascom & Bonfigli.....	do		NSI	NSI	
Fletcher, Richards, Calkins & Holden.....	do				ARB
Hofer, Dietrich & Brown.....	do				ARB
Honig-Cooper & Harrington.....	do				ARB
Johnson & Lewis.....	do				ARB
Kenyon & Eckhardt.....	do				ARB
Lennen & Newell.....	do				ARB
Long Advertising.....	do				ARB
McCann-Erickson.....	do				ARB
Reinhardt Advertising.....	do				ARB
J. Walter Thompson.....	do	Hooper			ARB
Young & Rubicam.....	do	do		NSI	

³ Most San Francisco and Los Angeles agencies which primarily use Pulse and ARB will accept Hooper and/or NSI for radio-TV buying if Pulse and ARB are not available.

DALLAS⁴

	Radio			Television	
	Pulse				
Batten, Barton, Durstine & Osborn.....	do				ARB
Crandall Corp.....	do				ARB
Crook Advertising.....	do				ARB
Glenn Advertising.....	do				ARB
Grant Advertising.....	do				ARB;
Lillar, Neal, Battle & Lindsey.....	do				ARB
Norsworthy-Mercer, Inc.....	do				ARB
Rogers & Smith Advertising.....	do				ARB
J. Walter Thompson.....	do				ARB
Tracy-Locke Co.....	do				ARB
Fuller, Smith & Ross, Forth Worth.....	do				ARB
Jack T. Holmes & Associates, Fort Worth.....	do				ARB
Clay Stephenson & Associates, Houston.....	do				ARB
Erwin Wasey, Ruthrauff & Ryan, Houston.....	do				ARB
Goodwin, Dannenbaum, Littman & Wingfield.....	do				ARB
McCann-Erickson, Inc., Houston.....	do				ARB
Ackerman Associates, Oklahoma City.....	do				ARB
Galloway-Wallace, Oklahoma City.....	do				ARB
J. F. Gelders Advertising, Oklahoma City.....	do				ARB
Lowy Runkle Co., Oklahoma City.....	do				ARB
Maury Ferguson Associates, Oklahoma City.....	do				ARB

⁴ Most Dallas agencies which primarily use Pulse and ARB will accept Hooper and/or NSI for radio-TV buying if Pulse and ARB are not available.

Mr. SPARGER. You said that the range of ratings in the Miami market was generally from 2 to 5 rating points?

Mr. WORONER. At various times of days it will vary an average, let's say, a 0.5 to a 5½ or 6.

Mr. SPARGER. What would the average be, sir, two or three?

Mr. WORONER. About a two or a three. Yes, sir.

Mr. SPARGER. What would the economic value to a net increase across the board of one rating point be to your station?

Mr. WORONER. I would assume in the neighborhood of \$150,000 a year.

Mr. SPARGER. What is the current sample size of Nielsen in the Miami area?

Mr. WORONER. Nielsen would run I assume around 150 to 200 for the entire south Florida area now, not just Miami but Dade, Broward, and all the other surrounding counties.

Mr. SPARGER. From your experience sir, are most purchases of time based on an average audience or upon a cumulative audience figure?

Mr. WORONER. Depending on the agency. It may be one way or it may be the other. Many of them buy by the average audience.

Mr. SPARGER. Have any of the services recently advised you that they anticipated increasing their sample sizes?

Mr. WORONER. Yes. I got a letter just this week from the A. C. Nielsen Co. in which they propose an interim operation for the next 8 or 9 months pending an increase in sample size of some 15 times. They propose to require samples 4 to 5 times the present size with 2 or 3 times as many sets per home which would be, as I see it, a 1,500 percent increase in the size of the sample.

Mr. SPARGER. Since the sample size in Miami to the best of your knowledge is between 150 and 200, using 200 as an outside estimate, how many homes would it take to increase a station's rating by one rating point?

Mr. WORONER. Two.

Mr. SPARGER. We have no further questions.

Mr. ROGERS of Florida. The last letter you received, I wonder if we could have that in the record.

Mr. WORONER. Yes, sir.

A. C. NIELSEN CO.,
MEDIA RESEARCH DIVISION,
Chicago, Ill., March 1, 1963.

Re NSI Radio Reports (present and future).

Mr. TED WILSON,
President and General Manager,
Radio Station WAME, Miami, Fla.

DEAR MR. WILSON: For some time we have recognized the increasing need for two major changes in NSI measurements and reporting of local radio audiences, to reflect trends taking place in radio itself and to maintain Nielsen's standards of accuracy and statistical significance. The primary needs are:

1. Inclusion of more of the sources of listening such as personal portables (transistor sets, etc.), auto radios, FM (and AM-FM duplication and stereo)—both in-home plus out-of-home and by stations.

2. Larger samples, to help delineate real differences between audiences of the ever-increasing numbers of radio stations.

Our intensive research has not overlooked any of the known methods for obtaining and presenting sound basic data. It is now pointing definitely to the continued use of permanent type panels where family records of a week or more of listening on all sets would enable NSI to present radio as it is used commercially, with its cumulative patterns of reach and frequency for both central area popularity and for station total audience delivery.

With the increased complexity of respondent reporting on many more different home owned sets, our concern is for both accuracy and completeness of data from all sets. Obviously this will require personal sign-up and careful supervision to assure full reporting. In our efforts to research our own research, we have devised miniaturized meters which we believe might help validate individual set use, but there are still many problems which can be solved only by experience with actual measurements.

Although we have already devoted considerable time and money in these efforts, we now estimate that we will need from 8 to 12 months before we can present an expanded radio measurement service that will meet all these new requirements. We already know that we may require samples 4 or 5 times the

present size and 2 or 3 times as many sets per home. This is expansion in two dimensions, breadth and depth, with an untested third factor of listener cooperation. Obviously all this will be costly.

So much for background and the future. Now for the present :

1. Beginning with NSI measurements which start on or after March 11, 1963, NSI plans to continue the present radio measurements as an interim service (in any market with sufficient client support), but to confine all published data to the cumulative audience details now appearing in the NSI basic report. In other words, NSI will cease to report the per broadcast data now found in the supplement. (Where activity levels warrant, per broadcast data may be available at low cost special analysis rates for management use only.)

2. Radio station subscribers will be free to elect continuation of NSI under this interim service plan, or may terminate, without penalty, at any time during interim service, provided only that any notice of termination precedes the completion of measurement for a report which the client feels will be unacceptable under this cutback in data.

3. After complete specifications and costs for an expanded NSI radio service have been made available to all NSI markets, the presently proposed interim service will then be withdrawn, as of the completion date for any measurement then in process, market-by-market.

We appreciate that all clients currently supporting NSI radio will be faced with many problems, when the alternatives we are offering must necessarily be somewhat indefinite in both timing and probable costs. However, we believe you will agree that radio deserves both a more complete and more sensitive measurement of its total performance. This will require complete cooperation and considerable patience in reaching such a goal. We would like to participate in its achievement.

It is impossible in a single letter to spell out all of our plans and proposed procedures. Our NSI service representative will be in touch with you to discuss these details at your convenience. It would be most helpful if you would give him your reactions to our approach to the problem. We do need your guidance in this most difficult expansion of radio research and audience reporting.

Yours very truly,

JOHN K. CHURCHILL,
Vice President.

Mr. ROGERS of Florida. Is this the first such communication you received about an increase in the base of a rating since you have been a subscriber?

Mr. WORONER. Yes, sir.

Mr. ROGERS of Florida. What was the date of that letter?

Mr. WORONER. March 1, 1963.

Mr. ROGERS of Florida. Have you ever discussed this?

Mr. WORONER. They have always refused in the past to discuss sample size.

Mr. ROGERS of Florida. Never have discussed the size before?

Mr. WORONER. They would not discuss it. The information was not available.

Mr. ROGERS of Florida. All right.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Mr. Woroner, do you believe that you have lost advertising business as a result of possibly some surveys by the Pulse, Inc., case which you mentioned here?

Mr. WORONER. Sir, I honestly believe that if this committee came out with a finding that there was no basis in fact for the Pulse, Hooper, and Nielsen reports, or just Pulse and Nielsen reports for example, I would have a valid lawsuit for amounts in the many hundreds of thousands of dollars as would many other broadcasters across the country against these surveys.

The CHAIRMAN. If the gentleman will yield, I don't want the record to stand at that. It isn't this committee's business to make lawsuits.

Mr. WORONER. I understand that, sir.

The CHAIRMAN. I want it strictly understood that we are not conducting these hearings for the purpose of making a lawsuit for anybody. That is not our purpose at all.

Mr. YOUNGER. I appreciate that, Mr. Chairman.

I am getting at the fact that he has losses and some of them have testified that they have lost as a result of failure to be rated in a certain bracket by these rating bureaus. Why have not some lawsuits been filed and why would you say that it would result from our action rather than from the action that has already taken place on the part of the broadcasters?

Mr. WORONER. The only answer I can give to that, sir, I think is that we lack the courage.

Mr. YOUNGER. You what?

Mr. WORONER. We lack the courage. We have been afraid of the rating services. That is why we have paid money to these people all this time whether we had numbers or not, whether we got good ratings or not. We paid for fear of what the numbers might be if we didn't buy them. As I said in my statement, sir, the only thing that gave us the courage to quit paying the money was the fact that these hearings were going on and we didn't think there would be any danger at all in canceling the service at this time.

Mr. YOUNGER. Do you think the attitude you just expressed as your attitude is fairly representative of the attitude of the broadcasters in general?

Mr. WORONER. I have talked with many broadcasters on this subject, sir, and I think that it is representative of a good majority of them, if they would be honest with themselves and face the facts. You have to be afraid, sir, of someone or a group who hold your economic life or death in their hands. You do business or you don't do business by the numbers.

Mr. YOUNGER. To my mind that is quite a statement of condemnation of the internal fortitude of our broadcasters.

Mr. WORONER. Sir, for many years as a broadcaster I have despaired repeatedly at some of the lack of fortitude shown by some of the broadcasters in the country.

Mr. YOUNGER. Your written statement is almost entirely on Pulse, Inc.

Mr. WORONER. Yes, sir; because it was the one that I had found the basic lead on and was able to do some research on.

Mr. YOUNGER. Do you think it is any worse or any better than the other rating organizations that have been mentioned in this hearing?

Mr. WORONER. No, sir, I don't. No worse, no better.

Mr. YOUNGER. They are all classified about the same so far as reliability and accuracy are concerned?

Mr. WORONER. Depending on the research department of the various advertising agencies, one will have more acceptance in a specific agency than another will.

Mr. YOUNGER. Well, what kind of legislation do you think could be passed that would reach this problem?

We have given a lot of thought to it.

Mr. WORONER. Well, I would say that one example might be, we cannot turn a transmitter on without a qualified engineer supervising

it under the regulations of the Federal Communications Commission. He must be a licensed engineer. I don't think a surveying organization should be able to conduct a survey without being qualified. He should be qualified to gather the information. I think there should be a requirement that the sample size be statistically reliable and things like the not-at-homes should not be added in, just arbitrarily.

Mr. YOUNGER. Don't you think we have enough laws now on the books in regard to fraud and the various cases so far as monopolies and antitrust factors to reach this situation?

Mr. WORONER. Well, unfortunately, since there are three separate rating organizations that concern themselves basically with radio, three primary ones, Pulse, Hooper, and Nielsen, I don't think the monopoly factors would enter into it. My opinion would be that it probably would not. I think it would be very difficult to prove fraud because in the element of maintaining secrecy and protecting their sources and their interviewers it is impossible. I imagine it would be very difficult to determine who actually made these surveys, which homes were interviewed, or were they, or did the interviewer, because it was a cold day, decide to stay home and just fill them out any way. How do you determine these things? These are the things that I think need legislative control.

Mr. YOUNGER. What authority do you think that we might have in a case of that kind where there is possibly no interstate commerce involved, or it is strictly local?

Mr. WORONER. Since these ratings services are sold to broadcasters in Miami, for example, and the advertising agency in New York by a New York company, they are definitely interstate commerce.

I think the authority, the other authority, sir, comes from the fact that I honestly believe these people have more to say about the broadcasting, the programing of the various stations in the country than does the Federal Communications Commission. Now we can all pay lipservice if we want to, to the fact that we are holier than thou but the truth of the matter is if we cannot make a living at it we are going to go to something else. This is what results in the rock-and-roll radio and the screaming disc jockies and the treasure hunts and the contests and the—well, Mr. Minow's vast wasteland as I said in my statement. Since such extreme control of a federally licensed industry is exerted by people who are unlicensed, I think it behooves the Congress to act in this matter and acquire control through legislation of this group.

Mr. YOUNGER. If you could not prove fraud and prove that there is a monopoly or prove that there are antitrust violations, how do you expect us to prove it?

Mr. WORONER. Well, for one thing, sir, I am a broadcaster and I am one man and my resources are certainly extremely limited. Although the resources of the Federal Government are limited, too, they are certainly far better than mine in their investigative powers. Through hearings being held like this is the way the end result will come. The result I hope for is good legislative control with a good high, tough set of standards to meet.

Mr. YOUNGER. You don't think the industry itself could do it?

Mr. WORONER. No, sir, I don't. Not so long as the advertising agencies—

Mr. YOUNGER. Even with your code of ethics which has been given such widespread announcement?

Mr. WORNER. The code of ethics, sir, is a code of ethics established by the National Association of Broadcasters and which many non-members of the NAB subscribe to. The code says you can carry so many commercials an hour and if you carry more than that you are wrong. It says you can advertise this product or that product and you can't advertise other products. In no way does it enter what you can do to try to attempt to hypo your ratings or what you can do to influence the ratings or your selling techniques against competitive radio stations.

As I recall, sir, some years back in the city of Philadelphia the broadcasters got together to try to avoid a price war. Now they were not attempting to fix each other's rates but they were attempting to say, all right, you have published a rate card, sell on it. Because they did, they were all fined by the Federal Government for restraint of trade. The broadcasters as a group are a little leery about coordinated action in a specific direction because of such things as the Philadelphia case.

Mr. YOUNGER. Well, I would be inclined to agree with you that you might as well abolish your code of ethics and everything else if the programming and your broadcasting and your financial existence and everything is dependent upon the rating bureau.

Mr. WORNER. This is unfortunately the case. We attempt—I should not say “we,” many broadcasters attempt to live within an honorable operation of their radio stations. We have some people in the industry who are not as ethical as others. They get caught, they get in trouble with the Commission. The code of ethics, I think, has little to do with the rating service.

Let me give you this example, sir. We were a rock-and-roll radio station 4 years ago, and I mean we were the wildest, rockiest, and screamingest you ever heard, and we were No. 2 in Miami. We ran contests and giveaways and we had yelling disc jockeys until we got sick and tired of black leather jackets and the type of people who were associated with our radio station, the artists that came to the station, the disc jockeys, the type of business that we had. We didn't have much pride in what we were doing.

So we upgraded or what we thought was upgrading the radio station. We increased our talk programming a considerable amount. We now have 1 hour and 45 minutes of news every evening, one hour and a half from 7:30 to 9 o'clock in the morning. We broadcast 3 hours of conversation every night from 10 p.m. to 1 a.m. We feature specifically artists like Lanza, Caruso, and others. All through the day we program good, solid—I am not going to say “public service” because that is a dirty word—informative, educational radio that the operator can take pride in, that the community can take pride in.

Our station just won a Freedom's Foundation Award for a July 4th program. We re-created 1776 for 12 straight hours, the entire day was operated that way. These are the things we have done with the radio station but in all honesty, if we could not sell this kind of radio, if we were losing \$5,000, or \$6,000, or \$7,000, or \$8,000 or \$10,000 a month doing this thing, we would be forced to resort to

rock and roll because we can make a profit on it and so will the other broadcasters.

Mr. YOUNGER. I do not think it is necessary to have rock and roll. We have an FM station in San Francisco that is probably the most lucrative of any FM station and they do nothing except broadcast very high grade programs of all kinds.

Mr. WORONER. Sir, I use rock and roll only as the direst example of the worst that can happen.

Mr. YOUNGER. I think the broadcasters have misjudged the acceptance on the part of the public, and that is the thing I can't understand about the broadcaster.

You seem to indicate to me that so many of them are just totally lacking in any internal fortitude and they misjudge the acceptance on the part of the public, and that goes also for the advertising agencies.

Mr. WORONER. I agree with that.

Mr. YOUNGER. I, myself, cannot understand how such high grade individuals over the country holding high positions would ever get into that kind of a position, in either the advertising field or in the broadcasting field; that you would subject yourself to things that you have to apologize for all the time.

Mr. WORONER. All of us are prone, I am afraid, to take the easy way out. We know we can get numbers with certain types of programs. You know you make money with numbers. Without numbers you don't make money. So you fight for the numbers going the easy route, many of us do.

Mr. YOUNGER. That is all the questions I have, Mr. Chairman.

The CHAIRMAN. Mr. Moss.

Mr. MOSS. You just stated a few years ago you had one of the rockiest operations?

Mr. WORONER. Yes, sir.

Mr. MOSS. You have changed now. What happened to the rating?

Mr. WORONER. We dropped from No. 2 in one service to No. 6, in another service to No. 8 or 9, in a third service in varying times of the day varying from fifth to eighth or ninth, dropped completely out of the top four, top five.

Mr. MOSS. Have you recovered any of this?

Mr. WORONER. No, sir; there has been no recovery.

Mr. MOSS. No recovery. Now this might be because your listeners prefer the noisy programing or it might be because the rating service did not tap the listeners that prefer that type of program?

Mr. WORONER. I could not tell you that the ratings are right.

Mr. MOSS. The agencies assume that the numbers are the only thing that are important?

Mr. WORONER. Yes, sir.

Mr. MOSS. You told us about these communities in Dade County, Fla. How difficult are some of these to get into?

Mr. WORONER. Well, none of them would be difficult to get into.

Mr. MOSS. I mean to do an interview?

Mr. WORONER. I would say it would be almost impossible in any of these without having to be picked up by the police, as the police authorities say. Miami Beach, I don't know if you are familiar with it, Mr. Moss, but Miami Beach has what they call a strolling ordinance.

As you know, during the peak of the tourist season we get some of the less desirable type of citizenry, the burglary rate goes up and that type of thing. The strolling ordinance specifically gives the police officer the right to stop you if you are walking on the street, find out who you are, where you are going, and where you came from, and you better have a destination or you are going to jail. That is for just walking in a residential area.

Now they get complaints immediately if anyone unknown in that area shows up, Chief Stewart verifies that in his letter, and as he said in his letter, in more than 20 years of experience as a Miami Beach police officer he just does not believe it could have happened without his knowing about it, without a complaint having been filed.

Mr. Moss. That is all the questions I have, Mr. Chairman.

I want to compliment you, however, on your statement. I think it is a very fine statement.

Mr. WORONER. Thank you, sir.

The CHAIRMAN. On behalf of the committee, I want to thank you, Mr. Woroner, for your appearance here and your testimony on this important subject. I believe you have permission to include the exhibits that you refer to, your statement.

If not, you may be permitted to include them.

Mr. WORONER. Thank you.

The CHAIRMAN. This concludes the witnesses for this week. We would like to proceed to a conclusion of these hearings as quickly as the schedule of the committee will permit. We have a number of witnesses to get to yet, and it is doubtful that we can finish next week.

Under the schedule of the committee we will come back Monday and perhaps Monday afternoon after the business of the House has been concluded, if it does conclude in time.

We expect to start with rating services next week. We will start off with Conlon, Videodex, and ARB, followed by Hooper, Sindlinger, Trendex, Pulse, and Nielsen.

I doubt very seriously if we will get to all of these next week. As I say, we have other committee schedules of the House. We will proceed just as fast as the situation permits.

The committee will adjourn until 10 o'clock Monday morning.

(Whereupon, at 3:30 p.m., the subcommittee recessed, to reconvene at 10 a.m., Monday, March 11, 1963.)

[EDITORIAL NOTE.—The testimony recorded in the remainder of this volume was taken on Monday, March 18, following the appearance before the subcommittee of several of the rating services. This break in chronology was the result of a ruling that sworn statements (which had been taken from the witnesses who testified on March 18) could not be included in the record.]

BROADCAST RATINGS

MONDAY, MARCH 18, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in Room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee), presiding.

The CHAIRMAN. The committee will come to order. Mr. John Carson. Mr. Carson, will you be sworn, please, sir? Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CARSON. I do.

TESTIMONY OF JOHN W. CARSON, HOST OF NBC'S TONIGHT SHOW; ACCOMPANIED BY RICHARD G. GREEN, ATTORNEY AT LAW

The CHAIRMAN. Will you state your name for the record?

Mr. CARSON. John W. Carson.

The CHAIRMAN. And will you further identify yourself for the record, Mr. Carson?

Mr. CARSON. Currently I am the host of NBC's "Tonight Show."

The CHAIRMAN. What is your address?

Mr. CARSON. 1161 York Avenue, New York City.

The CHAIRMAN. I observe that you have someone with you. I assume that it is your attorney.

Mr. CARSON. This is Mr. Green, my attorney, yes.

The CHAIRMAN. In order that Mr. Green may be identified for the record, would you give his full name and address, please.

Mr. GREEN. Richard G. Green, 1270 Avenue of the Americas, New York 20, N.Y.

The CHAIRMAN. Mr. Carson, do you have a statement that you would like to make to the committee at the outset?

Mr. CARSON. No sir, I didn't bring a statement.

The CHAIRMAN. I might say that we have the affidavit which you gave. I assume it was intended to be included in the record. However, in an investigation of this kind, it is not appropriate to file statements and affidavits in the record, because there is more opportunity here for an explanation.

For that reason I advised the staff that your personal appearance would be necessary if you had any information which you wanted to give to the committee in connection with the current investigation

on the ratings and their methods and uses during the current investigation.

Mr. Richardson.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. CARSON, you have the "Tonight Show" that is on Monday through Friday nights during each week; is that correct?

Mr. CARSON. Yes, sir.

Mr. RICHARDSON. Were you on the "Tonight Show" on February 11, 1963? That was a Monday night.

Mr. CARSON. Yes.

Mr. RICHARDSON. While on the show, did you discuss briefly the subject of the problem of ratings?

Mr. CARSON. I did.

Mr. RICHARDSON. Did you state:

You know networks are always taking surveys on anything to see how the show is doing, how it is not doing, and your whole life really is based on what happens with these ratings.

Mr. CARSON. Yes; I said that.

Mr. RICHARDSON. Then did you say:

I have been through this. I have lost a lot of shows because of ratings.

Mr. CARSON. Yes, sir.

Mr. RICHARDSON. Then you briefly discussed the fact that you had been on several other networks rather than NBC, or at least the two other networks; is that not correct?

Mr. CARSON. Yes, sir.

Mr. RICHARDSON. You however did point out that you had good ratings on your last ABC show?

Mr. CARSON. Yes, sir.

Mr. RICHARDSON. But you then stated:

I was on CBS for a while, and we didn't have the ratings, and you really live or die on that.

Did you make that statement?

Mr. CARSON. Yes; I did.

Mr. RICHARDSON. Mr. Carson, are these statements which you made on the "Tonight Show" on that Monday night your belief concerning the rating services?

Mr. CARSON. Yes, sir; they are.

Mr. RICHARDSON. How important would you say the Nielsen ratings were to the star or the principal performer on a show?

Mr. CARSON. How important they are?

Mr. RICHARDSON. Yes.

Mr. CARSON. Well, I know from personal experience if a show does not have a rating that the network does not consider good, then the show is very unlikely to stay on the air for any length of time.

Mr. RICHARDSON. What shows have you had canceled because of ratings, Mr. Carson?

Mr. CARSON. I have had two shows canceled. When I said a lot in the statement, it was probably a literary license. Having had only four shows, when I lost two of them, it seemed like a lot.

Mr. RICHARDSON. At least it was important to you.

Mr. CARSON. Yes; it was. I had a show on CBS in 1956, in the

evening, and a daytime show on CBS. And both of those shows went off.

Mr. RICHARDSON. Has it been your experience that many other persons in your profession have had trouble keeping shows on the air because of ratings?

Mr. CARSON. Some performers I know, yes, have lost their shows because of low ratings.

Mr. RICHARDSON. Do you actually know anything about how the different rating services or the principal service here, Nielsen, gathers its information?

Mr. CARSON. I know basically the way some of the rating services make samplings. I am not altogether too familiar with the intricacies of it. But I know several of the various methods, the recall, the overnight rating, and various samplings.

Mr. RICHARDSON. What is normally considered a good rating for a daytime show, Mr. Carson?

Mr. CARSON. That is very difficult to answer, because first of all it depends when the particular program is on the air, the year that it is on, what the opposition is at that time. I would consider a good rating in the daytime better than your opposition.

Mr. RICHARDSON. What about a nighttime rating in prime time, Mr. Carson?

Mr. CARSON. I don't think you can put an exact figure on what is considered a good rating. As I say, it depends upon what the opposition rating is.

Mr. RICHARDSON. Do you know what services or service most of the networks rely on for basing their judgments?

Mr. CARSON. No, sir; I couldn't answer that completely honestly.

Mr. RICHARDSON. Mr. Chairman, that concludes the questioning by the staff.

The CHAIRMAN. Mr. Carson, I note that we are privileged to have with us this morning the Honorable Ben Jensen, who is a Member of Congress, who represents one of the great districts in the great State of Iowa. I believe he is your Congressman. We are glad to have him and note his presence this morning—in order to pay tribute to you here. And he comes from your hometown, I believe.

Mr. JENSEN. I believe Mr. Carson was born and raised in Corning, Iowa.

Mr. CARSON. Yes, sir; I was born in Corning.

Mr. JENSEN. And I have the honor of representing the district in which Corning is located.

Mr. CARSON. Well, being in comedy, I have suffered a great many jokes about Corning, Iowa.

Mr. JENSEN. Nice to see you. I have never had the privilege of meeting you before. I am not a member of this committee. But when I heard that Johnny Carson was testifying here this morning, the Johnny Carson who I watch religiously on television and get much pleasure, with my wife and my entire family—I did want to come up and say hello, Johnny.

Mr. CARSON. Thank you very much, sir.

The CHAIRMAN. Mr. Carson, you answered questions to the staff a moment ago, in which you stated that you made these statements on your "Tonight Show" February 11, 1963.

Mr. CARSON. Yes, sir.

The CHAIRMAN. In other words, you had reference to surveys which you state:

Networks are always taking surveys on anything, to see how a show is doing, how it is not doing, and your whole life really is based on what happens with these ratings.

Now, you said you made those statements over your network broadcast on that particular time. Are these particular statements true?

Mr. CARSON. Yes, sir, they are.

The CHAIRMAN. "I have lost a lot of shows because of ratings." Do you know that to be a fact?

Mr. CARSON. Well, sir, as I mentioned to Mr. Richardson a moment ago, I have had all together on the network at various times four different programs. Two of those shows left the air due to ratings not being what they should have been.

The CHAIRMAN. "I have been on ABC, CBS. Although the last show we had a good rating on ABC. But I was on CBS for a while and we didn't have the ratings."

What was the difference—well, first I will say what was your time on ABC, when you received good ratings?

Mr. CARSON. Our time was at 3:30, eastern standard time in the afternoon.

The CHAIRMAN. 3:30, ABC?

Mr. CARSON. Yes, sir.

The CHAIRMAN. What was your time on CBS?

Mr. CARSON. That was 9:30 Thursday evening.

The CHAIRMAN. How long have you been in show business?

Mr. CARSON. Oh, since about 1946, 1947.

The CHAIRMAN. How long have you been broadcasting?

Mr. CARSON. Since 1948.

The CHAIRMAN. Then you have had some 15 years of actual experience in the broadcasting industry.

Mr. CARSON. Yes, sir.

The CHAIRMAN. From your experience, what is the difference usually in the listening audience at 3:30 in the afternoon and 9:30 in the evening?

Mr. CARSON. May I hear the question again, sir—the difference in the audience?

The CHAIRMAN. In the listening audience—3:30 in the afternoon and at 9:30 in the evening.

Mr. CARSON. Do you mean, sir, in relation to numbers of people watching the program?

The CHAIRMAN. The kind or types of people that cause you to receive a good rating on ABC in the afternoon, and a bad rating on CBS at night.

Mr. CARSON. Well, I don't exactly know how to answer that in the kind of people. Apparently, according to the network that I was with at the time on CBS, the show was not receiving a rating that was commensurate with cost per thousand.

The CHAIRMAN. Would you say that was a difference in the audience or the difference in competition?

Mr. CARSON. Difference in competition, I would imagine, sir.

The CHAIRMAN. Or would you say it was the lack of reliability on the rating methodology?

Mr. CARSON. That I couldn't answer, sir. I don't know how accurate or inaccurate they are. I know that they do exist, and the success or failure of many programs are contingent on what the ratings are. As to whether they portray an accurate picture of how many viewers are watching the show, I really do not know.

The CHAIRMAN. Well, the thing that I cannot get through my mind—and I recognize my inability in the field as sensitive as this is—that if this record shows that these ratings are taken, that is network ratings, in the home, where a device has been attached, and it is through that device that it is shown, so far as the ratings are concerned, and without its showing how many were there at the time who were watching, if indeed anybody was—how there could be substantial differences between the rating recorded on the same device if it was turned on in the afternoon or if it were turned on at 9:30 at night.

Mr. CARSON. Well, sir, you have a greater number of people watching television at night than you do in the daytime normally, because of the normal working day. Your ratings for daytime television programs will normally run lower than ratings for television programs in prime time, from 7 o'clock on. So you would, I believe—

The CHAIRMAN. Let me see if I understood what you meant. The ratings in the daytime would ordinarily run lower.

Mr. CARSON. Would numerically run lower; yes, sir.

The CHAIRMAN. And here you have a higher rating in the daytime, and a lower rating at night?

Mr. CARSON. Yes, sir; according to other shows that were on in the daytime we had a high rating.

The CHAIRMAN. According to this explanation, we would deduct, it would be the competition at night.

Mr. CARSON. Yes, sir; a 6 or 7 rating in the daytime may be considered good according to the networks, as opposite the competition, whereas the evening rating may be a 17 or 20 and may not be considered good.

The CHAIRMAN. I do not want to ask you any questions that would be embarrassing in any way, and certainly I would not have that intention at all. But we are trying to develop this matter of rating and its effects on the broadcasting industry which I think is acknowledged now as tremendous—and the use that the ratings have insofar as the industry is concerned.

But you are a performer. Obviously, as a performer—I believe your broadcast from Hollywood, do you not?

Mr. CARSON. New York, sir.

The CHAIRMAN. Well, as a performer, you obviously must be associated with other performers.

Mr. CARSON. Yes, sir.

The CHAIRMAN. If it would be unfair, and if it would be in any way embarrassing say so. But do you have occasion to discuss with those associated in show business the effect of uses of ratings, which have come up in the broadcasting industry, that seem to be, as one put it, the lifeblood of the industry?

Mr. CARSON. I think most performers from time to time do get together and talk about the ratings. Performers very often have a

rather paradoxical look at ratings. If you have a good rating you are all for them. If you have a lousy rating, you say "Gee, they are terrible." I think it depends on what side you are looking at it from. But many performers I have talked with, some of them I have known have had television programs, we realize as performers, ratings do exist. We are not necessarily very happy with them, because it is a little defeating to have to project your career on a set of numbers—whether you have a 6 or a 7 in any given week. I think many performers feel that the ratings themselves may not reflect the quality of the show.

We are not exactly sure what they do show. Inasmuch as television is a commercial medium in the United States and exists to sell products, some type of rating service probably will always be used. Whether it is right, or whether the figures show what they are supposed to show, I don't know.

The CHAIRMAN. Of course, that means only one thing—that basically when you were with ABC you thought the ratings were fine, but when you were with CBS you didn't think much of them?

Mr. CARSON. True.

The CHAIRMAN. But insofar as the principle is concerned—

Mr. CARSON. Excuse me, may I add one thing? In relation to the show on ABC television, for some time our show was on a week-to-week basis because the ratings were low. When the ratings improved, the show stayed on.

The CHAIRMAN. Well, the rating services certainly are a business that have grown up, a system that has grown up here that I think has a far-reaching effect on the welfare of the country in this particular field—more so than anything I can think of. Because not only the performers and the producers of the shows, and the programing are involved but so are the advertisers, who spend up into the hundreds of millions of dollars each year. And the way they are traditionally used now, they determine the economic life of any given facet. That is a lot of power in one small group who control this field, which makes it a very important thing as far as our way of looking at it is concerned.

Mr. CARSON. Yes, sir.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Thank you, Mr. Chairman.

Glad to have you, Mr. Carson. I think we all view your show, provided we can stay up that long and keep awake. I enjoyed your remarks the other day.

On your contracts with the network, is there anything in the contract related to a rating as to whether or not the show will be continued?

Mr. CARSON. No sir, none whatsoever.

Mr. YOUNGER. So if the rating drops down, and they want to remove the show, they have the right to remove that show, regardless of the contract.

Mr. CARSON. I believe the network has a right to remove the show, as far as my particular show is concerned, or my services, contingent at the expiration of my contract.

Mr. YOUNGER. The expiration. How long are the contracts drawn for in terms of weeks or months?

Mr. CARSON. My particular contract I have now runs, I believe, a year from the end of next month.

Mr. YOUNGER. And that is a personal contract, not a contract on the show?

Mr. CARSON. That is a contract for my services as the master of ceremonies on the show.

Mr. YOUNGER. Now, are there ratings in regard to master of ceremonies on any of the shows, or is the rating limited to the show itself?

Mr. CARSON. The rating is just limited to the number of viewers who watch the show.

Mr. YOUNGER. In your opinion, can a good master of ceremonies make a good rating of a bad show?

Mr. CARSON. Well, I would like to believe that the master of ceremonies plays some part in the success of the show.

Mr. YOUNGER. Do you ever listen to your predecessor, Mr. Paar?

Mr. CARSON. Oh, yes.

Mr. YOUNGER. Did you hear his remarks the other day about how they rated the barber shops?

Mr. CARSON. No sir, I don't believe I did.

Mr. YOUNGER. By the number of towels turned in at the laundry, and the barber shop that turns in the most towels is considered the most profitable and the best barber shop and has the most business.

Mr. CARSON. That may be fairly accurate at that.

Mr. YOUNGER. He explained that the other day. You know they rate Congressmen too, don't you?

Mr. CARSON. No, I would be very interested in that.

Mr. YOUNGER. Well, they do—all these organizations. They rate us on our votes. The AFL-CIO, they put out a percentage rating and they may rate us 15 of 20 percent or zero, depending on whether we vote for their bills. Certain other organizations rate accordingly.

We have to answer that rating when we go to the people.

It seems as though there is kind of a national pastime of rating things—even down to the barber shops.

Mr. CARSON. Congressmen get a 2-year run. Most performers get 39 weeks.

Mr. YOUNGER. And it is awfully hard to remove us, too, during those 2 years.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Moss.

Mr. Moss. Mr. Carson, you stated that initially you had a week-to-week arrangement with ABC, while your ratings were low?

Mr. CARSON. Yes, sir.

Mr. Moss. And as soon as the ratings were brought up to a higher level, a more permanent arrangement was made?

Mr. CARSON. Yes, sir.

Mr. Moss. Now, during this period of week-to-week existence, did you have discussions with the officials of the network on the rating performances of the show?

Mr. CARSON. I had no discussions with them personally. I received the information through the producer of the show.

I had on that particular program what is known as a 2-week cancellation—in other words, if they intended to cancel my services, they would give me 2 weeks' notice, or would terminate my services.

Then the next week it would be also an additional 2 weeks, if the show was not in trouble, and the next week it would be an additional 2 weeks. Well, the show began to receive better ratings. Then I think the program went on something like a firm 26-week contract.

Mr. Moss. There was never any doubt in your mind that the basic question here was one of improved ratings?

Mr. CARSON. Yes. When someone comes to you and gives you a small innuendo that you may be out of work unless the ratings improve, I would say that that has to do with the ratings.

Mr. Moss. Well of course the committee is very interested in the significance of ratings in programing. We have had some witnesses that have told us that it constitutes the very lifeblood of the industry, and others have tried to indicate that they are not of too much significance. And yet I recall reading over a period of many years that shows were taken off because of lack of adequate ratings.

Now, in the case of the two cancellations, or failures to renew, whichever they might be, of shows on CBS, were these cancelled under some provision of the contract, or was it a failure to renew?

Mr. CARSON. Not canceled under provision of the contract. I had a contract for, as I said, 39 weeks. I am sure that if the program would have received ratings that were more acceptable to the network at the end of that time, the show would have gone on for the second year.

Mr. Moss. Were these ever matters of discussion between you or representatives of you and the networks?

Mr. CARSON. It is usually not handled that way, from my own personal experience. An executive of the network does not necessarily come to you and say "Your program is in jeopardy because of the ratings." But it is not hard to find that information. It is usually printed in the trade papers of the entertainment business, like *Variety*, or *Broadcasting Magazine*.

And the newspaper columnists and editors print that information, that the ratings are low, and the show looks like it is in trouble. But I can't remember an instance where an executive has come to me and said the show will go off if you don't get better ratings, but it is certainly implied.

Mr. Moss. Something generally understood, but rarely discussed.

Mr. CARSON. Generally understood by performers in the business. Ratings are printed every week of the top 10 or 20 shows in the *Nation*. There must be a reason that they do print them.

Mr. Moss. How much discussion is there of this cost per thousand for a show?

Mr. CARSON. Well, that is a term that I have heard used by agency people, which I assume is somewhat similar to magazine advertisers, when they buy an advertisement in a magazine, they try to figure out how many viewers they are reaching per thousand dollars spent. This also I imagine would correlate with the rating. If you are spending \$10,000—

Mr. Moss. Well, now, is this cost per thousand spent or is this cost per thousand watching? Is this a cost per thousand of audience?

Mr. CARSON. Yes, sir; that only has to do with the number of people who were turned in to a given program.

Mr. Moss. This implies a very precise measurement, then, doesn't it?

Mr. CARSON. I would believe so.

Mr. Moss. If you can take a nationally televised show, and reduce the approximate end of it down to a cost per thousand viewers, this implies a very precise standard of measurement.

Mr. CARSON. It would seem so; yes sir.

Mr. Moss. Do you know whether it is generally felt that the measurement standard is so precise as to permit that type of cost ascertainment?

Mr. CARSON. I am not too knowledgeable in that area, because that is more in the advertising end of it. I couldn't say, sir.

Mr. Moss. When we talk of comparative ratings, one show is viewed as successful, the other is on sort of a ragged edge—about how many points, rating points, are we discussing?

Mr. CARSON. This again is difficult to answer in just cold figures.

Mr. Moss. Could we go back to your CBS afternoon show, or the evening show, and get some contrasts there of the ratings you had and the ratings of your competition?

Mr. CARSON. As best I can remember—and I may be somewhat off in this—this was almost 8 years ago—I believe our show at that time had a rating of around—it varied from 20 to 21, in that area. The competition—and I would have to check these figures—I am trying to give you some type of parallel—were probably running 26 to 30, perhaps 32.

Mr. Moss. That was the evening show?

Mr. CARSON. Yes, sir. In the daytime show—

Mr. Moss. That is the Nielsen rating we are talking about, then.

Mr. CARSON. I believe that is right; yes, sir.

The CHAIRMAN. In the daytime?

Mr. CARSON. In the daytime show originally on CBS, I understood the reason that program went off, was that it was a live show, utilizing live talent, an orchestra, and performers. We were replaced by a rerun of a show that had been shown on the network previously at night. This is where the cost per thousand, as I understand it, comes into play. A live show, by the necessity of paying performers and facilities and cameras and studio space, normally costs more than repeating a show which has been on previously, because all you have to do is put it on a projector, and show it. So your cost naturally for that show runs lower than a live program.

So as I understand it, the network feels that if they can show a rerun, and possibly still receive the same rating that the live show will produce for them, that very often happens.

Mr. Moss. Do you recall what the ratings were on the daytime show at that time?

Mr. CARSON. No, sir; I do not recall the exact ratings. As a matter of fact, I don't recall the show that replaced us. That went off soon after that also.

Mr. Moss. That is all of my questions.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. Mr. Carson, you have testified as to the reliance that people in the industry, so to speak, place on ratings.

Now, in the trade, let us assume that a show appears that it might be getting into trouble, according to the ratings it receives. What would be a general procedure that the producer and the performer might follow at that juncture?

Mr. CARSON. Mr. Brotzman, I think that would rely pretty heavily on what kind of show it was, and what kind of trouble they were in. If it was just a matter of having smaller rating than other shows, I would imagine they would try to see what elements they could put into the program to either make it better or attract more people.

Mr. BROTZMAN. Now, that was a very general question. You try to do something—isn't that correct—if you are slipping a little bit?

Mr. CARSON. Yes, sir.

Mr. BROTZMAN. But this rating, this numerical rating, would not give you any clues as to how you might improve the show, would it?

Mr. CARSON. No sir; ratings, as far as I know, have no correlation with the quality of the program.

Mr. BROTZMAN. How would you find the information, to try to improve your show?

Mr. CARSON. Well, as professionals in the business, whether it is the producer or the actors, we would probably analyze the show to see what is wrong with it from a creative standpoint, and try to make the show better from that standpoint.

I don't mean to be nebulous in my answer, but—when you have a program on the air and it doesn't receive a rating that they feel is good, it is very difficult to determine sometimes why the program does not get a better rating.

It could very possibly be due to the competition opposite you. And very often there may be nothing that you can really do to improve the rating of that particular program.

Mr. BROTZMAN. So you are really pinned down to a few points. But it doesn't give you any guidance as to how you might improve your lot—just the rating itself?

Mr. CARSON. Not really from the creative standpoint. If I may follow up on one answer I made a moment ago—you asked about would this help you improve the show. In relation to the show that I did on the west coast, in 1956, the evening show, at 9:30, normally I would have to wait until the next morning to find out how successful my program was, because we did not get the ratings before then. This was the overnight rating that they took. And it was a little defeating to finish a program on the air and not know whether it was a good show, because nobody really wanted to commit themselves until they found out whether the rating had changed. If the rating had gone up to a 17.2, everybody would say, "Hey, that was a great show." If it dropped maybe a point, that, using that logic, seemed to be a bad program—which is very defeating to somebody who is trying to do something creatively.

Mr. BROTZMAN. I would imagine, with people such as yourself that have been successful in this business, it must seem unfair, when you think you have done a good job, and you have worked hard, to have to wait to see what the few points differential might be the next day to understand whether you did or not, do a good job as far as the public is concerned.

Mr. CARSON. I think most performers probably feel the ratings are a little bit unfair, or hard to live with. But as I said earlier, as long as television in the United States is a commercial medium, which exists to sell cigarettes, soap, automobiles, and deodorants, there will have to be some type of rating made on the programs.

I am not justifying the ratings at all. I don't know what the answer is to the rating problem. I can only speak from a performer's standpoint, that it is a little tough to work with from week to week, and have to look at sets of figures to base your livelihood on.

Mr. BROTZMAN. You anticipated my next question. I wondered if you did have any suggestions as to how the situation might be improved? Any ideas?

Mr. CARSON. I wish I did. This seems to be a problem that has existed for a great number of years, way back in the days of radio. I can remember Fred Allen, years ago, making a statement about ratings on his radio show. I think at that time he was talking about the Hooper ratings, which I think have joined some other organization now. But Fred said several years ago that they had taken a rating of his show, and he had a minus 2. And he explained that by saying nobody listened to his show, and two people who didn't listen to it went around knocking it.

This was my first exposure to talk about ratings.

I know in those days, Fred was very concerned about the ratings all the time. And eventually went off the air because of ratings. I believe his competition was "Stop the Music." It came on, and Fred had been on for 15 or 20 years. And his show did go off eventually because of low ratings. He couldn't fight the competition. I wish I had some suggestions on how to improve it. As I said, I don't know whether anyone in the business—as I say, being a performer, I am not as close to the intricacies of the ratings, of how accurate a sampling these numbers are. I think you have to determine first of all what you are trying to sample, whether you are trying to sample just the number of sets that are on, or are you trying to sample how many people buy the product, or how many people like the show. I am not sure what the numbers do show. And very often the different surveys show different things.

Mr. BROTZMAN. Let me ask you this.

Have you ever had a specific performance or a show where you thought it was good, and where the reaction of people helping produce it and perhaps mail, or whatever else you might want to use, indicated it was a good show, but the ultimate rating on that particular show was very bad?

Mr. CARSON. Yes, that happens often. I think when you finish a program—as an entertainer I feel by the time I finish the show whether the show was a good show with entertainment value, whether it has a lot of good elements in it, and the reaction was good. This ties in with what I was saying about the nighttime show on CBS. There were times when the next morning you would find that the rating may have dropped, a point or a point and a half. This might have been due to a lot of different factors. It might have been a wonderful night, weatherwise, and a lot of people went out that night, and didn't stay home and watch television. So therefore your rating

or sets in use dropped. Your rating drops. But the correlation is always that it wasn't a good show. That has happened; yes, sir.

Mr. BROTZMAN. Now, on these two shows you lost, was that all by innuendo, as far as informing you as to why the show was going off the air. Or did anybody tell you directly that these ratings were just too low?

Mr. CARSON. Innuendo, and yes—producers of the show would come down. I suppose they received the information either from the advertising agency, the client, or from the network. And there would be discussion every week, or every few weeks about the rating of the show—whether it had increased or whether it had been down. And as the season comes to an end—and a normal season on network television at night is 39 weeks—you are fairly sure by the time you reach the end of that particular cycle whether you are going to be picked up.

Normally you have to be notified 3, depending on what your notification clause is, maybe 3 to 4 weeks in advance. And when you hear a lot of talk about ratings, and you read about ratings in the paper, that they are down, you know fairly well—whether someone comes to you and actually tells you—you just know that it is not going to be picked up.

Mr. BROTZMAN. Now, with ratings being as vital as they are to a performer, do you know of any technique that a performer can use to improve his ratings above and beyond just the performance on the show?

Mr. CARSON. No, sir; I don't.

Mr. BROTZMAN. You don't know if there are in the trade any techniques to hypoing the show, to get a better rating?

Mr. CARSON. No, sir; I don't. As I said, the thing that bothers most—speaking as a performer, I think that it concerns performers mainly—is the creative angle of the show, or the quality of the show versus a numerical count, showing number of viewers.

I remember a few years ago there was a show that I didn't particularly like, but I thought it was a bad program, and I mentioned it to somebody, and he said "Look at the rating it has." I said well if you put on an execution every week you would probably get a good rating. I was trying to make the point that the quality of the show or the interest in the show didn't necessarily make it good. He didn't think it was very amusing.

Mr. BROTZMAN. I would like to thank you very much for coming down, Mr. Carson. I have no further questions.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. One question. In an answer a while ago, you said that the quality of the show had no relation to the rating. Would you enlarge upon that, please.

Mr. CARSON. Well, that may sound a little ambiguous. The quality probably does have something to do with the rating. If you have a fine quality show, if it is a particular mass audience appeal show, you will have a rating—although you can have a quality show—one particular program that comes to mind is the "Voice of Firestone," which was in the news a year or so ago, which was a fine quality show, but they had low ratings. That is actually what I mean. Quality

shows have a lot to do with the show. It depends on how we identify quality.

Mr. YOUNGER. According to the testimony we have the rating depends a lot on what the purchaser of the time has in mind.

Mr. CARSON. Yes, sir.

Mr. YOUNGER. Firestone, although it has a low rating, may have an audience that would be far more susceptible to buying a product, than Popeye, which might have a larger rating.

Mr. CARSON. They may be very loyal. Ratings do not take into account, I do not personally believe, the loyalty of the viewer to the particular commercial message that is on the show.

Mr. YOUNGER. You see no relation at all as to ratings compared with fan mail that you might get. In other words, if a show had good ratings do you receive more fan mail than a show without good ratings?

Mr. CARSON. It depends again on the type of program it is. Your fan mail changes depending on the kind of show. A show like "The Price is Right" gets a tremendous amount of mail, because they are giving away something. The dramatic show might not receive much fan mail at all, because of the kind of program watching the program.

Mr. YOUNGER. Would that volume indicate ratings one way or another? Would "The Price Is Right" have probably a higher rating than a dramatic show?

Mr. CARSON. Very possibly; yes, sir.

Mr. YOUNGER. So there might be some indication of the fan mail as to whether or not the percentage of sets were in use at that time and viewing that particular show. That is what the ratings mean?

Mr. CARSON. Yes, sir; they have also, on fan mail—

I don't know how accurate that is—they have said one-tenth of 1 percent of the audience writes, so that might mean this number of people watch.

Mr. YOUNGER. Frequently the ratings, we have been told, are made on less than one-tenth of 1 percent of the audience.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Carson, we appreciate your presence here this morning. On behalf of the committee, I want to thank you for your presentation and your cooperation in the hearings.

Good luck to you on your trip.

Mr. CARSON. Thank you. If you would like to continue this session sometime, I would love to have you come out and do it on our show. We could use the rating.

The CHAIRMAN. That is very kind of you to extend an invitation, but a colleague of ours a few days ago, a member of this committee, was commenting on the fact that he was trying to get time in your particular area and he said the television station advised him: "No, no, not at this time. We are being rated right now."

Mr. CARSON. Thank you.

The CHAIRMAN. Thank you very much.

Mr. Ross Baker.

Mr. Baker, will you be sworn?

Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BAKER. I do.

The CHAIRMAN. Will you identify yourself for the record, Mr. Baker?

TESTIMONY OF ROSS B. BAKER, MANAGER, RADIO STATION KCCO, LAWTON, OKLA.

Mr. BAKER. I am Ross Baker, manager of radio station KCCO, Lawton, Okla.

The CHAIRMAN. You have a statement, I believe, of which you have made copies available to each member of the committee?

Mr. BAKER. Yes, sir.

The CHAIRMAN. Would you like to make this statement at this time?

Mr. BAKER. During the month of September of 1962, Pulse, Inc., took a radio survey in the Lawton metropolitan area. The results of this survey were published in November 1962, and the only other radio station in Lawton, KSWO, subscribed to the report. This is the first time that a national rating service has conducted a survey in Lawton in the past several years.

This survey shows my station, KCCO, in fourth place in this market. KSWO is first with over 50 percent of the listening. Two Oklahoma City stations rank second and third, and I am a low fourth in the ratings, having about 2 percent more audience than the miscellaneous stations reported.

Since Oklahoma City is approximately 100 miles from Lawton, these results seem questionable to me. As a result of this survey KCCO's gross billing has already dropped. For example, we had shown a nice increase in 1962 over 1961 until November 1962. For example: April, increased \$2,746; May, increased \$3,377; June, increased \$1,003; July, increased \$1,561; August, increased \$4,226; September, increased \$527; October, increased \$585.

However, in November 1962, when the Pulse was released, we dropped \$918 under 1961. In December we dropped \$1,897 under 1961. January 1963 was \$1,904 below 1962 and February 1963 was \$2,911 under 1962. March 1963 billing is beginning \$1,448 below our 1962 start. KCCO is staffed with the same salesmen and has the same program format as last year.

I have noted several accounts on KSWO this month from a national and regional standpoint, which had not contacted KCCO for presentation. In the past, most accounts would ask for presentations from KCCO even though they might buy KSWO. However, this year it seems that the survey is so overwhelming that we are not even asked to submit availabilities.

I have talked to my national representatives and they can give me no consolation whatsoever, saying that a time buyer buys ratings and must justify the purchase. Even local advertisers, who in the past have used our radio station exclusively, have begun to question their own judgment.

KSWO is using the Pulse Report locally and it is causing us to lose business with the merchants in Lawton. Thus, our income is being greatly affected locally, regionally, and nationally. For many years I was in television management and sales. I quit television to enter back into radio, because I got tired of having to guarantee ratings in

order to sell. Salesmen have been replaced by mathematicians. Many time buyers are buying nothing but rating points from an agency level.

It is extremely difficult for a local manager or a licensee to program a station in what he considers to be the best interest of his community, when a national rating company lists his station with a small audience.

KCCO does not leave its programming to chance. We are constantly before the public checking their wants and desires; however, I failed to realize that a small market station, in a two-station market, could immediately lose thousands of dollars of revenue as a result of a one-sided survey.

The CHAIRMAN. Does that conclude your statement?

Mr. BAKER. Yes, sir.

The CHAIRMAN. Mr. Richardson?

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. Baker, you stated that this Pulse survey is being used locally in Lawton. How is this used in the local market?

Mr. BAKER. Well, it is being used both on the air and by the salesmen. On the air, they are continually plugging that four out of five radio listeners in the Lawton area are listening to KSWO.

Mr. RICHARDSON. Does the other station also say how many are listening to your station?

Mr. BAKER. No, sir.

Mr. RICHARDSON. Or do they just say how many are listening to their station?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. Do you know how it is used by the salesmen in Lawton?

Mr. BAKER. Well, recently, it is almost used as a Bible—that is, their main sales contention now is that we have no audience.

Mr. RICHARDSON. To your knowledge are they showing this survey to the local merchants?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. Have you had any comments from former subscribers or former persons buying time on your station as to the results of this survey?

Mr. BAKER. Oh, I have had many. For instance, in some places, where I feel that we have always been well received and done a good advertising job for the customers—of course, in many cases, that is hard to pinpoint, but some of them say, “Well, let’s say that you even had twice as much as this survey shows you, so that still shows them far ahead of you.”

And I think it has made a lot of the advertisers a little skeptical of their own knowledge, even. In other words, they know their own crowd and they know what their crowd listens to and they are a little bit skeptical thinking: “Well, maybe I am not average.”

Mr. RICHARDSON. They are using the numbers rather than what people tell them, in other words?

Mr. BAKER. They are taking the numbers, yes, sir.

Mr. RICHARDSON. In the use locally, Mr. Baker, has the other station or anyone else shown to merchants, to your knowledge, that you are in fourth place in this survey?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. Is this done fairly often with the local merchants, to your knowledge?

Mr. BAKER. Well, we found it considerably increased through January, February, and March.

Mr. RICHARDSON. Have you seen a further decrease since the time you prepared your statement, which was some time ago, as far as further billing, for example, in April, is concerned?

Mr. BAKER. Sir, I can't answer that exactly. However, I am extremely worried about future billing for next month. There are many accounts that start advertising in April that usually, by this time, have contacted us for availabilities or for a presentation that we have had no contact with as yet this year.

In some cases, I have contacted them and the answers have varied.

Mr. RICHARDSON. Have any of them stated to you that it appears you don't have the ratings?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. Now, during this period, you state that you have not had any change in programming; is that correct?

Mr. BAKER. Nothing major. Of course we have attempted to improve it from time to time with additions, but it is the same musical and news format.

Mr. RICHARDSON. You also, I believe, said that normally no national surveys are made in Lawton, is that correct?

Mr. BAKER. That is correct.

Mr. RICHARDSON. Is this one survey of Pulse which was made in the fall of 1962 the only recent survey by a national organization in Lawton?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. What is the population of Lawton?

Mr. BAKER. 63,000.

Mr. RICHARDSON. Would you say that in your opinion, you could trace the loss of this business directly to this rating report?

Mr. BAKER. Are you asking me now can I trace particular business?

Mr. RICHARDSON. Business loss; yes.

Mr. BAKER. Yes; I can trace certain accounts directly to the survey.

Mr. RICHARDSON. Lawton is a two-station market in that there are only two stations originating in Lawton: is that correct?

Mr. BAKER. Two radio stations, yes, sir.

Mr. RICHARDSON. Has this survey created any problems with your national representative?

Mr. BAKER. Well, I fear that they feel that they can't sell without the ratings.

Mr. RICHARDSON. Have they informed you that this has hurt your business?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. You have no doubt that it has hurt your business?

Mr. BAKER. I have no doubt, sir.

Mr. RICHARDSON. Have you done any checking in relation to this survey that was made last fall in the local area?

Mr. BAKER. In what manner, sir?

Mr. RICHARDSON. Have you tried to find out whether or not, for example, it was made?

Mr. BAKER. Yes, sir, I have. I have attempted to do a little detective work. I had some people out working for me to find out if we could find anybody who was ever surveyed on whether we could find anybody who has ever hired anybody to do this survey.

Mr. RICHARDSON. When you say you have had people out, are these members of your own staff?

Mr. BAKER. In most cases, I have employed one outsider.

Mr. RICHARDSON. What have their findings been, if any?

Mr. BAKER. Well, I understand that this is not—in other words, all inclusive, or anything, but we have not been able to find where anyone from that firm was in the city, nor have we been able to find out who took the surveys or if anyone was questioned.

Mr. RICHARDSON. But in your opinion, there is little doubt that because this survey was made, your gross billing has decreased substantially?

Mr. BAKER. Yes, sir.

Mr. RICHARDSON. Mr. Chairman, those are all the questions of the staff.

The CHAIRMAN. Mr. Moss, any questions?

Mr. MOSS. Did you have any knowledge that the survey was going to be made in September of 1962?

Mr. BAKER. Yes, sir.

Mr. MOSS. Pulse notified you?

Mr. BAKER. Yes, sir.

Mr. MOSS. During the period the survey was in progress, did the other station ever make any extraordinary promotion?

Mr. BAKER. Yes, sir. As a matter of fact, they did 30 days in advance of the survey date. I sometimes feel a little inadequate, but I should have known what was going on. Approximately 30 days before I got the letter, I noticed an increase in giveaways on their station.

Mr. MOSS. What is the power of your station?

Mr. BAKER. My station is 250 watt.

Mr. MOSS. And of KSWO?

Mr. BAKER. They are a thousand.

Mr. MOSS. Now, are these both full-time stations?

Mr. BAKER. No, sir. I am a daytime station; they are a full-time.

Mr. MOSS. Had you ever had any other ratings?

Mr. BAKER. There have been some regional ratings, and I understand that Nielsen, I believe, has made a coverage study.

However, I did not subscribe and did not know about it.

Mr. MOSS. Have you ever had a rating taken by any—have you ever had a rating taken for your station?

Mr. BAKER. Yes, sir. We have subscribed to Conlan.

Mr. MOSS. How did you come out on that one?

Mr. BAKER. Well, the first time I subscribed, I had 25 percent of the audience. Then it went up to about 40 percent.

Mr. MOSS. How many times did you have them rate you?

Mr. BAKER. About three times. I did not have them rate me, sir. They came in, took ratings, and said they had rated the market, and asked me if I wanted to buy a copy of it, which I did.

Mr. MOSS. Were you first, then, in those?

Mr. BAKER. In the survey, I think I was first by nine-tenths of 1 percent.

Mr. Moss. Nine-tenths of 1 percent. These companies then, cut this pie pretty fine, don't they? Nine-tenths of 1 percent.

Mr. BAKER. Yes, sir.

Mr. Moss. Now, this shrinkage of business, has this been almost exclusively in national billings, or is this local advertising as well?

Mr. BAKER. Sir, it has been pretty well at all levels. I would say more regional and local.

Mr. Moss. More on regional and local?

Mr. BAKER. Yes, sir. However, there has been national business come into the market which I have not—that is on the other station, now. I have not been contacted. I can't call it a loss, because I have never had it.

Mr. Moss. It is quite clear to you that on this matter of the national business, the most persuasive fact facing you is this rating?

Mr. BAKER. It seems to have been since it was taken, sir. I have always been at a slight disadvantage because some people buy power which, unless a person understands the coverage of a 250-watt station on a lower frequency compared to a thousand-watt on a higher frequency, has caused trouble. In many cases I can overcome that. However, I haven't had the opportunity, since the Pulse rating, to even get into that part of it.

Mr. Moss. You mention that you left television to return to radio because you got tired of having to "guarantee" ratings?

Mr. BAKER. Yes, sir.

Mr. Moss. How do you guarantee a rating?

Mr. BAKER. Well, if a buyer tells you that they need to justify their buy, say, by an average 20 rating, or average 25 rating, they want to buy 5 spots a week, then either you come up with 25 spots a week—I mean with 5 spots a week with an average 20 or 25 rating, or you don't get the business. Or if you want to, a lot of times you can give them 10 spots that will make up the average rating of 25.

Mr. Moss. In other words, your sales arrangement, your contract arrangement with the advertiser guarantees an audience at a certain level or you must give additional time, is that correct?

Mr. BAKER. They are usually based on one survey, the last survey taken in the market.

Mr. Moss. And what survey would that be?

Mr. BAKER. Well, of course, ARB is the most popular in television for spot sales.

Mr. Moss. Thank you.

That is all the questions I have, Mr. Chairman.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

On your daytime station, what hours do you operate?

Mr. BAKER. From sunup to sundown, currently 6:45 to 6:45, sir.

Mr. YOUNGER. You don't go on the air early in the morning as some of them do?

Mr. BAKER. No, sir; I am on a Mexican frequency.

Mr. YOUNGER. When you had the rating by Conlan, what use did you make of that in the way of advertising or word over the station?

Mr. BAKER. Well, no mention was made over the station. If a man came to me and said, "I have just got to have a rating." I had one, but I certainly didn't pull it out of my briefcase.

Mr. YOUNGER. Your salesmen did not use it, or did you use it in advertising?

Mr. BAKER. Until recently, my salesmen didn't even know I had bought it.

Mr. YOUNGER. So, as a matter of fact, so far as the public is concerned and the buyers are concerned, the rating had no bearing, because they knew nothing about it and you didn't disclose it?

Mr. BAKER. Only a few, sir, that asked me for it particularly, I did show it to. But I knew what I had bought. It was a regional survey not generally accepted by national advertisers.

Mr. YOUNGER. Then of the advertisers who have now withdrawn their advertising, how many bought the advertising originally because of your rating?

Mr. BAKER. None, sir.

Mr. YOUNGER. So that this change now has no relation at all to the rating that you had from Conlan in getting business at that time?

Mr. BAKER. No, sir.

Mr. YOUNGER. Now, you make the statement as follows:

Result of a one-sided survey.

What did you mean by that?

Mr. BAKER. Well, where the one station has over 50 percent of the audience—53 percent, to be exact.

Mr. YOUNGER. That might be a very good survey as surveys go. But would you call it one sided just because the results came out one way? You must have had the idea that they did not properly sample the audience or for some other reason you use the word "one sided."

Mr. BAKER. I definitely have that feeling, sir, that it was not properly supervised and is not a good survey.

Mr. YOUNGER. Because of the fact that they did not use enough samples?

Mr. BAKER. I do not believe they did. However, this information is not available to me where I could check it.

But as I said also in that statement, I don't just leave my programming to chance and say, you boys pick out your records or we will program this way or that way without checking my audience. We have attempted to run surveys ourselves which we can't sell by, but were used to give us an idea of where we were weak and where we were strong.

Frankly, I have used a surveying firm's techniques by changing the name. If I saw myself slipping to the extent of this Pulse survey, I would certainly try to do something about it.

Mr. YOUNGER. In taking your own survey, did you take the names in the phone book; did you phone the person to see whether or not their set was on?

Mr. BAKER. Yes, sir.

Mr. YOUNGER. It was a phone technique which you used?

Mr. BAKER. Hooper's.

Mr. YOUNGER. You did have a Hooper rating, did you?

Mr. BAKER. We have not had a Hooper rating. However, I have worked with them before and I knew what that questioning was and I have used their same type of questioning; yes, sir.

Mr. YOUNGER. You have used their technique?

Mr. BAKER. Yes, sir.

Mr. YOUNGER. That is all.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

As I understood it, you received a letter advising that the survey was to be made right at the time the survey was to be made; is that right?

Mr. BAKER. I do not remember the exact date and I could not find the letter. It was actually a very short time before the survey.

I have received letters such as that as high as 30 days before a survey. One of the reasons, when I got that letter, that I—as I say, I felt inadequate and I should have known why; the competition was hyping their giveaways.

Mr. ROGERS of Florida. Who sent this letter? Which service was this?

Mr. BAKER. Pulse.

Mr. ROGERS of Florida. And you have definitely felt adverse effect on your station from ratings, you feel?

Mr. BAKER. Yes, sir.

Mr. ROGERS of Florida. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. Mr. Baker, at the time of this survey, and I refer to the month of September 1962, where do you think your station rated among those?

Mr. BAKER. How do I think my station rated, sir? Is that what you asked me?

Mr. BROTZMAN. Yes.

Mr. BAKER. I don't think I have as much audience as the other station, overall. But I feel that I rated at least three times better than the survey showed me—possibly higher than that.

Mr. BROTZMAN. You think you were still in fourth place.

Mr. BAKER. No, sir. I do not.

Mr. BROTZMAN. Where?

Mr. BAKER. I think we were in second place.

Mr. BROTZMAN. You think you were in second place?

Mr. BAKER. Yes, sir.

Mr. BROTZMAN. How did you rate, in your opinion, according to KSWO?

Mr. BAKER. How do I feel—

Mr. BROTZMAN. At that time how do you think you rated with them?

Mr. BAKER. I think KSWO would probably rate 5 to 10 percent higher than I do.

Mr. BROTZMAN. Now, you think that the ratings were inaccurate; is that correct?

Mr. BAKER. I feel that they were; yes, sir.

Mr. BROTZMAN. And your reason is based upon your own independent survey; is that right?

Mr. BAKER. Yes, sir.

Mr. BROTZMAN. Now, how did you conduct your survey?

Mr. BAKER. As I said a while ago, in the Hooper method of calling.

We also go out to parking lots throughout the different shopping centers and the downtown area and check radio dials to see where they are tuned.

Mr. BROTZMAN. How large is your sample?

Mr. BAKER. Occasionally, I will say this, our samples are not by any means conclusive, because in that particular town, it takes about 40 or 50 calls to get 10 people to talk to you.

Mr. BROTZMAN. That wasn't what I asked you.

Mr. BAKER. I am sorry.

Mr. BROTZMAN. I asked you how large your sample is.

Mr. BAKER. On the telephone, it will run anywhere from 100 to 200 complete calls a week, and sometimes that will go on for 2 or 3 weeks.

Mr. BROTZMAN. 100 to 200 a week for a period of 2 or 3 weeks?

Mr. BAKER. This is on the telephone calls.

Mr. BROTZMAN. Now, I direct your attention once again back to the month of September 1962.

Mr. BAKER. Yes, sir.

Mr. BROTZMAN. Did you work your own survey at that time?

Mr. BAKER. In the month of September, we did not. We had done one in August.

Mr. BROTZMAN. I thought you testified a moment ago, though, that according to your survey, you would have been in second place—

Mr. BAKER. In my surveying?

Mr. BROTZMAN. Right.

Mr. BAKER. As a rule, we run in second place; yes, sir.

Mr. BROTZMAN. I am trying to pin this thing down; you see—

Mr. BAKER. It did not occur at the same time.

Mr. BROTZMAN. I am trying to pin this down to what you said in your statement. You said the month of September 1962 is the one you are complaining about?

Mr. BAKER. Yes, sir.

Mr. BROTZMAN. I am just trying to find out with some specifics why you disagree with that one.

Mr. BAKER. Why I do disagree with it?

Mr. BROTZMAN. Yes. Now, I asked you what you did at that time yourself to try to find out what the survey that you conducted really showed. But you really didn't make one at that time; is that right?

Mr. BAKER. Not in September, no. I didn't hear you ask that question.

Mr. BROTZMAN. Did you make one in October?

Mr. BAKER. We checked our audience in August; we checked it again in—it was either the latter part of October or the first of November when we made some more calls. We checked the calls in October.

Mr. BROTZMAN. Are these completed calls?

Mr. BAKER. Sir?

Mr. BROTZMAN. Those 100 to 200 calls you made, were those completed calls?

Mr. BAKER. Yes, sir. Those are completed calls.

Mr. BROTZMAN. They were completed.

Mr. BAKER. Yes, sir. I don't have a large staff to sit down and call, as I said, continually just call, call, call, call. In other words, I can't sell this and there is no—the method is only for my own information.

Mr. BROTZMAN. That is all I am trying to find out, what information you in fact had to cause you to make the judgment that you represent in your statement.

Now, how many people did you have calling, since you brought up this issue?

Mr. BAKER. How many people did we have to call?

Mr. BROTZMAN. How many people did you have calling for you?

Mr. BAKER. Two.

Mr. BROTZMAN. Two?

Mr. BAKER. Yes, sir. We have done this for over 4 years. Sometimes it has been my employees' wives; sometimes it has been my employees.

Mr. BROTZMAN. All right. Now, you were not a subscriber to the Pulse survey; is that right?

Mr. BAKER. No, sir.

Mr. BROTZMAN. But I noticed the words here in the first paragraph that the only other radio station in Lawton, KSWO, subscribed—emphasis supplied—to the report. Do you think the fact that they subscribed to the report and that you didn't had some effect upon this ultimate rating?

Mr. BAKER. Well, sir, I couldn't make a statement like that.

Mr. BROTZMAN. You didn't intend to mean that in any way when you said that they subscribed and you didn't?

Mr. BAKER. No; I was trying to, in here, say that is a two-station market. I didn't subscribe and they did.

Mr. BROTZMAN. I will only ask you about one more thing.

You say Oklahoma City is approximately 100 miles from Lawton and because of that, these results "seem questionable to me."

Mr. BAKER. Yes, sir.

Mr. BROTZMAN. What does that mean?

Mr. BAKER. All right. There are two stations. The two Oklahoma City stations that are reported in this Pulse survey are both rock 'n roll-type stations; top 40 stations. They are actually in competition with each other for audience. Because of no local news, no local weather, nothing but just the music on there, I feel that it is questionable that people would have that much out-of-town listening and I have never seen it come up on my surveys to that extent.

Mr. BROTZMAN. I have no further questions.

The CHAIRMAN. Oklahoma City is 100 miles from Lawton, or Lawton is 100 miles from Oklahoma City?

Mr. BAKER. Yes, sir.

The CHAIRMAN. What is the power of the two stations in Oklahoma City?

Mr. BAKER. WKY is 5,000 and KOMA is 50,000.

The CHAIRMAN. Is that a clear-channel station?

Mr. BAKER. No, sir; it is a directional.

The CHAIRMAN (reading):

The results of this survey were published in November 1962.

This is the first time that a national rating service has conducted a survey in Lawton in the past several years.

Do you know if this national rating service conducted the survey in Lawton at the request of your competitor?

Mr. BAKER. It is my understanding that they did, yes, sir; that the other station ordered the survey.

The CHAIRMAN. The other station purchased the service?

Mr. BAKER. Yes, sir.

The CHAIRMAN. Did you have an opportunity to purchase the service?

Mr. BAKER. Yes, sir; to participate.

The CHAIRMAN. To participate. Before the survey was made?

Mr. BAKER. Yes, sir.

The CHAIRMAN. And you did not participate in the survey?

Mr. BAKER. No, sir.

The CHAIRMAN. Did you have an opportunity to purchase the rating service after the survey was made?

Mr. BAKER. There was no offer made; no, sir.

The CHAIRMAN. The only offer that was made to you was prior to the survey?

Mr. BAKER. Yes, sir.

The CHAIRMAN. And the other station did pay for it and took it?

Mr. BAKER. Yes, sir.

The CHAIRMAN. And you are saying to the committee that it is your judgment that the reason that your rating was so low was because you failed to participate in the survey?

Mr. BAKER. I feel that to be one of the reasons.

The CHAIRMAN. Do you feel that that is largely the reason?

Mr. BAKER. I can't make that statement directly, Mr. Chairman. I don't know—I can't make that statement.

The CHAIRMAN. You cannot say categorically that that is true?

Mr. BAKER. No, sir.

The CHAIRMAN. But you do know that it has a bearing on it?

Mr. BAKER. No, sir; I don't know that. You asked me what I felt and I feel that it did.

The CHAIRMAN. Thank you very much, Mr. Baker, for your presentation today.

Mr. Box?

Are you Mr. John Box, Jr.?

Mr. Box. Yes, sir.

The CHAIRMAN. Will you be sworn?

Do you solemnly swear that the testimony you give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Box. I do.

The CHAIRMAN. Will you state your full name?

TESTIMONY OF JOHN BOX, JR., DES PERES, MO., MANAGING DIRECTOR, BALABAN STATIONS, ACCOMPANIED BY JAMES A. McKENNA, JR., COUNSEL

Mr. Box. John F. Box, Jr.

The CHAIRMAN. What is your address and what is your business?

Mr. Box. My home address is 1194 Playchester Drive, Des Peres, Mo.

I am the managing director of the Balaban Stations. We operate stations in St. Louis, Mo., and Dallas, Tex.

The CHAIRMAN. When you say "we," whom do you mean?

Mr. Box. The company.

The CHAIRMAN. What is the name of your company?

Mr. Box. The Balaban Stations.

The CHAIRMAN. How many do you have?

Mr. Box. Two; one in St. Louis and one in Dallas.

The CHAIRMAN. Now, Balaban, did you say?

Mr. Box. Yes; B-a-l-a-b-a-n.

The CHAIRMAN. Who are the Balabans?

Mr. Box. Well, this is a joint venture. There are several stockholders. Harry and Elmer Balaban are theater owners. The Atlanta Brewing Co. is a partner in the joint venture and there are two or three joint trustees involved.

The CHAIRMAN. Are you one of the owners?

Mr. Box. No; I am not, sir.

The CHAIRMAN. What is your position?

Mr. Box. I am managing director.

The CHAIRMAN. Of both stations?

Mr. Box. Yes, sir.

The CHAIRMAN. With your residence or home in St. Louis?

Mr. Box. In St. Louis.

The CHAIRMAN. And you have an assistant, then, in Dallas?

Mr. Box. Yes, sir; and also in St. Louis.

The CHAIRMAN. You may proceed.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. Box, do you have any information relative to the fixing of a Nielsen fieldman or fieldmen in the St. Louis area?

Mr. Box. No, sir; I do not.

Mr. RICHARDSON. Do you have any direct knowledge of any instance where ratings have been rigged or fixed in the St. Louis area?

Mr. Box. No direct knowledge; no, sir.

Mr. RICHARDSON. Was Mr. McKibben, the manager of WIL, your St. Louis station, in contact with Mr. William R. Wyatt, of the Nielsen company, on February 19, 1962, and preceding that date?

Mr. Box. I imagine he was in contact with Mr. Wyatt on a continuing basis.

Mr. RICHARDSON. Did Mr. McKibben advise Nielsen that when a station canceled Nielsen, there was a history to the effect that that station's ratings dropped?

Mr. Box. Not to my knowledge. We have had a series of complaints about Nielsen ever since we have had the stations.

Mr. RICHARDSON. Did Mr. McKibben imply to Mr. Wyatt of the Nielsen Co. that the Nielsen personnel could be fixed?

Mr. Box. He may have, sir. That would be a matter of conjecture on my part.

Mr. RICHARDSON. Do you know whether or not Mr. McKibben advised Mr. Wyatt that any of the Nielsen fieldmen had contacted your station in St. Louis?

Mr. Box. On what basis? For a service?

Mr. RICHARDSON. No; the fieldmen would be the men that actually go out and check on the different homes that keep the sets. The Nielsen men calling on stations are not called fieldmen.

Mr. Box. No, I don't know anything about that.

Mr. RICHARDSON. Did Mr. Wyatt contact you by letter relative to Mr. McKibben's calls?

Mr. Box. Yes; he did write me a letter that he was very incensed at McKibben's attitude; that he would question the integrity of Mr. Nielsen.

Mr. RICHARDSON. Did you advise Mr. Wyatt that station WIL as of that date, February 19, 1962, had had a visit from Mr. Sparger and me during that week and that we had been at your office?

Mr. Box. I may have, yes.

Mr. RICHARDSON. Had we been in your office that week?

Mr. Box. You were there the 10th of March 1962.

Mr. RICHARDSON. This was in February of 1962.

Mr. Box. No, sir.

Mr. RICHARDSON. Even though you may have advised him that we had been there?

Mr. Box. I didn't say that. I thought you were referring to the March visit.

Mr. RICHARDSON. Did you go into any detail in this telephone conversation on February 19 as to what our conversations with you had been?

Mr. Box. Not that I recall.

Mr. RICHARDSON. Did you also advise Mr. Wyatt that we had been in contact with Mr. Krelstein, who is the manager of the Plough stations?

Mr. Box. I think I did; yes.

Mr. RICHARDSON. Did this result from a letter to Mr. McKibben on February 16, 1962, a copy of which was sent to you?

Mr. Box. No; I think this was in the line of general complaints which went on on a month-to-month basis.

Mr. RICHARDSON. Did Mr. McKibben have any conversations with Ben Wilson of the Nielsen Co.?

Mr. Box. I imagine he had frequent conversations, because Mr. Wilson is the field manager in that area.

Mr. RICHARDSON. Did he have a conversation relative to our discussion with you on ratings?

Mr. Box. That I don't know.

Mr. RICHARDSON. Did you not advise Mr. Frank Stisser, president of C. E. Hooper, that members of the subcommittee staff had been in St. Louis and visited with you at your station?

Mr. Box. Yes. In fact, he asked me.

Mr. RICHARDSON. Was this not on January 29, 1962?

Mr. Box. I don't believe so.

Mr. RICHARDSON. Did you advise Mr. Stisser that you had visits from people in the Government and that they had questioned you in relation to your ratings and they had questioned you with regard to your Dallas station?

Mr. Box. I believe we had visits from the FTC.

Mr. RICHARDSON. Did you advise Mr. Stisser that you had informed the men from the Government that Hooper, to the best of your knowledge, had done an honest and good job?

Mr. Box. I probably did.

Mr. RICHARDSON. Did you also advise Mr. Stisser that you had found certain faults with some of the other services?

Mr. Box. I probably did discuss Nielsen with him; yes, sir.

Mr. RICHARDSON. Did you not send Mr. Stisser a note on February 28 and later see him at a social gathering during that same week in which you referred to a newspaper clipping relating to this committee's staff from a Dallas newspaper?

Mr. Box. I may have. I can't recall if I did or not.

Mr. RICHARDSON. Mr. Box, can you identify this letter?

Mr. Box. Yes, I can.

Mr. RICHARDSON. Would you explain what this letter is?

Mr. Box. I don't know what the clipping was. I couldn't tell you. Do you have a copy of the clipping?

Mr. RICHARDSON. Would you identify for the committee the date on this letter?

Mr. Box. February 27, 1962.

Mr. RICHARDSON. Was this the clipping you were referring to, Mr. Box?

Mr. Box. I couldn't tell you, sir.

Mr. RICHARDSON. Did you also advise Mr. Stisser that you had received a call from a Mr. John Churchill, of the Nielsen Co., attempting to ascertain what you had told the Government men?

Mr. Box. No; I did not.

Mr. RICHARDSON. Now, Mr. Sparger and I visited you on March 22, 1962, at your station, WIL, in St. Louis; is that correct?

Mr. Box. It was in March. I thought it was the 10th.

Mr. RICHARDSON. In March, anyway?

Mr. Box. Yes.

Mr. RICHARDSON. At that time, we had a general discussion with you relative to broadcasting and rating services; is that correct?

Mr. Box. That is correct.

Mr. RICHARDSON. Did we not specifically question as to whether or not you had received visits from representatives of the Federal Trade Commission or any other Government agency relative to rating services?

Mr. Box. Yes, you did.

Mr. RICHARDSON. Did you not state that you had not had visits from the Federal Trade Commission or any other Government agency with relation to ratings?

Mr. Box. I don't know whether I discussed Federal Trade or not.

Mr. RICHARDSON. You were asked specifically whether the Federal Trade Commission had sent any people to see you. Do you recall what your answer was?

Mr. Box. I don't recall. As a matter of fact, they were there some time before you were.

Mr. RICHARDSON. Was this not in relation to contests on some other station, and not ratings?

Mr. Box. I think it involved contests on another station, but ratings were a subject of discussion.

Mr. RICHARDSON. Mr. Box, at the time, didn't you tell us it was not in relation to ratings, but contests?

Mr. Box. I think it was contests primarily, but I do know they asked how they affected ratings.

Mr. RICHARDSON. Mr. Box, you had informed the Nielsen Co., according to what you said here this morning, and the Hooper Co.,

that Mr. Sparger and I had been in contact with you and met with you when in fact we had not.

This information, according to a letter from Mr. Stisser, and information supplied to the committee by the Nielsen Co., was given in February of 1962. Mr. Sparger and I did not visit you until March of 1962.

Mr. Box. If I had a discussion with Nielsen or Hooper prior to the time you visited us, it would have to be on the basis of trade paper reports that you were going to cover those markets, because I did not see you until March.

Mr. RICHARDSON. Mr. Box, I would like to quote to you from an interoffice memorandum to J. H. Churchill from W. R. Wyatt, dated February 19, 1962:

I copied John Box with a letter I sent to McKibben which resulted in a call from Box to me today. He indicated that McKibben's whole attitude centered around the fact that WIL has been involved during the past week with Mr. Sparger and Mr. Richardson of the Harris committee.

Would you have any knowledge of that?

Mr. Box. Yes; I would say that is not true.

Mr. RICHARDSON. You would say in this case that Mr. Wyatt was misinforming Mr. Churchill?

Mr. Box. I wouldn't say he was misinforming him. I would say that in continuing discussions that we had with Nielsen, we probably brought to his attention the fact that there was an investigation going on. We welcomed it as far as Nielsen is concerned. If he misinterpreted my remarks, that is something else again.

Mr. RICHARDSON. Further he stated that you indicated—

These very bright young men had been most thorough in their questioning of stations as to the variations that take place in research services as well as to why the stations thought such variations might take place.

Did you have such a conversation with Mr. Wyatt?

Mr. Box. I am sure I could not refer to any conversation that had not already taken place. I will say again that there is no doubt but what I had referred to the subcommittee's investigation many times in our conversation with Nielsen.

Mr. RICHARDSON. Was there any indication in the press at that time that we would ever visit St. Louis?

Mr. Box. I think there were articles in the trade papers, probably Broadcasting, which indicated the cities that you were going to visit.

Mr. RICHARDSON. Would it surprise you that the first time any mention made of St. Louis was at the NAB convention, which was after this period, Mr. Box?

Mr. Box. No. It wouldn't surprise me. I said I am not sure whether it was in the trades.

Mr. RICHARDSON. You just assumed that we were going to visit you and informed the Nielsen Co. that we had visited you?

Mr. Box. No; I didn't.

Mr. RICHARDSON. Then these people are mistaken?

Mr. Box. I say they are mistaken in their concept. I did discuss the subcommittee's investigation and said we welcomed it; yes.

Mr. RICHARDSON. Mr. Stisser was also mistaken when he thought you had informed him that we had visited you?

Mr. Box. If he said I said you had visited us, he was mistaken; yes.

Mr. RICHARDSON. Both Mr. Wilson and Mr. Wyatt—

Mr. Box. I have never talked to Mr. Wilson about it.

Mr. RICHARDSON. Mr. Churchill, I mean—both Mr. Wyatt and Mr. Churchill were mistaken in what they said?

Mr. Box. They were mistaken if they said I said you had been there, because as you say, you had not been there yet.

Mr. RICHARDSON. That concludes the questioning of the staff, Mr. Chairman.

The CHAIRMAN. Mr. Moss, any questions?

Mr. Moss. No questions.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. No questions.

The CHAIRMAN. How long have you been the manager of these stations?

Mr. Box. In St. Louis since 1957, in January, and the Dallas station was acquired in 1958, June.

The CHAIRMAN. You previously lived in Texas?

Mr. Box. No, sir.

The CHAIRMAN. Have you ever been in Texas?

Mr. Box. Yes.

The CHAIRMAN. Have you previously been in California?

Mr. Box. Yes.

The CHAIRMAN. Is your name John Frederick Box?

Mr. Box. Yes, sir.

The CHAIRMAN. I have you also been in Syracuse, N. Y.

Mr. Box. Well, I was born near Syracuse.

The CHAIRMAN. Born there?

Mr. Box. Born near Syracuse; yes, sir.

The CHAIRMAN. Have you also been in Rochester, N. Y.?

Mr. Box. Mr. Chairman, could I ask my counsel to come up?

The CHAIRMAN. Yes.

Mr. McKENNA. May I identify myself?

The CHAIRMAN. Yes.

Mr. McKENNA. My name is James A. McKenna, Jr., I am a member of the firm of McKenna & Wilkinson, 1735 De Sales Street, Washington, D. C. I represent the Balaban stations in the activities before the Federal Communications Commission. May I request leave to approach the bench on a matter, sir?

The CHAIRMAN. Yes.

(Discussion off the record.)

The CHAIRMAN. Well, Mr. McKenna, this is the same John F. Box, Jr., or John Frederick Box that the committee was inquiring about?

Mr. McKENNA. Yes, sir, it is.

The CHAIRMAN. Thank you very much.

You may be excused.

The committee will recess until 2 o'clock, at which time Miss Mary Lou Ruxton will be the witness.

(Whereupon, at 12:20 p.m., the committee recessed, to reconvene at 2 p.m., on the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. David J. Mahoney.

Are you Mr. Mahoney?

Mr. MAHONEY. Yes, sir.

The CHAIRMAN. Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAHONEY. I do.

**TESTIMONY OF DAVID J. MAHONEY, EXECUTIVE VICE PRESIDENT,
COLGATE-PALMOLIVE CO.**

The CHAIRMAN. Have a seat.

Mr. Mahoney, will you identify yourself for the record?

Mr. MAHONEY. Yes, sir. I am David J. Mahoney. I live at 888 Park Avenue, New York City, and I have a prepared release which, if you would allow, I would like to read first.

The CHAIRMAN. Very well. You may proceed.

Mr. MAHONEY. My name is David J. Mahoney. I live at 888 Park Avenue, New York City. I am executive vice president of the Colgate-Palmolive Co. in charge of three domestic divisions. I am here at the specific request of the committee to repeat the highlights of a speech I made on March 6 before the Association of National Advertisers Workshop on Television Advertising.

The CHAIRMAN. Mr. Mahoney, I observe you have some gentlemen with you.

Mr. HURLBERT. I am Mr. Leroy Hurlbert, 1020 Park Avenue, New York City. I am vice president and general counsel of Colgate-Palmolive.

Mr. REED. I am William T. Reed. I live at 5800 Connecticut Avenue, Washington, Chevy Chase, Md., and I am Washington representative for Colgate-Palmolive.

The CHAIRMAN. Do you expect them to testify, Mr. Mahoney, or do you just have them here to consult and to advise you?

Mr. MAHONEY. I do not expect them, Mr. Chairman, to testify.

The CHAIRMAN. All right. You may proceed.

Mr. MAHONEY. I was pleased to accept this invitation to address the subcommittee today on the subject of the challenges and opportunities in television as seen from the viewpoint of management.

The CHAIRMAN. Before you start giving the statement—which I am not, of course, objecting to at all—but in view of the fact that you are here as a representative, the executive vice president of the Colgate-Palmolive Co., to discuss the matter of ratings before this committee, I think it would be advisable for you to give us some information about Colgate-Palmolive and how they are related to this particular subject matter.

Mr. MAHONEY. Well, sir, we are the second largest television advertiser, as I understand it.

The CHAIRMAN. What is your company?

Mr. MAHONEY. Colgate-Palmolive.

The CHAIRMAN. What does it do?

Mr. MAHONEY. It sells soap, tooth paste, grooming aids, beauty products, ethical drugs.

The CHAIRMAN. We have to make all this information for the record, Mr. Mahoney.

Mr. MAHONEY. Sir, I have never appeared before a committee. I am trying my best.

The CHAIRMAN. Colgate-Palmolive is a company engaged in the business of manufacturing products which are sold to the public?

Mr. MAHONEY. Yes, sir.

The CHAIRMAN. And I assume, from what I know about your company and all, that you are so engaged throughout the United States and other countries.

Mr. MAHONEY. That is correct, sir.

The CHAIRMAN. You are a corporation.

Mr. MAHONEY. We are a publicly held corporation, listed on the New York Stock Exchange.

The CHAIRMAN. Incorporated under the laws of what State?

Mr. MAHONEY. Delaware, sir.

The CHAIRMAN. And as such Colgate-Palmolive is engaged in the sale of products that you have mentioned, and maybe a lot more—your company does extensive advertising.

Mr. MAHONEY. Yes, it does, sir.

The CHAIRMAN. And in the advertising of your products you utilize the facilities of the broadcasting industry.

Mr. MAHONEY. Yes, sir.

The CHAIRMAN. Do you make your contracts with networks or individual stations?

Mr. MAHONEY. Sir, the contracts are made through our advertising agencies, as our agents, both through the networks and through individual stations.

The CHAIRMAN. You operate through advertising agencies primarily.

Mr. MAHONEY. Exclusively.

The CHAIRMAN. In other words, you do no advertising directly with a broadcasting facility or with a network.

Mr. MAHONEY. Not to my knowledge, sir.

The CHAIRMAN. Very well. I wanted to be sure and get this information in the record, in order to establish the background of your company as it is engaged in this particular operation.

Now you may proceed with your statement.

Mr. MAHONEY. I would like to read the statement, if I may.

In its relationship to the public and to the advertiser, the television industry represents the waist of an hourglass: the aperture through which the sand flows from one compartment to the other.

At the top of the hourglass are the many different advertisers who use the medium of television; and at the other end of the glass is the vast consumer public.

Midway between these two groups, at the very center of the hourglass is that small body of men who make up the television industry. And by the very nature of its position at this juncture of the two segments, of the hourglass, the television industry has a dual responsibility; a responsibility to the public and a responsibility to the advertiser.

The advertiser himself must actually accept responsibility for insuring his television investment. We are all more than well aware of the spiral in costs in the television medium, not only for time but for talent as well. And you and I know that this spiral is not about to level off. And although we have not seen the spiral show signs of leveling off, we do see, in many cases, the law of diminishing return setting in.

It is, therefore, particularly appropriate at this time to consider what steps the advertiser should take to insure his investment; and, more importantly, what steps the television industry should take to insure continued participation by its advertisers, at present or increased levels.

You are all familiar with the avenues available to the advertiser to attempt to insure his television expenditure and minimize the attendant risk.

You will note that I specifically said attempt to insure. Because I firmly believe that without the full-fledged support and cooperation of the television industry, fulfillment of these attempts is unrealistic at this time.

Perhaps the most important tool management has at its command today to help in the effort to see that television expenditures are profitably rewarding, is research. I think it is incumbent on the advertiser to conduct as exhaustive research as possible, first, to define the specific characteristics of the particular brand in question. And secondly, once this has been done, to use research to become as sure as he can that his television vehicle delivers the message primarily to the most important consumers. This is certainly nothing very radical or new, but with the stakes so high and a predisposition in some quarters to lean too heavily on quantitative analyses, it does bear repeating.

Of course, quantitative analyses (such as cost per thousand) are a factor, but we must remember that this is only one ingredient in the pie. The message to be used should also be thoroughly researched before commercial production and once again before its placement on the air. In this way costly production can be kept to a minimum and the advertiser given assurance that the message he is using on the \$45,000-minute commercial has a reasonable chance of success. A tremendous responsibility rides with that single commercial, for it must be exceptional at the price in order to justify the expenditure.

Management must be alert to the latest developments in the industry which might result not only in substantial economies, but, at the same time, in a more effective use of the medium. Such things as taped, integrated, and piggyback commercials; program ownership; existence of tactical funds with which to take immediate advantage of highly attractive opportunities; proper relation of spot to network expenditures, based on individual brand problems and opportunities; awareness of seasonal viewing patterns; and the like.

The point is that management knows ways of getting more for its advertising dollars and is continually practicing these techniques. But management—the advertiser—can't do it alone.

What about those boys on the other side of the street—the boys of the television industry? What is the condition of their house and how can they improve it and put it in better order?

While the link of the hourglass is small in size and appearance, it is a vital element because it joins the other two. And while the number of men who comprise the television industry may be relatively small, there is nothing small nor unimportant about the power this body wields. The networks today not only determine what gets on the air but they own practically all of the shows. I believe there are about a dozen exceptions, but even in some of these, the networks have partial or controlling interests. The networks, and local stations too, for that matter, dictate program costs and terms to the advertisers. On top of this, it's becoming much more difficult for an advertiser to get sufficient protection for his commercials from those of directly competitive brands.

But perhaps the most unbelievable aspect of the whole situation is that we are required to put good money on the line for long periods of time on unknown quantities with no assurances. How do we know that a new show or an existing show, for which we must commit in advance for many weeks, will achieve anticipated ratings? How can we know this when on many occasions the networks won't even guarantee the time spot of the show? And what recourse do we have if the show doesn't achieve its ratings? After all, the networks have the often exercised recourse, if the show is a success, of jacking up the prices.

For example, "Dr. Kildare" has risen 73 percent in three seasons, with a corresponding 94-percent loss in efficiency. That can hardly be called an example of success. A certain lawyer moved from Saturday to Thursday this season. Net result: costs up; audience down, 21-percent poorer efficiency. A bearded musical director had the same experience. New time period; higher costs; ratings off. Result: 44-percent less efficiency for the advertiser. And all this has happened with established shows. Think of the chances with brandnew ones. Examples such as these are typical of many others on each of the networks.

All of this places the advertiser in a rough situation. Not only must he gamble with real dollars, but he faces the dilemma of hoping his show will be a success, at the same time he is being scared to death that if it is, he might not be able to afford it in the future.

The only advertisers who can sleep well are those few who own controlling interests in successful shows. They can exert pressure on the networks for choice time periods and other advantages.

I realize that I may have appeared to be negative in my approach so far, but I wanted to place the problems in proper perspective, before making some concrete recommendations.

The money expended by television advertisers is based upon implied ratings and promised audiences. The biggest risk the television advertiser takes is that these audiences and ratings won't materialize. And the way things stand today, if they don't it is just plain tough—for the advertiser. Last year, for instances, only 2 new shows out of 50 were successful.

I firmly believe the time has come for the television industry to adopt an Audit Bureau of Circulation technique and guarantee audiences.

If a particular shows does not deliver agreed-upon ratings and audiences, the advertiser should be offered additional time free of charge

until the original levels are met. Other competing media provide such assurances. With the fixed costs of television rising, the advertiser must likewise be given some such assurances in the future. If the networks insist on 52 weeks firm with high prices, no guarantee of the same time period or even that the show will return, no voice in show selection, restrictive product protection and virtually no billboards, then let them guarantee the audience. There's no question but what the advertiser has enough variables in the efficiency of his commercials, and under present conditions, the odds are getting just too big to handle.

A related proposal concerns brandnew shows where the risk to management is even greater. In order to give the advertiser confidence in this situation, the networks should develop some meaningful form of testing virgin shows. We all know that before a show opens on Broadway, it is subject to vigorous trials in order to evaluate audience reaction and refine the show accordingly. It's a form of on-the-job research.

I recognize that in this case we are dealing with only one show, whereas in television one might say we are actually dealing with 52 shows. Still, that does not make these shows impossible to test. It might be dangerous to place too much emphasis on one pilot film, but the Broadway method does suggest something presently lacking in television to any substantial degree; namely, the exposure of a new show to typical consumers.

Perhaps a solution might be found in providing on-air testing of the pilot film, in order to get general consumer reaction to the show content and then expose a number of subsequent scripts to consumers for depth interviews.

The details of how this kind of thing should be done I don't profess to know. I am not a research man. I am an advertiser who wants to minimize the risk of new shows for both ourselves and the networks. I repeat, last year there were only 2 successful shows out of 50. I am aware that some research is presently conducted in this area, but I do not believe it is enough, nor do I believe that it is sufficiently exposed to the advertisers.

A final recommendation concerns the new product area.

A progressive company today must be vitally concerned with the marketing of new products. However, it is becoming so expensive and so dangerous to launch a new brand nationally, without previous market testing, that test markets are now the rule rather than the exception. But due to the lack of regional network programing, more times than not it is impossible to test this important variable of the marketing mix and in those few cases where it is possible, the cost is a severe deterrent.

By regional network programing, I don't mean weak shows that the network offers on a regional basis because it can't sell them nationally. I mean, rather, a few of the good shows—shows that a given brand would want to use if it were to go national.

Where it is possible to cut in on a network show, the charges generally are prohibitive and bear no relation to out-of-pocket costs. Perhaps in the future the networks will be able to reduce premiums and supply more regional shows for this purpose and bring cut-in charges down to a reasonable level.

May I say, in conclusion, Mr. Chairman, that the Colgate-Palmolive Co. has long recognized the value of television. If this weren't so, Colgate would not be the second largest television advertiser in the United States. It is because, in effect, we are partners with the television industry that we presume to offer constructive criticism.

In addition, we, as advertisers and as management, have other responsibilities. First, to the public, in the presentation of shows that are interesting, informative, and in good taste. But, perhaps even more importantly, we have a responsibility to our own shareholders, because actually we are using their money in advertising through television. We are impelled, we feel, to give an accounting of our stewardship.

It is with this in mind that I must repeat; if the networks insist on 52 weeks firm and high prices, no guarantee of the same time period or even that the show will return, no voice in show selection, restrictive product protection and virtually no billboards, then let them guarantee the audience.

Let me summarize the three recommendations I have made:

1. Guarantee audiences so that the risks may be more equally shared by the networks and the advertisers.
2. Unbiased research of new shows and detailed presentation of that research to advertisers, in order to balance the risk more evenly between industry and advertiser and enable the advertiser to project public acceptance, thereby better fulfilling his public obligation.
3. Afford greater availability of good regional shows for test-market purposes at little, if any, premium; and fair cut-in charges.

I sincerely believe that if the industry adopts these proposals the reward in profits will be far greater not only for the advertiser but for the television industry as well, and that the public itself will indeed be far better served.

Mr. Chairman, may I make one request.

The CHAIRMAN. Yes.

Mr. MAHONEY. Just before I left this morning, a copy of *Advertising Age*, which was published last night, dated March 18, today—there is an editorial on the—perhaps the committee would not have had the opportunity to see. May I read it, or may I have somebody else read it?

The CHAIRMAN. If you would like to read it.

Mr. HURLBERT. May I read it?

The CHAIRMAN. Certainly.

Mr. HURLBERT. This is an editorial on page 16 of *Advertising Age*, March 18. The headline is "Tough Time for TV Nets."

Between the ratings hearings in Washington and some harsh words from a big user of TV advertising, the TV networks are undoubtedly experiencing some discomfort and distress these days.

On the one hand, Representative Oren Harris, House Commerce Committee, is having some caustic things to say about the nets' reliance on rating figures; at the same time, TV men found David Mahoney, executive vice president of Colgate-Palmolive Co., chastising them for several practices, and call on them to "adopt an Audit Bureau of Circulations technique and guarantee audiences" and to price their wares accordingly.

Pardon us if we mention that Mr. Mahoney is addressing himself to a subject that is near and dear to our heart: The selling of TV programs on the basis of accepted audience measurement figures, instead of in the entirely arbitrary and unfair way in which network television programs are sold today.

Mr. Mahoney, unlike Representative Harris' committee, is even willing to accept the validity of the ratings system currently in use. But he insists that the advertiser and the network should agree in advance on what rating and audience a particular show is expected to achieve, and if it doesn't live up to these expectations, then additional time, free of charge, should be offered until the original guaranteed audience levels are met.

Last month Colgate and Whitehall Laboratories caused quite a stir on TV row when it was alleged that their agency, Ted Bates & Co., had made a cost-per-1,000 deal with American Broadcasting Co. in connection with their co-sponsorship of "The Jetsons." This deal reportedly called for made-good, run-of-schedule evening minutes to fulfill the audience guarantee agreed upon for "The Jetsons," which is exactly what Mr. Mahoney is talking about.

The adoption by the TV networks of some form of guaranteed circulation is inevitable. And whether or not the present ratings system offers a mutually acceptable means for measuring audiences is something that may be clarified by the time the rating hearings end.

The CHAIRMAN. I want to thank you for calling that to our attention. I suppose that is the advice of the advertiser, is it not?

Mr. MAHONEY. Well, sir, it is a trade publication that represents the networks, and the agencies, as well as the advertisers.

The CHAIRMAN. Which is predominating—the network or the agencies or the advertisers?

Mr. MAHONEY. Sir, I won't purport to know. I just think it is generally accepted—it is a weekly, the bible of the advertising industry, of which all three are an integral part. I don't know, sir.

The CHAIRMAN. I can understand how all three are an integral part. But it seems to me that the advertising industry is the part and the television industry seems to be the means and the ends.

Mr. MAHONEY. I don't follow your question, Mr. Chairman.

The CHAIRMAN. I mean by that that the advertiser must furnish the advertising.

Mr. MAHONEY. Well, it is not to that degree in this publication, sir.

The CHAIRMAN. And if it were not for your company as the advertiser, there would be no need for the advertising agency. On the other hand, if it were not for the TV industry to provide the means by which it goes to the American public, there still wouldn't be any need for the advertising agency.

What I was trying to find out is if you know whether it is the advertising agencies or the advertiser.

Mr. MAHONEY. Sir, I think you might have to ask the people that publish that magazine.

The CHAIRMAN. I am afraid we might have some difficulty getting a reply.

Mr. MAHONEY. No. The point of it, Mr. Chairman—the only reason we asked to read this, is, I am not an authority on ratings, nor do I purport to be.

The CHAIRMAN. I think it is a very fine thing to call to our attention, because it does indicate there is a possibility of reaching some sound solution.

Mr. MAHONEY. That is really all it was intended to do.

The CHAIRMAN. But I want to ask you, since you have dwelt on it, and the editorial dwells on it, how can you guarantee an audience?

Mr. MAHONEY. Sir, I believe that gets back to the question you are holding all these hearings for, which is whether any of the rating services are valid.

I am sure this is true of most all other companies as it is of ours, we try to set tolerances, phosphate content, tolerances on how strong a box will have to be and so forth. A big part of any large consumer-oriented type product as we make, a good part of our money has to go into television and/or its advertising media.

I would look to minimize the risk.

Now, if the networks are predicated their whole cost on ratings, I say let them stand behind them.

The CHAIRMAN. You say "I firmly believe the time has come for the television industry to adopt an Audit Bureau of Circulation technique." Now, that I can understand. "And guarantee audiences."

My question is how can you guarantee an audience?

Mr. MAHONEY. Well, it is hopeful at the end of these hearings, sir, that we will establish which if any of the rating services is the most accurate. But if a network is selling to us—

The CHAIRMAN. Well, assume that the rating services are accurate.

Mr. MAHONEY. If they are accurate, then the network says "It is going to cost you \$3.86 a thousand to use this program"—if it cost me more than that because the show, which they are controlling, has not come in at that price, then I insist on free make-good time elsewhere, as they would do in the newspaper or magazine or anything else.

The CHAIRMAN. Mathematically accepting the ratings as accurate—mathematically then you could arrive at a guaranteed audience.

Mr. MAHONEY. Yes, sir, if you accept the ratings.

Now, you say on Nielsen, do we believe it. I don't know. But I could say this. An organization such as Nielsen does store audits for us. Now, they say, for instance, in a case of dental cream, one share point is equal to about \$1,850,000. Now, we know what our share is from what they tell us, and we multiply it out. And the variance against our shipments is negligible. So therefore we have reason to believe when they are speaking of other people, it is equally as accurate.

Now, whether this can be carried across over into television audience ratings, I don't know.

The CHAIRMAN. You say, "Other competing media provide such assurances."

Mr. MAHONEY. Yes, they do, sir.

The CHAIRMAN. All right. You have a newspaper in a given community. It has a circulation of x number. You know it is going to so many people, that circulation.

Colgate-Palmolive has an advertisement in that paper. How are they going to guarantee that there is going to be so many readers to read it?

Mr. MAHONEY. I didn't ask for a guarantee of readers. I asked for a guarantee of audience.

The CHAIRMAN. What would be the difference in a guarantee of the number of people who would read an advertisement where the circulation of newspapers go to, as compared with the number of people in the homes with televisions?

Mr. MAHONEY. Well, sir, if I have a show and they say it is going to deliver to me, x million—

The CHAIRMAN. X million what?

Mr. MAHONEY. X million viewers. And the people during the commercial happen to be out washing their hands, this is not the problem of the network—any more than the fact that they say they are going to deliver x million circulation of Life magazine, or the Little Rock paper or anything else. If people don't read the ads, this is the problem of the advertiser. But in most cases in print their guaranteed circulation is over—is under—excuse me—they say they are delivering 100,000, they are laying in about 120,000. So therefore you fight for your own interest in readership.

Now, all I am asking is if they sell me a show that I have to sign for for 52 weeks in advance—I can stop the newspapers any time I want, I can stop magazines. But if I am hooked for 52 weeks and they are going to call all the shots, then I think they have to take some of the responsibility. I don't know if this is the subject of ratings or not, Mr. Chairman, but I didn't come down here to discuss ratings. I came down here at the request of the committee to discuss my speech.

The CHAIRMAN. The committee was interested in your speech because you were discussing the subject of advertising, and advertising based on ratings, and you call it a guaranteed audience, which is the same thing, from what you have explained.

Mr. MAHONEY. Not quite, sir.

The CHAIRMAN. How would you arrive at a guaranteed audience, then, if you don't do it by ratings?

Mr. MAHONEY. I believe you have to do it by ratings. I have never disclaimed the ratings. In fact through the whole speech I am saying I will accept any rating figures that the research people and this committee and others more learned than I decide is the right way to do it. But when I sit down a year from now, and say I am going to have the Colgate Co. tied in for \$55 million, I want to know that somebody is standing behind it. That is not my province to know, which one of the rating systems is correct.

The CHAIRMAN. And you don't want that to be a rating system.

Mr. MAHONEY. I didn't say that at all. I said there has to be some kind of a rating system. I don't know which one is correct.

The CHAIRMAN. In your case, you want the networks to stand behind it.

Mr. MAHONEY. Yes, sir. They are selling against it. I certainly want the people that supply me boxes to tell me they are not going to fall apart before they get out to Sacramento, too.

The CHAIRMAN. Well, I would think that the networks should be in a position to stand behind any contract that they agree to.

Mr. MAHONEY. That is exactly right, sir.

The CHAIRMAN. And to deliver on that basis. I am interested in your suggestion about research in that field.

What we are interested in, as has been indicated by the editorial which you referred to a moment ago, is who is boss of the operation. Does the management of advertisers have anything to say once they launch out on a program? Do the networks have anything to say about it? Or are they completely at the mercy of someone who is operating in a different field altogether, and it may or may not be in a very limited way, and then they come up with the results, which have

life and death, first, on the facility itself, and second, as to whether or not the advertisers have a return on their investment, and third, on those who produce the show and are held responsible for them.

Mr. MAHONEY. That is quite a question, Mr. Chairman.

The CHAIRMAN. That is the problem.

Mr. MAHONEY. I quite agree with you. But I will not admit to the fact that the advertisers are at the mercy of anybody. But you do have three networks. There are only so many hours a day. It is probably the most powerful medium that we know.

The CHAIRMAN. That is the reason it is so important.

Mr. MAHONEY. Yes, sir. We buy shows that they determine they are going to put on. If I am not happy with X magazine, I have the alternative of canceling it, or Y paper. In television, you sign for 52 weeks. I don't know who the replacement for Jackie Gleason is this summer, but I am signed for it for 13 weeks. If they are so smart, and are going to pick out which is the right show, I say let them stand behind it. Now your obvious other question is quantitatively have you analyzed it. The best I have been able to come up with and allegedly everybody else has been able to come up with is some form of a rating service.

The CHAIRMAN. There are lots of forms of rating services. We have had several of them explained here.

Mr. MAHONEY. I am sure you have, sir. I am saying somebody has to agree what is a rating service, and how it works.

The advertiser is not abdicating his responsibility, nor is he at the mercy, if we can go to a network and say we need x number of people, we will pay for it.

The CHAIRMAN. It appears to me your problem is one to work out with the advertising industry and the television network.

Mr. MAHONEY. Yes, sir.

The CHAIRMAN. Which is one of the fields in which we are interested. But primarily we are interested in reliability.

Mr. MAHONEY. Yes sir—as we are.

The CHAIRMAN. And whether or not the service does what it says it does.

Mr. MAHONEY. Mr. Chairman, I didn't come down to speak on relative accuracy of any of the ratings. I said let them decide which is the right one. But somewhere along the line, it has to be decided.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Thank you, Mr. Chairman.

I gather from your remarks that back of this sales system probably there is a lack of competition in the networks which might give rise to the opinion that they have, that they can sell a product without any guarantee back of it.

Mr. MAHONEY. Mr. Younger, there only are three networks.

Mr. YOUNGER. Am I right in looking back of your remarks that there might be something back in your mind that if you had more competition, that you would probably have somebody step up that would give a suitable guarantee of some kind, through some type of rating that would be agreeable?

Mr. MAHONEY. Yes, sir.

Mr. YOUNGER. Do you think that there is a possibility with the all-channel receiver sets which will be mandatory in 1964, which might give rise to another network of UHF stations?

Mr. MAHONEY. Yes, Mr. Younger, perhaps another network, or perhaps stronger independent stations.

Mr. YOUNGER. Do you think there might be a possibility of that?

Mr. MAHONEY. The French have a wonderful saying called noblesse oblige—much is given, much is expected. I think it will find its own level, and it will be for the good, yes, sir.

Mr. YOUNGER. I can see in your recommendations that if you can agree on some type of rating or a test, that there might be a possibility that the station or the network or the broadcasters, might have something to do with the building up of the test. But if I have your plan in mind, all you are asking is that if there is any rating, if they guarantee a show that has a rating of 20 and it develops very shortly, through this rating, whatever the rating system is, that it only shows 17, then it would be incumbent upon them to make up that difference through additional time or on another show?

Mr. MAHONEY. Precisely, sir.

Mr. YOUNGER. Or to cut their price accordingly so you wouldn't be paying any more per thousand listeners than you agreed to pay when you signed the contract.

Is that a proper expression of your idea?

Mr. MAHONEY. Yes, sir; that is precisely it.

Mr. YOUNGER. And now you say that you possibly have such a contract with ABC?

Mr. MAHONEY. No, sir.

Mr. YOUNGER. This new contract that you said you are going to make?

Mr. MAHONEY. No, sir. What happened is some time ago there was a show that was coming on the air that everybody was not that enamored with.

Mr. YOUNGER. I can hardly hear you.

Mr. MAHONEY. It was a show that perhaps everybody was not quite enamored with. We said if it does not come in with this rating, we want additional spots to make up the number of viewers somewhere. We were not asking for a rebate. We were saying you have free time on the air, give us additional spots so we can deliver so many viewers, which they did.

Mr. YOUNGER. In other words, they have gone part way over to your idea of a guaranteed audience?

Mr. MAHONEY. Yes, sir, they have.

Mr. YOUNGER. That is all, Mr. Chairman. Thank you.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. Mr. Mahoney, in seeking some sort of rating, aren't you concerned that it be a valid form rather than merely an agreed upon one?

Mr. MAHONEY. Yes, sir, it would have to be valid—just as our CPA statements and everything else has to be valid as you can possibly get; because I do get back to the point we are not spending our own money, we are spending somebody else's.

Mr. MOSS. The first thing that concerns me in this demand for guaranteed circulation is that, unlike the press, where you actually can check your figures, and you can prove them, I do not know how you are going to develop a technique in audience measurement in television that will permit that type of check. At the best you are going

to have an educated guess. And you are never going to be able to precisely check it and determine its validity, are you?

Mr. MAHONEY. That perhaps is true, Mr. Moss. But may I say this. By the same basis, if a show is considered to be successful, this educated guess raises the rates.

Mr. Moss. Yes. I understand it raises the rates. What you would like there perhaps is a guarantee against success.

Mr. MAHONEY. Perhaps. No, that is not my word, sir. I do not want a guarantee against success.

Mr. Moss. If you are buying it today and it has a rating of so much, and your contract price is x number of dollars, and its success meets your fears and it is then priced out of your reach, its success has denied you the use of it.

Mr. MAHONEY. That is right. And a good part of this, Mr. Moss, is predicated on shows that are not even on the air.

Mr. Moss. Yes, I understand that.

I am of the opinion that we have done great violence to television today by too much reliance on ratings. When you go out and buy a newspaper or magazine and other printed media, you buy in markets aimed at a specific part of the populace, do you not?

Mr. MAHONEY. Yes, sir.

Mr. Moss. And if you buy in a newspaper, you buy in every edition of that paper throughout the day, or throughout the period of your contract. And all you are given is the potential of exposure, no guarantee of readership?

Mr. MAHONEY. That is right.

Mr. Moss. If you are going to buy in television, you are going to buy in some instances for a minute, or 5 minutes, or 15 minutes. And there at that point you must get the guarantee of circulation.

Now, I point out that no other medium gives this.

Mr. MAHONEY. Mr. Moss, I did not ask for that.

Mr. Moss. You said you wanted a guaranteed audience.

Mr. MAHONEY. Not for my commercial.

Mr. Moss. Of the total for the day, or of the total—

Mr. MAHONEY. Of that half-hour show or that hour show—that they will deliver in that show, just as the newspaper. I do not expect, and I think the facts will bear me out—

Mr. Moss. Isn't Audit Bureau of Circulation based on total circulation in the area for the day or for the audited period?

Mr. MAHONEY. Yes, it is, Mr. Moss.

Mr. Moss. But here you would be only aiming for a total circulation of a very small part of the total period, of the medium?

Mr. MAHONEY. No, sir.

Mr. Moss. Well, you would be aiming for a half-hour out of a 16-hour broadcast day.

Mr. MAHONEY. Mr. Moss, if I bought the Washington Post and they said they were delivering x circulation, I would like to have the same kind of an arrangement with a half-hour television show that is going to be on the air.

Mr. Moss. It would not guarantee to give you so many circulation of readership on the editorial page, would it?

Mr. MAHONEY. I did not ask for that.

Mr. Moss. No. But you are asking for an identifiable part of the total programing day; to have a guarantee on it.

Mr. MAHONEY. If they say they are going to get me 3 million to watch this show between 7 and 8, and they come up with a million and a half, my chances of having people see my commercial are obviously cut in half. Now, if I buy the Washington Post, and they cut their circulation in half, again the chances of people reading my ad are cut in half.

Mr. Moss. But you do not know whether you are going to get that circulation in the home-delivered edition or in the first edition that hits the street. You do not know which edition you are going to get your circulation in. You are going to get it in the day, in the total of all circulation.

Mr. MAHONEY. Yes, sir. Just give me that number and I will take my chances. I am not signing for 52 weeks, either.

Mr. Moss. No, you are not. And they are not programing on a fixed basis for 52 weeks.

Mr. MAHONEY. Most network shows are buying 39 weeks minimum.

Mr. Moss. Isn't that part of the power the network has because of the limitation on availability of time in prime hours?

Mr. MAHONEY. That is not my problem, Mr. Moss.

Mr. Moss. But it is your problem.

Mr. MAHONEY. My problem is they say they are going to deliver so many, and they do not deliver them.

Mr. Moss. Of course, if we try to tie down—let me make a rather candid observation.

Sitting here and listening to rating services to date, and reviewing prospectively for further hearings, I am not sure at the moment that I would express any confidence in rating services. Probably I would have serious doubts as to the effects of these, if any at all, in giving you a measurement of anything.

Now, in this sort of exposure, would you be buying sets tuned in on a given hour? Is that the kind of guarantee you want?

Mr. MAHONEY. Mr. Moss, may I ask you a question? How would you buy it?

Mr. Moss. I am not sure.

Mr. MAHONEY. That is my problem. That is my quandary.

Mr. Moss. Here is the difference. At the present time you have a medium that gives you exposure. You want it measured precisely. It is my view that you cannot measure it with precision. There have been rating services in existence now for over 35 years, and they have all tried, and I think with all of their endeavor—and many of them in my judgment are very sincere—but they have fallen short of doing anything but coming up with interesting figures, which thrown to a group of expert statisticians would immediately provoke vigorous dissent as to their validity. Now, that is the type of measurement you are talking about.

When you talk of Audit Bureau Circulation you are talking of something that is very precise. When you are talking of your inventory testing with Mr. Nielsen, you are talking of something where at some point there is a provable factor that comes in, and you can then check results—as with Mr. Gallup's ratings on elections, you can finally test to see what your margin of error is. But here there is no

chance anywhere for the testing which gives you the assurance of exactness you seek in this guarantee. Perhaps the thing that should be done here is to have the network candidly tell you that they cannot test it, and that they cannot measure it and say that, "We are charging you this much because this is what the traffic will bear—we are not guaranteeing you anything, except an opportunity."

Mr. YOUNGER. Will the gentleman yield?

Mr. MOSS. I think on the one hand we have a candid recognition of fact; on the other, we are trying to achieve the impossible. And in the process, I think we do great violence to programing around this Nation. We seem to have everyone of these, just like every magazine and newspaper in this country was to go out and seek to get the same identical market in their readership. And, of course, they do not do that. They aim at different segments of the total economic market available in the United States.

But here we gradually break this down to all competing for the same market, and we give it a standard mediocrity which I think, unless something is done, ultimately will destroy its effectiveness. It will not be the interesting and the challenging medium that you hope it is to give you the returns on your advertising at all.

Mr. MAHONEY. Mr. MOSS, advertisers in no way are going to abdicate this right. This does not mean that you ought to have violence shows or have sex shows, or have all of that. We could not afford it in the Colgate-Palmolive Co. The fact that it would cost us more to just go to a man's product, such as any of our products—and buy sports—maybe it is worth \$4.50 a thousand to know what we are getting, versus \$3 a thousand, selling soap in daytime soap opera.

Now, your point on improving the caliber of television, I agree with.

Mr. MOSS. I am not talking of that as the major problem. The major problem I am talking about here is that you are demanding a standard which at no point has anyone been able to come forward and tell this committee is something that can be achieved.

Mr. YOUNGER. Will the gentleman yield?

Mr. MOSS. I would be very happy to yield.

Mr. YOUNGER. I want to get clear in my mind—I do not gather from your testimony that you are asking for anything. You are asking for the network which sells you a program, which assures you a certain listening audience, to produce that audience or else.

Mr. MAHONEY. That is right, exactly.

Mr. YOUNGER. That is all it is. He is not asking for some specific thing. But whatever system they use, to use the same system consistently.

Mr. MOSS. Mr. Younger, I must decline at the moment to yield further, because you have somewhat butchered my statement. What he is demanding is exactly what I said. Whether he seeks it from the network or anyone else, he is demanding: "If you tell me I am going to get a million and a half viewers, deliver"; or through an arrangement such as he worked out in one instance with ABC: "Give me a greater opportunity for exposure to another audience." But in the total—"Deliver or guarantee."

Mr. MAHONEY. Yes, sir.

Mr. Moss. Now, then, that implies a precision of measurement which on the record that we have before us is not obtainable.

You have to be able to go out and check audiences and say, "All right, we had a million and a half viewers on your show"; or "We had 1,250,000, so you have got a little rebate coming here in time or otherwise." That is what you want.

But I wonder if in the seeking of it you are not going to merely force further dilution, because that is all the ratings in my judgment have been up to date—interesting sets of figures.

Now, in this matter of regional shows, do you place most of your advertising through networks on a national basis or do you go to local stations as well?

Mr. MAHONEY. Well, both, sir. But basically national networks.

Mr. Moss. Now, you would like the opportunity to be able in a—particularly in the presentation of a new product, where you offer it in one region of the country, to be able to back it with high quality programing in order to test it with all factors present—the impact of advertising, to see what the acceptance is?

Mr. MAHONEY. Yes, sir.

Mr. Moss. And this is a real problem—because I hear from my local advertisers that they are closed out in prime hours of being able to compete for audience attention, because they have not the dollars to buy nationally—in fact, it would be a waste of money, since they are only interested in the localized audience.

Do you think that all prime time should be utilized solely for network programing, or should there be some means of—

Mr. MAHONEY. Mr. Moss, I never said all prime time.

Mr. Moss. Well, I imagine when you program, you program a lot in prime time.

Mr. MAHONEY. Yes, we have prime time, daytime, local cut-ins and all else.

Mr. Moss. Well, I merely mention the prime time question—

Mr. MAHONEY. The reason for it—

Mr. Moss. Your greatest competition for time is on a national television—your prime hours are more competitive.

Mr. MAHONEY. Yes, sir.

Mr. Moss. Much more so than daytime.

Mr. MAHONEY. If you broke it down on a cost per thousand, which I gather you are not willing to accept, I don't know. You pay more at night to get more people. You pay less during the day, and you get less people.

Mr. Moss. It depends on which rating as to how much weight you could give to cost per thousand.

Mr. MAHONEY. As I said, Mr. Moss, I did not come to speak on ratings: I came to make a speech which I will stand completely behind, because I am convinced it is right.

Mr. Moss. Well, I understand always when you make speeches you are convinced they are completely right. That is why we make the speeches. But the problem here is not just how good are the ratings, but is it possible to measure with any degree of accuracy the audience. If you are going to demand that that be done, then you have some opinion as to whether or not it is feasible.

Mr. MAHONEY. Well, somebody somewhere along the line must have devised the idea that an inch is an inch and that a foot is a foot, and a yard is a yard.

Mr. MOSS. Yes—and you can lay it right down here and measure it today and tomorrow and it is there. And this thing is so many inches. How do you know how many have that dial turned on? And where do you get your measurement to make that determination?

Mr. MAHONEY. Well, therefore, I have to go back to the networks. They decide. In other words, if that were not the case, you would just be paying out the money that it cost them to operate the studios. But they charge more for prime time, by your own admission. Now, why?

Mr. MOSS. Because they claim more audience.

Mr. MAHONEY. Do you think they are getting more audience?

Mr. MOSS. I think they probably are. I am taking my own habits. I watch more in the evening than the daytime.

Mr. MAHONEY. So, therefore, that is an implied rating.

Mr. MOSS. When you reduce it to a guaranteed cost per thousand then it is more than just an implied rating—it is precise.

Mr. MAHONEY. Well, I think we are now on semantics.

Mr. MOSS. Those are all the questions I have.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. Mr. Mahoney, I notice in your statement that you are the second largest television advertiser. Now, I would assume that you do other advertising than just by television?

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. How do you rate in the area of radio?

Mr. MAHONEY. Would you repeat that, sir? How do we rate in radio?

Mr. BROTZMAN. More accurately—do you know how you rate among national advertisers in the radio market?

Mr. MAHONEY. No, sir; I do not. But I could have it for you within an hour.

Mr. BROTZMAN. You have a large radio advertising program?

Mr. MAHONEY. No, sir, not in relation to our total budget.

Mr. BROTZMAN. I would assume that you also advertise in newspapers.

Mr. MAHONEY. Yes, we do.

Mr. BROTZMAN. Can you approximate the proportion of your advertising budget that you spend for these different media?

Mr. MAHONEY. Sir, if I am not held to it, to the exact numbers, I would say about 75 percent of it is in television, 15 percent of it would be in newspapers, and the other 10 percent would be split up in other media. I believe that is reasonably accurate.

Mr. BROTZMAN. All right. Now, why do you spend a much larger percentage on television advertising?

Mr. MAHONEY. Many of our products, sir, call for demonstration. Secondly, it is a vehicle which I am sure you are better acquainted with than I am that ties in sound, rather than just a picture. I do not think there is any question it is the most powerful medium that you could possibly use to sell a product.

Mr. BROTZMAN. You say you do not have any question but what that is the best way to sell a product?

Mr. MAHONEY. Sir, the best way I think to sell a product would probably be door to door, shaking hands and saying, "I have this product, this is why it is good." Not being able to do that, the next closest thing to it is television.

Mr. BROTZMAN. So then I think your answer really is that this is the best way to sell your product, according to your judgment?

Mr. MAHONEY. Yes, sir; that is correct.

Mr. BROTZMAN. Now, aside from the economic factors for a moment, how do you check to find out what exposure your program is getting, or the program which you are advertising on in television?

Mr. MAHONEY. Well, basically presently it is Nielsen. But we use other services, such as Arbitron and Trendex, to try to check one against the other. Now, in most half-hour or 15-minute shows, give or take, the ratings are fairly close. As you get into hour shows, it does become a discrepancy in some cases.

But Nielsen, which is what most of our advertising agencies recommend, and what the networks sell against, we accept.

Mr. BROTZMAN. You accept that?

Mr. MAHONEY. Yes, sir—in lieu of anything else.

Mr. BROTZMAN. What was the last part of that answer?

Mr. MAHONEY. I said in lieu of anything that is better, sir.

The CHAIRMAN. Would the gentleman yield right there? Then you are telling us that you rely on ratings?

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. That was the question I was going to ask you. You are spending 75 percent of your advertising budget for television. You are predicating that expenditure of money which, as I think you said, you wanted to account for your stewardship to your stockholders. But you are predicating that judgment upon ratings; is that correct?

Mr. MAHONEY. To a large degree; yes, sir. Now, ratings also in the sense—so this is not misunderstood—that we will buy higher cost per thousand, which means in essence lower ratings, for as long as we think the show is in support for what is best for the Colgate Co., so far as the public image, so far as delivering to the listeners and viewers and so forth what is best. We are not buying ratings just for the sake of ratings. We are buying ratings on shows that we think can contribute. I think our track record over the years proves it.

Mr. BROTZMAN. All right.

Now, the next question is, I assume you think this is the best rating that you can get upon which to predicate your judgment.

Mr. MAHONEY. Sir, I am not a research man, but I am advised that is true.

Mr. BROTZMAN. By whom are you advised that is true?

Mr. MAHONEY. By our advertising agency people, by the technical people in our own market research and radio and television department of the Colgate Co.

Mr. BROTZMAN. Do you have any feeling that there are shortcomings in the system upon which you are relying?

Mr. MAHONEY. Sir, I gather there must be some. There are shortcomings in every system. Perhaps to some degree it is inaccurate. But it is the best one available.

Mr. BROTZMAN. The point is, it is the best one available?

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. Now, you talked about a guaranteed market here in your speech. I think in the prior questioning you discussed and agreed upon standards. Obviously, if you are going to guarantee something, you have to have some way to accurately measure what is being guaranteed; is that correct?

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. Now, are you saying to us that you would like to proceed with the recommendations you have made and primarily recommendation No. 1, that is a guaranteed audience—you would like to proceed with that guarantee based upon the rating services you are using?

Mr. MAHONEY. May I paraphrase it, Mr. Brotzman?

Mr. BROTZMAN. You understand my question now?

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. I will listen and see if you answer it.

Mr. MAHONEY. Let me put it this way, if I may.

We are being sold by the networks an implied audience. That audience, we pay x dollars, which is multiplied out and comes to a cost per thousand.

Now, if we agree on that rating service—which I say in the speech we have to—

Mr. BROTZMAN. When you say “we agree,” you are talking about your competitors?

Mr. MAHONEY. No, sir; I am talking about the Colgate-Palmolive Co. and the networks.

Mr. BROTZMAN. You and the networks.

Mr. MAHONEY. That's right, sir. If they are going to call all the shots and say “You are going to be on this show, if you want time”—I say if they are so bright, precise, and so forth, if it doesn't work, I am out; if it works, they are protected. I say we should share this risk, regardless of however the standards are set.

As Mr. Moss said, perhaps the standards are not precise enough, I don't know. But they sell against it. And if they sell against it, I have to buy against it. If I buy against it, I want a guarantee.

Mr. BROTZMAN. All right.

You have a lot of people working for you, and you have experts at your disposal; I am sure you have. We won't quarrel about the word “expert,” but you have people undoubtedly that you think are experts in this particular area.

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. Would they want you to enter into the guaranteed market theory, guaranteed audience, based upon the rating services you presently have at your disposal?

Mr. MAHONEY. In my opinion, yes.

Mr. BROTZMAN. You are not quarreling with the rating services' techniques or anything else, but rather whether they stand behind what they are representing to you?

Mr. MAHONEY. That is exactly it, sir.

Mr. BROTZMAN. Do your checks indicate that these are accurate enough for you to base these judgments on?

Mr. MAHONEY. The only way I say they are accurate is from the store audits, and as Mr. Moss points out they are factual and you can check them. So I would have to buy the integrity of the company.

Now, I think, on some of these things, you would have to take it on a trend. They might be 5 percent off or 10 percent off. But at least they are relative.

Mr. BROTZMAN. Do you use the same rating service for your radio guide?

Mr. MAHONEY. In most cases, yes.

Mr. BROTZMAN. The same one?

Mr. MAHONEY. You have other ones in that, too, of course, as you probably know from the hearings better than I, Hooper, Trendex, and so forth.

Mr. Moss. Mr. Hull?

Mr. HULL. Mr. Mahoney, you say that perhaps the most unbelievable aspect of the whole situation is that "We are required to put good money on the line for long periods of time in unknown quantities, with no assurances.

"How do we know that a new show or an existing show for which we must commit in advance for many weeks will achieve anticipated ratings?"

I understand that you said you were the second largest advertiser?

Mr. MAHONEY. Yes, sir; on television. I understand we are the eighth or ninth in total dollars, but I am told we are the second largest in television.

Mr. HULL. And you have just bought a 13-week show and don't know what it is going to be?

Mr. MAHONEY. No, sir; I bought more than that. I just don't know what the last 13 weeks is going to be.

Mr. HULL. That is an unbelievable aspect to me.

Have you ever bought a show that had no previous ratings?

Mr. MAHONEY. Sir, most of the shows that you buy these days have no previous ratings—at least half or more.

Mr. HULL. Have you ever been guaranteed ratings on these shows?

Mr. MAHONEY. No, sir; with the exception of "The Jetsons."

Mr. HULL. May I ask you this question: Would the excellence of the ratings on your show be the predominant factor, or would the excellence of your product be the predominant factor?

Mr. MAHONEY. Well, gosh, Mr. Hull, as I answered the question Mr. Moss asked before, if you give me a big enough audience, I will take my chances. But if I am in a paper of a thousand, I could have the best audience in the world and perhaps half the people will see it. But if I am in a paper of 50,000, perhaps 10 percent will see it. Perhaps it is the excellence of my product. It is the excellence of the product; it is the caliber; it is the way that the television message is presented, and so forth.

But we are talking about a number of people. I would rather speak to 50 people and have a chance of selling some of them than speak to 3.

Now, I am committing for 50. I might get 40, I might get 20.

Mr. HULL. Well, have you ever had occasion to check these ratings, spot check them?

Mr. MAHONEY. I don't follow your point, Mr. Hull.

Mr. HULL. To spot check these ratings to see the veracity or accuracy of them?

Mr. MAHONEY. I don't know how to answer that one, because I am already on the record saying that Nielsen seems to be the most accurate. We do, as I mentioned earlier, check—

Mr. HULL. I am not asking you that. I am just asking you if your company, as large an advertiser as you are in the advertising industry, has ever taken the time out for your own sake to check some of these ratings to see how accurate they are?

Mr. MAHONEY. Oh, yes, sir. You mean do our own spot checking other than the services?

Mr. HULL. Yes.

Mr. MAHONEY. Yes, sir.

Mr. HULL. Because we have had some testimony here, I think that some rating services do some of their reports in the office, without even calling on these people.

Mr. MAHONEY. No, sir; that is not true in our case.

Mr. HULL. Thank you, Mr. Mahoney.

Mr. MAHONEY. Thank you.

Mr. BROTZMAN. There was one statement I didn't quite understand. I would like to ask you a question about it.

When you say that "Doctor Kildare" has risen 73 percent in 3 seasons, taking it right there, does that mean his rating has improved 73 percent?

Mr. MAHONEY. Price. That is counting—for example, "Doctor Kildare"—I should say the price has risen 73 percent.

Mr. BROTZMAN. This is jacking up the price?

Mr. MAHONEY. Yes, sir.

Mr. BROTZMAN. Now, you say "Dr. Kildare" has risen 73 percent in 3 seasons with a corresponding 94 percent loss in efficiency. Now, what I am driving at is what does the 94 percent loss mean in your statement?

Mr. MAHONEY. What that means, sir, is when we bought the show, a new show on a gamble, we were paying, I believe at the time, \$28,000. The show is now costing us in the neighborhood of \$47,000. So therefore it is costing us more despite the fact that we took the risk on the show. That is the decrease in efficiency.

In other words, as soon as the ratings, implied, real or actual, went up, they raised the rates. So that puts me back into the original position.

If they are going to predicate rates on ratings, then let them stand behind the ratings.

Mr. BROTZMAN. Now, just a minute. It would seem to me that whether or not that program was worth the money to you would be on how many cakes of soap "Dr. Kildare" sold over a period of time. That is what would determine the efficiency, isn't it?

Mr. MAHONEY. That is part of it.

Mr. BROTZMAN. Isn't that right?

Mr. MAHONEY. That is a difficult one to analyze in the same sense, that I don't know how many cakes of soap "Dr. Kildare" sold. But I just know how many people we were exposing our messages to. That number is about the same, but the price for our minute to sell that cake of soap has gone up with a corresponding loss in efficiency.

Mr. BROTZMAN. You don't know how many people were exposed to it. You know what your rating service represented to you, isn't that right?

Mr. MAHONEY. Yes, and on that basis they raised the price.

Mr. BROZMAN. That according to what you are now paying is 94 percent less efficient?

Mr. MAHONEY. In other words, we are paying almost 2 to 1, is what it comes down to.

Mr. MOSS. Mr. Younger?

Mr. YOUNGER. One other question. When Mr. Hull asked you about the new show, you said a new show does not have a rating. But when you buy, is it not represented to you that this show would have a certain audience?

Mr. MAHONEY. Yes; it is so represented.

Mr. YOUNGER. Whether it has a rating or not, but they represent that this show will produce a certain audience?

Mr. MAHONEY. Yes, sir.

Mr. YOUNGER. So that whether they have a rating or not, you are buying on certain conditions?

Mr. MAHONEY. That is exactly so.

Mr. YOUNGER. Now, you buy for 52 weeks. If the show does produce, instead of 1 million, 2 million listeners, for instance, does that price go up during the 52 weeks under which you have a contract?

Mr. MAHONEY. No, sir.

Mr. YOUNGER. So that at the end of the 52 weeks, if you want that show again, then they can come to you say, "Well, this show now has 2 million listeners and on that same cost basis we are going to raise the price."

Mr. MAHONEY. Yes, sir.

Mr. YOUNGER. You would have no objection to that?

Mr. MAHONEY. No.

Mr. YOUNGER. As long as the cost per thousand is the same?

Mr. MAHONEY. No objection.

Mr. YOUNGER. But your objection is that the price goes up beyond the listener rate per thousand?

Mr. MAHONEY. Precisely.

Mr. YOUNGER. That is all.

Mr. MOSS. Mr. Richardson?

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. Mahoney, in your opinion are the networks basing their costs on ratings?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. When a network brings to you a new show, let's say "The Jetsons," since it was brought to you. Did they represent that it should receive an audience like, say, "The Flintstones"? A comparable audience?

Mr. MAHONEY. I can't say that they said it would be like "The Flintstones," but they said it would deliver x million people; yes.

Mr. RICHARDSON. In other words, they represented to you that this show with this type of format should bring you an audience of such and such?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. Then in your opinion the networks rely very heavily on ratings; is that not so?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. Basically that is what their whole business is, as far as the financial end of it is concerned, is that correct?

Mr. MAHONEY. I can't answer for them.

Mr. RICHARDSON. In your opinion?

Mr. MAHONEY. In my opinion, they base the price of the show on what they think the implied rating is.

Mr. RICHARDSON. NBC, for example, with "Dr. Kildare," as the rating went up, the cost went up?

Mr. MAHONEY. That is correct.

Mr. RICHARDSON. No change on the show.

Now, all three of the networks appeared in front of this committee. One of the networks, CBS, said that they used the ratings as a tool because this is what the advertiser used to purchase by, and so they did use it as a tool, very definitely. Would that be your opinion of how they use it?

Mr. MAHONEY. I am not privy to that testimony.

Mr. RICHARDSON. Yes. Well, CBS did state simply that since advertisers bought by the ratings, this was the way they had to sell. Would you say that statement was reversed and since they sell by the ratings, that is the way you have to buy?

Mr. MAHONEY. I would say as you are stating it, it is the reverse.

Mr. RICHARDSON. In other words, if they sell to you, that is the way you get to buy, and if you don't buy, somebody else will pick it up?

Mr. MAHONEY. That is correct.

Mr. RICHARDSON. One of the networks came in here, NBC, and said that ratings were only a guide. Is that the way NBC represents them to you?

Mr. MAHONEY. If it is only a guide, why the discrepancy in prices, if it is only a guide?

Mr. RICHARDSON. Then in your opinion, it is much more than a guide for a network?

Mr. MAHONEY. I would think.

Mr. RICHARDSON. If you are going to renew on a show, does, let's say, CBS, bring you a brochure, or someone within your company a brochure, showing you how the ratings have been throughout the year on that show?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. In other words, they talk ratings a great deal?

Mr. MAHONEY. Yes, they do.

Mr. RICHARDSON. They sell by ratings?

Mr. MAHONEY. I think so.

Mr. RICHARDSON. As far as your company is concerned, that is one of the basic sales tools networks have, if not the basic sales tool?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. Is it the basic sales tool, in your opinion?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. So ratings are very important to the networks, much more than just guides?

Mr. MAHONEY. I would think so.

Mr. RICHARDSON. What advertising agency does Colgate-Palmolive use?

Mr. MAHONEY. We have five. We have D'Arcy, Ted Bates & Co., Lennen & Newell, Norman, Craig & Kummell, Street & Finney.

Mr. RICHARDSON. The link between the advertiser and the network is the rating?

Mr. MAHONEY. The advertiser and the public, I think, and then the link is the network in between.

Mr. RICHARDSON. Would the link between the advertiser and the network be the rating as far as getting a show or buying into a show?

Mr. MAHONEY. If I understand your question correctly, yes, sir.

Mr. RICHARDSON. On "The Jetsons," did ABC not simply state, "You take the chance and if it doesn't deliver, we will give you enough additional spots to make up for it?"

Mr. MAHONEY. Yes.

Mr. RICHARDSON. This would then equal a total circulation or a total number of rating points over a period of time?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. You did state that at least according to your staff, it was better to trend ratings; is that correct?

Mr. MAHONEY. Oh, yes.

Mr. RICHARDSON. However, is it not true that Nielsen is the rating service your company uses principally?

Mr. MAHONEY. Principally, yes.

Mr. RICHARDSON. To trend a Nielsen, would you not be trending the same homes, since their sample is permanent?

Mr. MAHONEY. Yes, we would.

Mr. RICHARDSON. Have your statisticians given you any opinion as to the effect of trending something that is permanent for better benefit in the long run?

Mr. MAHONEY. To answer your question, my market research statisticians think this is the best way we have yet.

Mr. RICHARDSON. The best way you have available today?

Mr. MAHONEY. Right.

Mr. RICHARDSON. Has your company or the agencies representing your company made studies or had independent studies done as to methodology used by Nielsen & Co.

Mr. MAHONEY. I am certain they have.

Mr. RICHARDSON. Do you know whether or not any of the agencies or your company has ever tabulated the results of a Nielsen network report?

Mr. MAHONEY. Physically tabulated?

Mr. RICHARDSON. Physically tabulated.

Mr. MAHONEY. I do not know.

Mr. RICHARDSON. Then basically you are basing all of this on faith because it comes out of the Nielsen company, right?

Mr. MAHONEY. I don't know how many people actually break down our product. You have to buy some things on faith. I am sure they are honest. I am not well aware enough of the discussion. But I do not think we can do anything else by tabulating their figures that they can't do themselves.

Mr. RICHARDSON. So basically, then——

Mr. MAHONEY. We do not audit their figures, no.

Mr. RICHARDSON. You did state that Colgate-Palmolive used the Nielsen company store audits; is that correct?

Mr. MAHONEY. This is correct.

Mr. RICHARDSON. That is one of the basic reasons you have great faith in them in this area?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. What can an advertiser do to insure the success of a particular program he is sponsoring?

Mr. MAHONEY. Very little.

Mr. RICHARDSON. This is for the network. You are just paying the money and you get what they give you?

You have mentioned several times today the different situations wherein your company would pay more for, say, a man's show or a sports show that would attract men. What is the range in cost per thousand of Colgate-Palmolive, for prime time, sir?

Mr. MAHONEY. Less than \$4 a thousand.

Mr. RICHARDSON. Is that the maximum, sir?

Mr. MAHONEY. Just about.

Mr. RICHARDSON. What would you say the minimum was?

Mr. MAHONEY. Prime time?

Mr. RICHARDSON. Yes, sir.

Mr. MAHONEY. \$3.80.

Mr. RICHARDSON. Between \$3.80 and \$4, would you not say this is making the ratings very scientific?

Mr. MAHONEY. It could go as high as \$4.15, \$4.20.

Mr. RICHARDSON. Let's say \$4.15, with a cost per thousand of millions of viewers, this is a very finite line?

Mr. MAHONEY. Certainly.

Mr. RICHARDSON. So buys are being made on the basis of ratings of tenths of points?

Mr. MAHONEY. If we spend \$100 million this year, increased efficiency is \$5 million. That 5 percent on \$4 is 20 cents. So the \$3.80 to \$4 a thousand is \$5 million.

Mr. RICHARDSON. You can relate this, then back—you related it back to cost per thousand and thus to rating points?

Mr. MAHONEY. Right.

Mr. RICHARDSON. Has your company not requested as of this date a guaranteed circulation from certain of the television networks for next year?

Mr. MAHONEY. Requested? Yes; obviously.

Mr. RICHARDSON. Have you had any success, sir?

Mr. MAHONEY. No, sir.

Mr. RICHARDSON. You do buy some in radio network, do you not, sir?

Mr. MAHONEY. Not radio network to my knowledge.

Mr. RICHARDSON. All of it is in spot?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. Are these, to your knowledge, based on Nielsen ratings when you buy in spot radio?

Mr. MAHONEY. I would say yes.

Mr. RICHARDSON. Then basically, as far as ratings are concerned, your company relies on one company, that being the A. C. Nielsen Co.; is that correct?

Mr. MAHONEY. As I have said earlier, they are our principal adviser, yes.

Mr. RICHARDSON. One other point, and I want to ask the question simply to make sure the record is clear. Since certain of the networks said that ratings are only guides, and since you are the second largest advertiser on television, has it been your experience, sir, that ratings are much more than guides for networks?

Mr. MAHONEY. Yes.

Mr. RICHARDSON. A lot more than guides?

Mr. MAHONEY. I didn't say that. They are more than guides.

Mr. RICHARDSON. Are they not the principal guide?

Mr. MAHONEY. They are the principal guide.

Mr. Moss. Mr. Mahoney, in your statement, second paragraph, there is this statement:

Networks today not only determine what gets on the air, but they own practically all of the shows. I believe there are about a dozen exceptions.

Now, in your opinion, is this network ownership good or bad?

Mr. MAHONEY. Well, let me put it this way, Mr. Moss. They are in charge of the communications of the shows. There are only so many hours a day. Then they also decide what shows are going on. Back in the days of radio, an advertiser put the "Amos 'n Andy" show on or whatever it happened to be, and he shared the risks if that show didn't work.

It was his baby; they bought the time.

But with the advent of television, the networks owned the shows. Since there are only three major networks you can go on, they have it covered both ways. They not only charge you for the time, but they own, in essence, the package which is the show.

Now, do I think it is good? Again I say, if they think it is so good, and their judgment is so great, let them stand behind it.

Mr. Moss. Well, do you prefer the system of network ownership or the system of sponsor ownership?

Mr. MAHONEY. I prefer sponsor ownership, sir.

Mr. Moss. Now, in your statement as to ownership, do the networks themselves own or do their officers own?

Mr. MAHONEY. I can't speak for that. I don't believe it is their officers, but I do not know.

Mr. Moss. It might interest you that in hearings before this committee a few years ago, I think it developed that there was some important officer ownership of shows.

Mr. MAHONEY. I do not know.

Mr. Moss. Do network-owned shows get better hours, better programming within prime time, programming in the less competitive spots than other shows?

Mr. MAHONEY. The only way I could answer that question, Mr. Moss, is if the facts as given to me are true, most of the shows are network-owned, anyway.

Mr. Moss. You feel that it has reached the point now where it is difficult to make this evaluation because of the general rule of their ownership?

Mr. MAHONEY. If my facts are correct.

Mr. Moss. You say the only advertisers who can sleep well are those few who own controlling interests in successful shows.

They can exert pressure on the networks for choice time periods and other advantages.

Did you have anything particular in mind when you injected that thought into your statement?

Mr. MAHONEY. I am speaking of the 12 in general, Mr. Moss, that the networks do not own.

Mr. MOSS. You feel that a sponsor, then, has a distinct advantage if he shares in the ownership of a show, a network show?

Mr. MAHONEY. Yes, sir.

Mr. MOSS. Mr. Hull, do you have any questions?

Mr. HULL. No.

Mr. MOSS. Mr. Rogers?

Mr. ROGERS of Florida. No.

Mr. MOSS. Mr. Mahoney, we appreciate very much your appearance here today. It will be very helpful to the subcommittee.

If there are no further questions, you are now excused.

Mr. MAHONEY. Thank you, sir.

Mr. MOSS. Miss Mary Lou Ruxton.

Are you accompanied by anyone or would you like to have someone?

Miss RUXTON. I guess so.

Mr. MOSS. Would you stand and be sworn?

Do you swear that the testimony you are about to give this subcommittee shall be the truth, the whole truth and nothing but the truth, so help you God?

Miss RUXTON. I do.

Mr. MOSS. Would you identify yourself for the record?

TESTIMONY OF MARY LOU RUXTON, TIME BUYER, LEO BURNETT CO., INC., CHICAGO, ILL., AND THOMAS A. WRIGHT, JR., VICE PRESIDENT, MEDIA, LEO BURNETT CO., INC.

Miss RUXTON. Mary Lou Ruxton.

Mr. MOSS. Occupation?

Miss RUXTON. Time buyer, Leo Burnett Co., Prudential Building, Chicago.

Mr. MOSS. Do you have a statement you would like to make at this time?

Miss RUXTON. No.

Mr. MOSS. Mr. Richardson.

Mr. RICHARDSON. Thank you, Congressman Moss.

Miss Ruxton, how long have you been a time buyer for Burnett?

Miss RUXTON. About 7 years.

Mr. RICHARDSON. I hand you a letter. Would you read it through carefully and say whether or not it is your letter?

Miss RUXTON. It is my letter.

Mr. MOSS. Would you identify the gentleman seated next to you for the record?

Miss RUXTON. Thomas A. Wright, vice president, Media, Leo Burnett Co., Chicago.

Mr. RICHARDSON. Would you read that letter for the record?

Miss Ruxton (reading) :

The purpose of this letter is to request radio availabilities on behalf of our client, Swift & Co.'s Allsweet margarine.

The attached sheet lists the market weekly budget for those of your markets involved plus the date the availabilities are due. Will you please try to submit the availabilities in the morning. In those markets where no budget is listed, please submit packages based on the goals as indicated below. The schedules in all markets, with the exceptions noted, will run for 5 weeks.

If, by any chance, you no longer represent one of these markets, please let us know so that we can inform the new representative.

To facilitate the filing of availabilities, will you please omit all folders, coverage maps, station promotion, etc.

We would also appreciate your enclosing the latest Pulse (area and metro) for any of your markets in which there are no NSI reports.

Basically, these schedules will run for 5 weeks (or 4) starting May 17. However, as in the past, there will undoubtedly be varying starting dates.

The other standards and goals of the buy are as follows :

1. Wednesday, Thursday, Friday 9 a.m.—4 p.m. (preferably 3 p.m.), only.
2. Young housewives, although not to the total exclusion of older housewives.
3. 120 gross rating points per week.
4. Fifty percent minutes and 50 percent 20-second spots (in terms of number of spots).
5. On the availabilities, please be sure to show minimum package plan rates as well as maximum.

6. For the record, I should like to state in this letter Allsweet's make-good policy. First of all, in the event of preemptions, we want make-goods, as we want the advertising weight as ordered. However, the make-goods must be on Wednesday, Thursday and/or Friday, and must be within the dates of the schedule—not after.

Mr. RICHARDSON. Miss Ruxton, would you explain for the committee what availabilities are?

Miss RUXTON. The times the station has to offer for sale.

Mr. RICHARDSON. In the instance of this order for Allsweet, Miss Ruxton, were you not attempting to attain availabilities for a rapid schedule you were placing an order for?

Miss RUXTON. For a rapid schedule?

Mr. RICHARDSON. Well, for a schedule. Would you explain, then, how much time you had to place these orders? You asked them to make the schedules available the following morning.

Miss RUXTON. It was the following morning?

Mr. RICHARDSON. I believe it was.

Miss RUXTON. Well, it is a little hard to remember back. I don't recall writing a letter asking for the morning.

Mr. RICHARDSON. It says:

Will you please try to submit the availability in the morning?

Miss RUXTON. That doesn't mean the next morning. It means the morning they were due. That is for working.

Mr. RICHARDSON. This is the type of question asked of radio executives in the normal pursuits of your duties as a time buyer?

Miss RUXTON. Either that or by phone.

Mr. RICHARDSON. In this particular case, where you wanted spots had already been determined?

Miss RUXTON. That is correct.

Mr. RICHARDSON. Is it the policy of Leo Burnett Co. to use Nielsen reports when they are available in the local markets, preferable to other companies?

Miss RUXTON. It is our policy to look at both Pulse and Nielsen.

Mr. RICHARDSON. Which would you prefer?

Miss RUXTON. If there was a conflict, I would prefer Nielsen, I think.

Mr. RICHARDSON. When Nielsen reports are not available, then, according to this letter, you would ask the station representative for a local station to submit Pulse reports; is that correct?

Miss RUXTON. That is correct.

Mr. RICHARDSON. When you said you were requesting 120 gross rating points per week for Wednesday, Thursday, and Friday, you would want a number of spots on that local station which would total 120 rating points; is that correct?

Miss RUXTON. The 120 was a total for the market, which would mean more than one station. It did not mean 120 for each station.

Mr. RICHARDSON. Well, let's say that you divided it up between three stations and I as a station manager got 40. Would that not mean that during this week, I would have to deliver 40 rating points in relation to a particular Nielsen and/or Pulse report?

Miss RUXTON. I don't know about have to deliver, but if that is about what we would have bought and expected the next report—

Mr. RICHARDSON. Would it not be based on a total of 40 rating points from either Nielsen or Pulse in this particular case?

Miss RUXTON. Yes.

Mr. RICHARDSON. When you speak of make-goods, are you referring to the need to supply a minimum of rating points?

Miss RUXTON. No.

Mr. RICHARDSON. What is a make-good?

Miss RUXTON. Make-good in this case is referring to if we are preempted from the 10 spots a week we have ordered, for any reason, technical failure, special events.

Mr. RICHARDSON. They would have to substitute other periods wherein the rating points would agree to the total of my hypothetical 40?

Miss RUXTON. Where the audience and ratings and so forth were comparable, yes.

Mr. RICHARDSON. Now, in this case, you were going to base your orders in these respective markets on a certain number of rating points either by Nielsen or Pulse; is that correct?

Miss RUXTON. Well, with a lot of other qualifications involved. That was one of the requirements. We sometimes did not hold out for the rating point goal.

Mr. RICHARDSON. In this, did you not state or ask them not to bring coverage maps, what-have-you?

Miss RUXTON. Yes; this was a campaign in which I had personally bought at least four or five times in that year in the same markets. Since I was doing it, I had seen all those coverage maps.

Mr. RICHARDSON. If I got this entire order and I was station WKLO in Louisville, Ky., I could deliver this on 6 spots, could I not, if the total 6 equaled 120 points? I know this is an impossibility in radio, but if you were looking basically for 120 rating points in this market during these 3 days; is that correct?

(Miss Ruxton nods.)

Mr. RICHARDSON. If I had an average rating of 1, I could deliver that with 120 spots at specified times on ratings of 1?

Miss RUXTON. Yes.

Mr. RICHARDSON. Is Leo Burnett considered a "Nielsen" agency?

Mr. RUXTON. We don't consider ourselves that.

Mr. RICHARDSON. Do you ever use Hooper?

Miss RUXTON. No—well—no, not really. I have looked at it, of course.

Mr. RICHARDSON. I would assume you don't use Conlan?

Miss RUXTON. Conlan, no.

Mr. RICHARDSON. In the purchase of your buys in spot radio, if you were using the Nielsen Co. local report, would you base your buy on average rating points or cumulative rating points?

Miss RUXTON. I would look at and consider both. There is quite a difference in what two stations with the same average rating might do in the cumulative rating.

Mr. RICHARDSON. But in the final analysis, when you are buying 120 gross rating points, what would you use?

Miss RUXTON. To be the 120, we would report the average rating. But the selection of the station would be made with much more consideration on the cumulative and the homes.

Mr. RICHARDSON. But the buy would be on average rating points?

Miss RUXTON. That is right.

Mr. RICHARDSON. Now, your buy is based on past performance of ratings and stations: is that right, Miss Ruxton?

Miss RUXTON. In that the rating reports are a month or two prior to the present moment, yes.

Mr. RICHARDSON. What if I am in Louisville, Ky. and there are only three reports that come out from Nielsen a year and the last report has come out in March and it is now June and another report is not out? You would base it on the March report: is that not correct?

Miss RUXTON. And looking at the three books that were available.

Mr. RICHARDSON. Yes.

Miss RUXTON. Also, if by any chance you are implying another rating service might be more current, I would look at that, too.

Mr. RICHARDSON. No; if you were using Nielsen, you would use the March Nielsen?

Miss RUXTON. And the other rating books, too, to see the trend.

Mr. RICHARDSON. And when the June Nielsen came out, you would cross-check and see that they delivered a certain number of rating points by the new book?

Miss RUXTON. Yes.

Mr. RICHARDSON. If they didn't, what would happen?

Miss RUXTON. We would reevaluate the schedule, depending on how different it was from what we thought we got. As I say, we evaluate the market and perhaps purchase different stations.

Mr. RICHARDSON. That would be for a new buy. You would not make them guarantee, since the new report came out, to make up the difference in comparison with the last report?

Miss RUXTON. No.

Mr. RICHARDSON. Mr. Chairman, that concludes the questioning by staff.

The CHAIRMAN. Mr. Moss?

Mr. Moss. Well, the sum total of your testimony is that you do rely upon rating points in the buying of time on radio or television?

Miss Ruxton. Not exclusively. Not at all exclusively.

Mr. Moss. Well, not exclusively, but if you were going to allocate a weight to the factors that you consider in placing the allocation with stations, what place would you give ratings?

Miss Ruxton. They are important, but not all. Especially if you meant just the percent figure. By ratings, we mean much more than that.

Mr. Moss. What do you mean by ratings?

Miss Ruxton. I mean audience composition, homes, total homes, metro area homes, all of which, with the Nielsen books, can be ascertained. In radio, you have 4-week cumulative homes.

Mr. Moss. Is that what you mean by all ratings?

Miss Ruxton. That is what I mean by all ratings, but many people mean simply the 20.3.

Mr. Moss. That is the rating of a show. Is that the type of rating you think most people mean?

Miss Ruxton. Yes.

Mr. Moss. But you mean the rating actually of the proper fill of the viewing or listening audience?

Miss Ruxton. That is right.

Mr. Moss. And in addition, you are supplied with it from Nielsen, usually, and if not available, from Pulse or other services, preferably Nielsen?

Miss Ruxton. As I said, we work with Nielsen and in radio, Nielsen and Pulse.

Mr. Moss. Is your agency a subscriber to both services?

Miss Ruxton. It is now, yes. I believe at the time of that letter, we did not subscribe to Pulse.

Mr. Moss. Has your agency made any evaluation of these ratings as to their accuracy?

Miss Ruxton. I am sure we have—yes.

Mr. Moss. And what conclusion did you come up with?

Miss Ruxton. I don't know. It is not in my area.

Mr. Moss. I wonder if you could ascertain that and supply it for the record of the hearings?

Miss Ruxton. I am sure I could.

[EDITORIAL NOTE.—The information supplied by Leo Burnett Co., Inc., discussed the differences between the Nielsen and Pulse radio rating services, but did not deal with their accuracy.]

Mr. Moss. That is all the questions I have, Mr. Chairman.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. No questions.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

When was it you subscribed to Pulse?

Miss Ruxton. I don't know. Since April 13, 1961, but I don't—

Mr. ROGERS of Florida. But you don't have a date?

Miss Ruxton. No. October 1962. Mr. Wright thinks October of 1962.

Mr. ROGERS of Florida. You can furnish that for the record?

Miss Ruxton. Yes.

[EDITORIAL NOTE.—Burnett subscribed to Pulse's complete service in 1955, 1958, 1962, and to the annual reviews in 1957, 1958, 1959, and 1961.]

Mr. ROGERS of Florida. Now, what other requirements are you concerned with besides rating points?

Miss RUXTON. Are you speaking of radio now?

Mr. ROGERS of Florida. Either radio or TV.

Miss RUXTON. In programing—in television it is a little more obvious, but in radio it is the type of music or the type of programing a station has; its coverage facilities, type of people that it reaches, as well as the quantity.

Mr. ROGERS of Florida. You feel that this is reflected in the ratings that it receives?

Miss RUXTON. I think there are indications and there are trends; at least they are frequently consistent.

Mr. ROGERS of Florida. Who gives you this information about the programing of the station?

Miss RUXTON. The representative of the station and the station.

Mr. ROGERS of Florida. Now, in this letter in which you asked for certain information or a certain schedule, I didn't notice that you went into what stations have for their programing and so forth; is this correct?

Miss RUXTON. I have been doing this, making this same buy. This means that for x number of markets I bought the exact same type of campaign for the same advertiser with the same goals on the part of the advertiser.

This was probably the fourth or fifth time that I had been doing that.

I had files on the type of programing of the stations, and by this time, I knew that pretty well anyway.

And when any radical changes that would have occurred happened, the representative would have, of course, so informed me and did.

Mr. ROGERS of Florida. Yes. Now, to whom was this letter written?

Miss RUXTON. Representatives.

Mr. ROGERS of Florida. Of various stations?

Miss RUXTON. In the markets in which I was buying.

Mr. ROGERS of Florida. I see. You didn't know whether they had changed their programs or not, evidently, when this letter went out, or did you?

Miss RUXTON. Well, having bought the thing just about 3 months previously, it was probable that the programing had not changed. If it had changed, the representative would inform me.

Mr. ROGERS of Florida. You would assume. But you don't know, you don't necessarily know that, do you? Do they always inform you?

Miss RUXTON. That is what they are supposed to do and they do; yes.

I would naturally expect—you can't say always, because you don't know. But generally they do; yes.

Mr. ROGERS of Florida. On their own initiative, they will come tell you if they have any change in their programing?

Miss RUXTON. That is right, and if they don't tell you, their competition will. In other words, if they don't want to indicate that

their station has gone to a programing that they think we don't want, their competition will be sure to tell me.

Mr. ROGERS of Florida. How often do you review programing or do you leave it to the initiative of a station?

Miss RUXTON. When I am involved in a buying, I review the program.

Mr. ROGERS of Florida. You say you bought this four times. How many times within that period did you review the programing?

Miss RUXTON. Each time I made the buy I did this.

Mr. ROGERS of Florida. I had understood that you didn't really go over the change of programing before this last letter.

Miss RUXTON. I had the information in my files on the stations.

Mr. ROGERS of Florida. This was 3 months before.

Miss RUXTON. That is right.

Mr. ROGERS of Florida. So there was no review, actually, I believe, before you sent this letter?

Miss RUXTON. It just isn't true, but I am not sure what you are trying to say. There was a review; yes.

Mr. ROGERS of Florida. Of 3 months prior to the time you wrote the letter?

Miss RUXTON. And this time when I made the buy. The letter is covering all stations in the market, in each market. And after the availabilities are submitted, then is the review.

Mr. ROGERS of Florida. Would your files indicate what information was furnished to you by the stations as to the programing?

Miss RUXTON. Yes.

Mr. ROGERS of Florida. Could you submit those for the record?

Miss RUXTON. Not those files; no. I don't have those files; no.

Mr. ROGERS of Florida. Where would they be?

Miss RUXTON. The availabilities?

Mr. ROGERS of Florida. No; what I am trying to say, as I understood your testimony, you say when you received back from the stations what they could give you, you reviewed the programing of that station in addition to its rating.

Miss RUXTON. That is right.

Mr. ROGERS of Florida. Now, I want to find out from your files what information each of these stations gave you on its programing, rather than just what it gave you on its ratings. Would your files reflect that?

Miss RUXTON. Not of that campaign; no. That is too long ago.

Mr. ROGERS of Florida. Then how could you have reviewed the programing of the station?

Miss RUXTON. At the time; yes. At the time my files would have—I would have that. But that is 2 years ago. I don't have availability files from 2 years back.

Mr. ROGERS of Florida. You don't have my showing of this at all?

Miss RUXTON. Not of that campaign, other than what we purchased.

Mr. ROGERS of Florida. Now, is this typical of the radio stations, that every time you send out a letter, they will give you what their programing is, of that station?

Miss RUXTON. Yes.

Mr. ROGERS of Florida. Each time?

Miss RUXTON. That is right.

Mr. ROGERS of Florida. So now, do you have a late showing of this, an example you could perhaps submit?

Miss RUXTON. I think I have some in my—do you mean on Allsweet, or on any radio campaign?

Mr. ROGERS of Florida. On this particular one.

Miss RUXTON. I do not work on that account, now. So I don't know whether they have done any radio recently enough to do. But as I recall, I have some radio availabilities in my office that are a recent purchase for another advertiser.

Mr. ROGERS of Florida. Which tells what the programing of the station is and the various points you consider?

Miss RUXTON. That is right.

Mr. ROGERS of Florida. What type of programing is best for this?

Miss RUXTON. For whom?

Mr. ROGERS of Florida. For your client.

Miss RUXTON. For Allsweet?

Mr. ROGERS of Florida. Yes; at the time you did this.

Miss RUXTON. It is, I would say, a nationally distributed product, purchased by women, and women of all ages. They were trying to increase their sale to younger housewives.

Mr. ROGERS of Florida. Yes. I was thinking of the type of programing of the stations that you were looking to.

Miss RUXTON. Well, basically all stations that reach people. The programing in this case would not be—would be important, but different kinds of programing would reach different women, and all of this would be good.

Mr. ROGERS of Florida. So any kind of programing that reaches people, as reflected—

Miss RUXTON. That reaches women.

Mr. ROGERS of Florida. As reflected in this rating.

Miss RUXTON. What I am really saying is this could be very popular music, it could be so-called good music, which is standard, the Perry Como type of easy tunes; it could be a talk station.

Mr. ROGERS of Florida. It could be jazz?

Miss RUXTON. It could be jazz. It could be classical music.

Mr. ROGERS of Florida. It probably is reflected by ratings, that would give the best indication of whether it is listened to or not; is that right?

Miss RUXTON. A trend of ratings would do that; that is right.

Mr. ROGERS of Florida. In fact, I understand—maybe you can tell us—you purchased all three rock 'n roll stations in Louisville; is that correct?

Do you recall? Maybe you don't recall.

Miss RUXTON. No; I would hardly recall what stations. I recall two. I wouldn't know of a third rock 'n roll.

Mr. ROGERS of Florida. So there is given the rating a station has. If it is at the prime rate, you would look at it and it would indicate all of this to you?

Miss RUXTON. It is a good indication of the audience; yes.

Mr. ROGERS of Florida. Thank you very much.

The CHAIRMAN. You said that you depend on ratings as a factor; is that right?

Miss RUXTON. Yes.

The CHAIRMAN. Partially, in your business. What other factors do you depend on?

Miss RUXTON. Programing of the station, as I have said. The audience composition of the programing, of the station. Cost, of course, is related in terms of people that you are reaching.

The CHAIRMAN. Of course, the programing, you consider that as a factor and you decide yourself on a given program as to whether it might be good or bad?

Miss RUXTON. Well, with these other aids, yes.

The CHAIRMAN. What other aids?

Miss RUXTON. Well, as I said, the audience composition, the age of—

The CHAIRMAN. How do you determine the audience composition?

Miss RUXTON. From the rating services that we have referred to.

The CHAIRMAN. Now, what is another factor you use?

Miss RUXTON. The coverage of the stations.

The CHAIRMAN. How do you determine the coverage of the station?

Miss RUXTON. In television, we have an ARB coverage study and Nielsen coverage study.

The CHAIRMAN. Is ARB a rating service?

Miss RUXTON. That coverage study is not a rating service. But ARB produces a rating service, yes.

The CHAIRMAN. Well, what I am trying to get at, if you are correct in that you do not make a decision totally on the basis of ratings, which you say you don't—you consider these other factors—then you name these other factors and get right around to it and these other factors are determined on ratings.

Miss RUXTON. Well, the description of the programing, that is not a rating.

The ratings of the services are a percentage figure for the listening, for the sets that are tuned on to the station at the time. There are further refinements of that figure, breaking it down into what kind of an audience it is.

The CHAIRMAN. How do you determine that?

Miss RUXTON. From—well, it is called a rating service. You can't call it a rating; homes, audience composition, metro area, total coverage area book. You have to have a brief way of referring to it.

The CHAIRMAN. You have to have all of this?

Miss RUXTON. And all of this is in there.

The CHAIRMAN. But it finally gets back to if it weren't for the ratings, you wouldn't have the rest of it, would you?

Miss RUXTON. If it weren't for the studies done by Nielsen and ARB, we wouldn't have ratings; yes.

The CHAIRMAN. Then you wouldn't have any other factors to depend on, would you?

Miss RUXTON. Well, we would have the coverage service.

The CHAIRMAN. You could go down to the FCC and get the coverage, can't you?

Miss RUXTON. I guess you can go down and get an engineer's coverage map.

The CHAIRMAN. Of course, you know that you can go down there and get a picture of the coverage of every television station in the United States.

You can find out—

Miss RUXTON. That is the physical power of the station.

The CHAIRMAN. Yes. And then you can find out county by county what it is and the population of the county. Then from there everything else is determined by ratings, isn't it?

I don't want to try to insist on you saying something that isn't a fact, but at the same time we want to know what the truth is.

Miss RUXTON. Well, you keep saying that it boils down to the use of ratings.

The CHAIRMAN. Well, that is what I am trying to find out.

Miss RUXTON. I can't say it any more times than I have said that we look at other things as well.

The CHAIRMAN. You then describe these other things and I ask you how you determine them, and you say by ratings.

Miss RUXTON. Not by ratings, from the rating report or the Nielsen report that is produced.

The CHAIRMAN. Let's start all over again.

Tell me one factor now that is not based on ratings? You can talk about area coverage and you can get that from FCC.

Miss RUXTON. It is a different kind of coverage than we are referring to. But I mentioned programing quite a few times. That is not supplied by the service.

The CHAIRMAN. How is a given station's programing determined?

Miss RUXTON. In speaking of radio, the programing format of the station, which is supplied to us in statements by the representative via his station and also—

The CHAIRMAN. The program format, then.

Miss RUXTON. That is right.

The CHAIRMAN. I can understand that that is not determined by ratings, except indirectly.

What others do you have?

Miss RUXTON. Coverage of the station—power, sometimes the facilities, the kilowatts and the power indicate a coverage strength.

The CHAIRMAN. Yes; and from what the Census of Population says, you can figure the coverage; is that right?

Miss RUXTON. We make a distinction in coverage from your definition by the engineers' maps of the station, and that which is produced by the Nielsen or the ARB service.

The CHAIRMAN. All right; what is your definition?

Miss RUXTON. It is a number of homes that have tuned in at any time to the station during the week or the day in all the counties by the stations.

The CHAIRMAN. And how do you determine how many are tuned?

Miss RUXTON. I have said this was a service produced by the Nielsen and by ARB companies. But those are certainly not rating services.

The CHAIRMAN. They are not?

Miss RUXTON. This coverage study is not a rating service; definitely not.

The CHAIRMAN. Coverage? That is really interesting to me. Tell me a little more about this. ARB didn't make that distinction when they were here.

Miss RUXTON. That coverage is different from rating? They did not make that distinction?

The CHAIRMAN. Well, from what you have said, the kind of coverage you are talking about, no.

Miss RUXTON. Well, it is different.

The CHAIRMAN. It is?

Miss RUXTON. Coverage is the potential a station could possibly reach and does reach, has reached in a given—not half hour, but a given week or month. Rating is rating a particular time.

Mr. HULL. Mr. Chairman?

The CHAIRMAN. Yes?

Mr. HULL. Isn't that what you sell your program on, the coverage of various stations?

Miss RUXTON. Isn't that what I sell my program on?

Mr. HULL. Yes.

Miss RUXTON. I don't sell anything.

Mr. HULL. Well, someone sells it.

Miss RUXTON. But I don't. Isn't the coverage—I am sorry; I don't understand your question.

The CHAIRMAN. She places advertising, as I understand it.

Is that not true?

Miss RUXTON. That is right.

Mr. HULL. You place your advertising and sell it to the station—doesn't the station send a representative out?

Miss RUXTON. That is right.

I don't understand your question, Mr. Hull.

Mr. HULL. You sell your service to an advertiser that places advertising, don't you?

Miss RUXTON. My company does, yes. We sell our service to the advertiser; that is right.

Mr. HULL. I understand that.

Miss RUXTON. All right.

Mr. HULL. And they want to know how much coverage they are going to get?

Miss RUXTON. How much audience they are going to reach.

Mr. HULL. Well, isn't that a rating?

Miss RUXTON. Audience is in the area of ratings, but a station's coverage is not its rating, no. It is its potential. It is the thing it can do.

Mr. Moss. Mr. Chairman?

The CHAIRMAN. Mr. Moss?

Mr. Moss. Well, now, the potential is the physical ability of a station to reach an audience. That is the potential. Now, it is not that potential you are discussing, because that is the potential you would determine by going to the Federal Communications Commission. What you are talking about is a demonstrated ability to attract an audience over a definite period of time as determined by the placing of diaries in homes in the area and from these diaries, extracting the information to demonstrate that station A reaches out to this area and covers it. So it is a rating, isn't it?

Miss RUXTON. Not by the use in our business, no. It is not a rating.

Mr. Moss. Suppose you didn't have this from Mr. Nielsen or from ARB. Then how would you select the stations and determine their coverage?

Miss RUXTON. We would probably refer to such things as mail counts that the stations would supply, and letters.

Mr. Moss. But these things you don't do now, because somebody goes out and makes a survey. Would you subscribe to the term "survey" as definitive of what we are discussing?

Miss Ruxton. Right.

Mr. Moss. Would you perhaps tell me the difference between a survey and a rating in the broad sense? You know, these diaries are remarkable things. We had one rating service here the other day who determined from six homes how much of a percentage of those with incomes of over \$15,000 a year listened to stations, eight stations in one community. Obviously, with only six in the sample, two stations had to be out of the running to begin with. But percentagewise, your projection gave you coverage. Now, this could be a survey.

But actually all of these things, whether you call them surveys or ratings, where they say this demonstrates what you have done, this is the type of information you place primary reliance upon in placing orders for time, isn't it?

Miss Ruxton. I am really not in a position to have an opinion on it—

Mr. Moss. Oh, but you must have an opinion, because you make the decision.

Miss Ruxton. Not on the validity, which is what I think you are driving at.

Mr. Moss. I didn't say that.

Miss Ruxton. No; but you are certainly referring to it when you use the sample size as an example.

Mr. Moss. I didn't ask you about the sample. I merely illustrated a point.

But I said this type of information, whether you characterize it as survey or rating, is the type of information on which you place primary reliance in determining your buys, isn't that correct?

Miss Ruxton. I do rely heavily on the Nielsen and ARB and Pulse rating services.

Mr. Moss. I didn't ask you about the types of ratings. I asked you just this type of material.

Miss Ruxton. I can't say I am in a position to know the methods by which they arrive at their—

Mr. Moss. I didn't ask you about their methods.

Miss Ruxton. You gave that as an example.

Mr. Moss. No.

Miss Ruxton. No?

Mr. Moss. We have it down to two things. You have cited to the chairman two criteria which you deduced as not having come from a rating. I wrote them down—programming, and then you used the term "physical coverage," and I think we agreed at the beginning of our exchange that that was incorrect: because physical coverage was physical potential and that was not what you were talking about.

You were talking about demonstrated coverage.

So in these two areas, we take the programming out—this is a fact. You don't have to rely upon a survey or a rating—this is a fact. The station has a log and you can determine what their programming format is.

But the minute you get to the coverage, then you rely upon a survey, don't you, made by someone—Mr. X; he made the survey.

You bought the service, and from that service you determined the coverage. Is that correct?

Miss Ruxton. Yes.

Mr. Moss. All right.

Miss Ruxton. I have thought of a couple of other things that we really consider. One of them is the commercial policy of the station on the extent that we can ascertain it in advance, and we check on it in the future.

Mr. Moss. Commercial policy? That would be their overall business policy, whether—

Miss Ruxton. No; in the number of commercials that they will have.

Mr. Moss. You don't want to get the one that is just saturated with spots?

Miss Ruxton. That is right.

Mr. Moss. You want to have an audience that isn't so completely numbed by commercials that they are still receptive; is that correct?

Miss Ruxton. This is our intent or effort.

Mr. Moss. Thank you.

The Chairman. On behalf of the committee, we thank you.

Mr. Tom Wright?

Mr. Wright. I am Thomas Wright.

The Chairman. Mr. Wright—I thought perhaps you were. But I didn't inquire if you had been sworn.

Mr. Wright. No, I have not.

The Chairman. Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Wright. I do, sir.

The Chairman. According to the information we have, you are the executive vice president of Leo Burnett?

Mr. Wright. No, sir. I am the vice president in charge of the media department of the Leo Burnett Co.

The Chairman. I have been observing that you have been consulting with Miss Ruxton. Maybe you have something further to say in regard to the questions we have been asking and the responses.

Mr. Wright. Well, for the purpose I understand this committee is attempting to serve, I consulted with Miss Ruxton in an attempt to make as clear as possible the answers that we see you seeking, to give you as complete a picture of the activity into which you were inquiring.

The Chairman. Has Miss Ruxton given a description of the operation of your company?

Mr. Wright. To the extent that you have inquired into it, I believe so.

The Chairman. Well, at the expense of being repetitious, just give me a little background of the Leo Burnett Co.

Mr. Wright. The Leo Burnett Co. is an advertising agency employed by 24 of the largest manufacturers of products and services in this country. It is located in the Prudential Building in Chicago.

It has been classified in size, in 1962, as being the fifth largest advertising agency by dollar volume. It serves many client interests

in the food and drug product area, as well as hard goods, appliances, transportation, etc.

We are in the business of preparing advertising and placing that advertising for the clients who employ us.

The CHAIRMAN. In other words, you take company X, who produces a certain product. They employ you to provide for them their advertising and to place it with the broadcasting industry?

Mr. WRIGHT. With all media opportunities; yes, sir.

The CHAIRMAN. Broadcasters, newspapers, magazines, and so forth?

Mr. WRIGHT. That is right, sir.

The CHAIRMAN. And you are responsible, then, for, No. 1, preparing the advertising?

Mr. WRIGHT. That is right, sir.

The CHAIRMAN. And, No. 2, placing of the advertising?

Mr. WRIGHT. Yes, sir.

The CHAIRMAN. I think that is pretty well established.

Mr. Richardson?

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. Wright, did you not attend the Minnesota Mining & Manufacturing media directors' conference at Wonevoc, Canada, in 1961?

Mr. WRIGHT. I did attend such a meeting. I am not sure as to the date, but that sounds reasonably close.

Mr. RICHARDSON. It was one held by Three-M, Outdoor Advertising, and Mutual Broadcasting Co.?

Mr. WRIGHT. I believe so.

Mr. RICHARDSON. Mr. Wright, are you aware of a statement made in response to a question at that meeting in speaking of the Nielsen Radio Services for network radio to the effect that—

We get it free; it is so valuable. But that is not the only reason for disbelief, believe me. I will tell you the truth, the guys who were taking the Nielsen pocketpiece numbered over 100 in our company. We now have 11 copies. Nobody looks at them. I don't think anybody believes them.

Mr. WRIGHT. What is the question?

Mr. RICHARDSON. Are you aware of that statement having been made?

Mr. WRIGHT. You are refreshing by memory. I remember making remarks similar to that.

Mr. RICHARDSON. You did make that statement?

Mr. WRIGHT. I do not recall it specifically.

Mr. RICHARDSON. Is this statement familiar to you?

We know Nielsen can't do the job; Pulse can't do the job. In fact, nobody is doing the job.

This is in relation to network radio.

Mr. WRIGHT. I certainly could have made such a statement.

Mr. RICHARDSON. Mr. Wright, are you familiar with this statement:

It is the supervisor, the associate supervisor, the assistant, the time buyer, down the line, who is growing in business, who is learning his lesson. He leans upon this thing. It is the only crutch that he has.

Mr. WRIGHT. Same answer applies.

Mr. RICHARDSON. Did you not make that statement?

Mr. WRIGHT. Well, I don't recall specifically, Mr. Richardson, being 2 years ago.

Mr. RICHARDSON. You remember at least this type of statement having been made?

Mr. WRIGHT. I remember the meeting and that we had a discussion of services at that meeting.

Mr. RICHARDSON. There wasn't much faith shown in the services at that meeting, was there?

Mr. WRIGHT. I do believe they were specifically directing their attention to radio as of the moment, and I made my remarks to the belief I have that radio is not being adequately measured because of its size today and because of the limitations of the ability to measure that tremendous size.

Mr. RICHARDSON. Then in your opinion, at least network radio today is not adequately measured?

Mr. WRIGHT. That is my opinion.

Mr. RICHARDSON. Did Mr. Sparger and I visit with you and other executives of your company at Chicago in the latter part of 1961 or early 1962, Mr. Wright?

Mr. WRIGHT. I remember the February visit.

Mr. RICHARDSON. February 1962?

Mr. WRIGHT. In my office, yes. I believe you were at my office one other time, but I don't remember that I was present.

Mr. RICHARDSON. At the time you were present, were similar views as I have just given you expressed to Mr. Sparger and me?

Mr. WRIGHT. With the definition of "similar" unknown, I would say perhaps yes. I think I gave you a transcript—not a transcript; but the general tenor of what we discussed there in our conversation.

Mr. RICHARDSON. Is it not true, Mr. Wright, that time buyers such as Miss Ruxton use the rating figure as the principal basis or base for their decisions in making purchases in network radio?

Mr. WRIGHT. We hope that they don't

Mr. RICHARDSON. Your hoping that they don't—isn't it a fact that this is what they actually do in most cases?

Mr. WRIGHT. No; I don't know it to be a fact as to what they actually do in most cases. Our training of buyers, we believe, is getting better and better all the time and we give them buying guides with which to work. These buying guides take into consideration all the important aspects of the audience we are trying to reach and defining it by age of housewife, size of family, income that we are looking for, by giving direction in terms of the likely time of day that we should purchase, say, time on radio stations, whether it be drivetime or mid-afternoon or late afternoon, depending upon the product that we have to sell and the particular belief we have that audiences can be developed who are likely to buy that product at certain times of the day.

Mr. RICHARDSON. You mention income. Where do you get the income information for your buys, Mr. Wright?

Mr. WRIGHT. Nielsen Co. produces surveys which give us facts on these demographic characteristics, as well as the ARB.

Mr. RICHARDSON. If they had a sample which is normal in radio for Nielsen of 150 homes, that being the maximum potential, how much information could they give you about all the different classifications of income?

Mr. WRIGHT. Well, it is my understanding, and I am not an expert in the details of how these rating services do go out and use the samples that they survey, but in an important category like income, or age of housewife, or size of family, or education, etc., it certainly would not be developed on as small a sample as 150, because they accumulate the information over a larger number of homes and families that they interrogate and use these broader survey evaluations to develop the specifics.

Mr. RICHARDSON. This is interesting to me, Mr. Wright. The sample basically for Nielsen—take Louisville, Ky.—is a maximum of 150. Yet these are permanent homes. If they are permanent homes, how do they accumulate?

Mr. WRIGHT. Nielsen also uses, in addition to its audimeters, the diary technique.

Mr. RICHARDSON. We are speaking now of the local markets, which is the diary technique. Those are permanent homes also. If you have 150 permanent homes, how do they accumulate?

Mr. WRIGHT. What I was specifically thinking of is another survey who is, I understand, using 12,000 homes across the country, or some such size, of which they interrogate perhaps from 1,000 to 2,000 per month.

Then you have a survey sample chosen scientifically to be repetitive both geographically of our population and our homes by size of family, by opportunity for income, et cetera. Survey techniques in the past have proved that within a small tolerance, this is pretty reliable.

Mr. RICHARDSON. Let's take Nielsen and a sample market—take Louisville. The sample is 150. How can you, by using the same homes time and time again, get any greater significance than you had the first time by using the same homes as far as income and so on?

Mr. WRIGHT. You would have to ask a Ph. D. in research. I don't know.

Mr. RICHARDSON. Wouldn't it be quite obvious that using the same homes, you couldn't get a greater expansion than you had with 150 homes?

Mr. WRIGHT. Please repeat that.

Mr. RICHARDSON. If you are just using 150 homes and they are permanent homes, isn't it true that this information can just come from these 150 homes, if it is a permanent sample? It cannot be expanded, can it?

Mr. WRIGHT. It can be.

Mr. RICHARDSON. Since it is not expanded, you do not gather any greater information than by using one survey, do you?

Mr. WRIGHT. As I understand, from an explanation of Mr. Nielsen's techniques, there is a turnover. They are not static. I don't know firsthand about that, but they are not static samples, either on a diary basis or an Audimeter basis, is my understanding. So you can get a much broader view than would apparently be the observation from this 150-home sample you are giving me as an example.

Mr. RICHARDSON. Has Leo Burnett, then, made any studies of Nielsen methodology? Since you say you understand this, has your company explored this—gone behind the veil?

Mr. WRIGHT. I believe we have, among our qualified people, as you know, since you talked with them, was Dr. Seymour Banks, who is head of the audience concepts committee of the Advertising Research Foundation. Dr. Banks is well qualified to decide whether or not the techniques used by the Nielsen Co. or these other services is adequate for our needs. We put a great deal of reliance on his opinion.

Mr. RICHARDSON. Do you believe the Nielsen Co. was completely open with Dr. Banks?

Mr. WRIGHT. I certainly do.

Mr. RICHARDSON. Do you think the Nielsen Co. is always completely open with your agency?

Mr. WRIGHT. I certainly do. We have had a long relationship with them.

Mr. RICHARDSON. Then your opinion is the Nielsen Co. is a very open, aboveboard company?

Mr. WRIGHT. We believe them to be.

Mr. RICHARDSON. Have your time buyers visited each of the markets in which they are supposed to buy time and monitored the stations in those markets?

Mr. WRIGHT. No, sir.

Mr. RICHARDSON. Then you use the information which someone else may give you without finding out what goes on in these markets, don't you?

Mr. WRIGHT. It is the practice of our representatives to bring into our offices and play for the buyers a sample of the program they are attempting to sell on the station, together with the personnel who are the operating personnel, the sales manager, local and national operators and owners, in some instances.

From these visits and these conversations, our buyers become much more intimate with the operating policies and the actual programing structures of these stations than would seem to be the case by your question.

Mr. RICHARDSON. Not to say that any of these stations would misrepresent, but it would be a tendency for them to bring you tapes that are not the worst part of their programing, wouldn't it?

Mr. WRIGHT. I cannot answer that. I do not know.

Mr. RICHARDSON. Mr. Wright, Leo Burnett handled in January of 1962 the Allstate Insurance account, did it not?

Mr. WRIGHT. We were the agency of record; yes, sir.

Mr. RICHARDSON. In Louisville, was this purchase not based on the fact that the two stations which were purchased had the highest Nielsen ratings in drive time?

Mr. WRIGHT. I have no knowledge firsthand of that purchase, sir.

Mr. RICHARDSON. Would you say that was probably true?

Mr. WRIGHT. I cannot comment. I don't know.

Mr. RICHARDSON. You mentioned drive time a while ago?

Mr. WRIGHT. Yes, sir.

Mr. RICHARDSON. Now, the Nielsen Co. does not have much of a way of measuring drive time, does it, since it only measures in-home audience?

Mr. WRIGHT. I understand that they have now produced a series of surveys of audiences available in automobiles. I am not acquainted with the details of the technique, but they are attempting to fill the

gap that has existed because there was no available measurement of listening in automobiles.

Mr. RICHARDSON. Would it surprise you to know that this auto-plus is not on a market-by-market basis? For example, in Louisville, only six homes in Louisville would have a diary placed in their cars for auto-plus?

Mr. WRIGHT. I suppose it would again, since many things of that nature, would surprise me, since I am not acquainted with intimate details that our other experts are acquainted with.

Mr. RICHARDSON. Does the Leo Burnett Co. handle the advertising for the Tea Council?

Mr. WRIGHT. We have, sir.

Mr. RICHARDSON. Is Eloise Beatty a time buyer?

Mr. WRIGHT. Yes, sir.

Mr. RICHARDSON. Were not the spots for the Tea Council, say for example, in 1961, bought on Nielsen Station Index reports?

Mr. WRIGHT. I do not know that, sir. It is likely that they were. We purchased the Nielsen service, as you know, but I have no intimate knowledge that that was the case.

Mr. RICHARDSON. Would you supply that for us?

Mr. WRIGHT. That they were—

Mr. RICHARDSON. Or were not purchased on Nielsen local reports.

The CHAIRMAN. Or if they were.

Mr. WRIGHT. I will attempt to get that for you.

[EDITORIAL NOTE: The Leo Burnett Co. later advised the subcommittee staff that it was unable to locate files on which to base an answer.]

Mr. RICHARDSON. Did not Leo Burnett handle in September of 1960 or during this period the account for Allsweet Margarine?

Mr. WRIGHT. The letter you are referring to?

Mr. RICHARDSON. That was in 1961.

Mr. WRIGHT. And this was—

Mr. RICHARDSON. 1960.

Mr. WRIGHT. I do not recall.

Mr. RICHARDSON. Would you also check and supply that information for the record?

Mr. WRIGHT. Will you again tell me what it is you want?

Mr. RICHARDSON. September 1960, Allsweet margarine, whether or not you handle that account and whether or not the buys were not made strictly on the basis of local Nielsen reports.

Mr. WRIGHT. Yes, sir.

Mr. RICHARDSON. Thank you.

Mr. WRIGHT. I assume that my ability to do that will depend upon the memory of the buyer. Is that satisfactory?

Mr. RICHARDSON. Certainly. And from your records that he has.

Mr. WRIGHT. Well, again, as you may have gleaned from Miss Ruxton's testimony, we do not keep old files of information about buys that have been made in the past.

The CHAIRMAN. You can state the source of the information.

Mr. WRIGHT. Thank you.

(The information requested of the Leo Burnett Co. is as follows:)

Our records indicate that we did handle Allsweet in the fall of 1960. Our rating sources for Allsweet spot radio buys in the fall of 1960 included Nielsen and Pulse. (A list of the markets purchased and the rating source was attached.

This list clearly indicates that Burnett uses Nielsen in the radio markets which Nielsen measures and uses Pulse for purchases made in other markets.)

Mr. RICHARDSON. Mr. Wright, is it true that your agency does not subscribe to Hooper?

Mr. WRIGHT. I don't believe we buy Hooper.

Mr. RICHARDSON. And until last fall, you did not subscribe to Pulse?

Mr. WRIGHT. We do subscribe to Pulse.

Mr. RICHARDSON. I say until last fall you did not?

Mr. WRIGHT. That is correct. We may have in the past.

Mr. RICHARDSON. But as far as, for example, 1961 is concerned, you did not?

Mr. WRIGHT. That may be true.

Mr. RICHARDSON. So basically the biggest part of your buys were based on the Nielsen reports?

Mr. WRIGHT. On the Nielsen reports and what other survey service information may have been supplied to us by station and station representatives.

Mr. RICHARDSON. Isn't it true that on many occasions in the past, if the station representative didn't bring in a Nielsen report, he was just wasting his time with your agency?

Mr. WRIGHT. I have no such knowledge.

Mr. RICHARDSON. Mr. Chairman, that is all the questions of the staff.

The CHAIRMAN. Does any member have anything of this witness?

Mr. YOUNGER. Did you listen to Mr. Mahoney's testimony a while ago?

Mr. WRIGHT. Yes, sir; I was present in the room when he testified.

Mr. YOUNGER. Do you agree with him that in selling services, you have a right to expect the delivery of the—

Mr. WRIGHT. I am sorry, I didn't hear a portion of that.

Mr. YOUNGER. When you sell a program where the network has promised, by whatever standards they use, a certain number of listeners and by that same standard later on, say that they are not producing the promised number of listeners, that there should be an adjustment in the price?

Mr. WRIGHT. To my knowledge, sir, in the years I have been in this business, I have never found that a network promised any such thing.

Mr. YOUNGER. They don't promise that?

Mr. WRIGHT. They do not promise audience delivery and we do not purchase on that basis. We never have, to my knowledge, made a contract whereby a program or a time period was purchased contingent upon the development of a given level of audience. This is our seasoned advertising judgment that we exercise to determine this.

Mr. YOUNGER. That is all.

The CHAIRMAN. Mr. Moss?

Mr. Moss. Now, if you don't buy on the basis of a guaranteed circulation, do you buy on the maintaining of a minimum rate?

Mr. WRIGHT. No, sir.

Mr. Moss. Do you buy with ratings as a consideration?

Mr. WRIGHT. Yes, sir.

Mr. Moss. What part of the consideration?

Mr. WRIGHT. Well, there are two ways to basically evaluate what you want to buy.

May I ask this question: Are we addressing ourselves now to network television? Is this the area of inquiry? What area are we inquiring into?

Mr. MOSS. Well, in the statement, Mr. Mahoney, I believe, went into the matter of network television. So let's deal with that first.

Mr. WRIGHT. Would you repeat the question?

Mr. MOSS. I will have the reporter repeat it.

(Question read.)

Mr. WRIGHT. The question, as I understand it, is, in what part of our buying decisions are ratings a consideration?

Mr. MOSS. On national network shows.

Mr. WRIGHT. Let me attempt to answer that this way: When we are considering the purchase of a program that has been on the air and would have produced what we call a track record, wherein we would have substantial information concerning the demographic characteristics of that audience, together with the trends of its audience production and its ability to stand in competition with programs on the other networks and independent stations of the country, we have one set of factors to guide us and we believe that with the quantity of information available, such as the program type itself, its format, whether it is a half hour or an hour, thereby having the number of commercial opportunities and competitive opportunities at consideration, time of day, day of week, together with these other factors that I have mentioned, we are able to exercise our judgment then and there based upon those records and those facts.

On the other hand, as Mr. Mahoney mentioned, there are times when you are considering the purchase of a program wherein you do not have all of this information. The practice of the business is that we as an agency are able to come up with ideas for programs to be put on the network and some of these we do develop.

Other times, we are able to obtain from the program producers in the business, independent companies not associated necessarily with the networks, program ideas that they have brought to maturity, either in script form or even in pilot film stage as an example of their idea for entertainment.

Thirdly, you have the program product from the networks which we are invited to review again in a variety of forms, either by reading the scripts, examining brochures detailing what plans the network may have for the development of this program idea, or looking at the program itself in a pilot film. Thus we are able to evaluate for our clients whether or not we feel this program is a desirable frame of reference for his advertising.

In many instances, we are able to put this program through what we have in our company called the creative workshop. This is a facility whereby we show such program pilots to samples of American families or groups of housewives or husbands or children in an attempt to obtain their reaction to the show. Well, first, as to whether or not they think it is a family program, whether or not it would be invited into their homes, we attempt to discover whether or not there is anything about the content of that program that would be harmful to their children, let's say.

It is from the information we gain in this creative workshop that we are able to produce an evaluation of the program's likeability and to decide on judgment whether or not we want to pursue the purchase of this show from whatever source has brought it in.

Does this answer your question?

Mr. Moss. No, sir; it does not.

Mr. WRIGHT. Let me try again.

Mr. Moss. It has been an interesting discourse, but candidly, it hasn't answered anything.

It has produced in my mind a great many additional questions, but has not satisfied me on that point that I directed to you.

It has avoided completely the question of how you use ratings.

Mr. WRIGHT. I use ratings, sir, in the first example, when we have this track record I described as part of the consideration.

Mr. Moss. A major part, a minor part?

Mr. WRIGHT. I was just going to say, for me to attempt to put sizes on whether it is a major or minor, I would say it is a minor part because of the number of other considerations. In fact, rating really takes even a lesser position than share.

Mr. Moss. Now, what is share?

Mr. WRIGHT. We seldom deal with the rating of a program. We are interested in what share it will develop.

Mr. Moss. Share of what?

Mr. WRIGHT. Share of the available audience.

Mr. Moss. All right; and how do you determine the share of available audience?

Mr. WRIGHT. Several ways. First of all, we do it on judgment.

Mr. Moss. That is a judgment, an estimate.

Mr. WRIGHT. Right.

Mr. Moss. Now, at some point, you are going to see if your judgment is supported by experience?

Mr. WRIGHT. Right. And we evaluate what comes along from the rating services as the estimated share of that program in its time period.

Mr. Moss. Now, this is a national show, and so where do you go to determine what its share of the audience is?

Mr. WRIGHT. To material and information supplied by A. C. Nielsen Co., and ARB.

Mr. Moss. And is this a rating survey that Nielsen makes that tells you what the national share is?

Mr. WRIGHT. Yes, sir; I believe so.

Mr. Moss. Don't you know?

Mr. WRIGHT. Well, I am not that much of an expert as to be able to define what you mean by "national." What I mean by "national" is that the figures are developed from a panel across the country.

Mr. Moss. That is what I thought I meant by "national" until I discovered that, in one of these national surveys, we have one entire time zone omitted.

Mr. WRIGHT. You mean like mountain?

Mr. Moss. That is right.

Mr. WRIGHT. That has been traditional in the business, sir. There are only what, 3 percent of the people there?

Mr. Moss. I think it is higher now. I think it might have been a number of years ago. It has been growing out there. Those people buy and they listen and they live, and as I said, they have grown rather remarkably.

Mr. WRIGHT. We don't believe that they are atypical, Mr. Moss.

Mr. Moss. One of our distinguished colleagues here comes from a mountain time zone and an area of very vigorous and rapid growth. If you had been down through Arizona and New Mexico recently, you would be amazed at how typical they are becoming.

Mr. WRIGHT. It is sure wonderful.

Mr. Moss. So when we get to "national," I would have said that a very orthodox definition would be acceptable to me envisioning the sample of a nation. But in view of the fact of the sampling, I would say that three of the four time zones of the Nation would constitute, in my judgment, a national sample at the moment.

Mr. WRIGHT. You are entitled to that judgment, sir.

Mr. Moss. Well, I accord you the same right, and apparently we are, by force of circumstances, in agreement that the national sample excludes the mountain time zone.

Mr. WRIGHT. I believe it does.

Mr. Moss. Whether it is wise or foolish, it does. So this determines your audience share?

Mr. WRIGHT. Yes, sir.

Mr. Moss. Is this an important consideration in buying one of these programs?

Mr. WRIGHT. Well, of course, you don't have a share developed except under conditions of the track record. When you are trying to analyze a new program, you don't have your share to go on.

Mr. Moss. Now, do they ever sell you a new program and tell you that it is going to maintain a certain minimum rating or share?

Mr. WRIGHT. No, sir.

Mr. Moss. They do not?

You speak here as an agent?

Mr. WRIGHT. Yes, sir.

Mr. Moss. For advertisers?

Mr. WRIGHT. Yes, sir.

Mr. Moss. You deal on his behalf with the networks?

Mr. WRIGHT. That is correct.

Mr. Moss. And the gentleman who was here earlier in the afternoon is the advertiser?

Mr. WRIGHT. That is right.

Mr. Moss. And he deals with the agency?

Mr. WRIGHT. Right.

Mr. Moss. Now, do you suppose the agencies with which he deals have given him a sort of "snow job" on this matter of what is expected by the networks and the guarantees they give?

Mr. WRIGHT. This is not for me to say, sir. We are in competition with those other agencies.

Mr. Moss. But none of your clients are ever given any assurance by you or by the networks that their programs will have a share of the audience, average or minimum?

Mr. WRIGHT. I cannot say that that is absolutely true, because I do not know it to be the case. But I will say in general, it is not the practice, sir.

Mr. MOSS. In general it is not.

Now, do you do most of your business with the networks, or do you do the bulk of it with individual stations?

Mr. WRIGHT. The ratio of our volume in broadcast is roughly 55 percent network, 45 percent with individual stations.

Mr. MOSS. So dealing with 55 percent network, the picture given to the committee, I want you to appreciate that this is a very confusing thing, to have the second largest advertiser in the country come before us and give us a story, which he has apparently felt so strongly about that he has taken it to others in advertising. It was reproduced in at least a couple of magazines that I have seen recently. And then we have a representative of an agency come here and take a position which is contradictory in detail of the story given by the advertiser.

Mr. WRIGHT. That is perfectly possible, sir. It is a free country.

Mr. MOSS. Well, it is not a question of freedom. It is a question of whether there is a pattern of policy adhered to by the networks or whether they have variable standards, and they like you, say you get one deal, and they are not too happy with him, so he gets another.

Mr. WRIGHT. It is a matter of attitude. I have explained to you that we just do not operate that way.

Mr. MOSS. Now, on this matter of your buying time on local stations, how important is the rating?

Mr. WRIGHT. Important to the degree that has been described here, Mr. MOSS. Again, we attempt to train our buyers to take into consideration all these factors that can bear upon the decision so that we come up with as intelligent as possible a decision and spend our clients' money so that it will do him the most good.

Mr. MOSS. Of course, we have had the matter gone into exhaustively with Miss Ruxton. But I would be interested in your independently detailing the significance of ratings in the purchase of time under conditions prevailing, in the purchase of time for Swift & Co.'s All-sweet Margarine and give me your evaluation of this rating significance.

Mr. WRIGHT. May I interpret your request for the rating significance to be what degree do ratings bear in the total decision?

Mr. MOSS. That is correct.

Mr. WRIGHT. In the aggregate, the considerations that we have listed, and I shall not list them again, bear on what type of audience we got. Once all of these considerations have been investigated and checked off one by one, and we are now prepared to select particular stations and time of day on those stations, the rating is the principal manner in which we determine the value of one media opportunity over another.

Mr. MOSS. And would not that be equally true in network television?

Mr. WRIGHT. Yes, sir,

Mr. MOSS. It is the principal item, all other factors being equal, that determiness which program or which station you buy?

Mr. WRIGHT. Generally, as you are defining ratings and are understanding them from what I have gleaned here today—

Mr. Moss. Let us redefine it so we have no doubt. I referred broadly to ratings as the surveying of the total profile of the audience of radio or television to determine any fact which might bear upon the decision by you when those determinations are reduced, either in percentage points or in any narrative summary, to give you a picture of the performance of one station or program in opposition to another.

Mr. WRIGHT. Well, I think the answer to that is yes, we do.

Mr. Moss. Now, you mentioned that there was a reliable service across the country. You understood it had about 12,000 homes involved in its sample size?

Mr. WRIGHT. I believe one of them does; yes, sir.

Mr. Moss. Which is it?

Mr. WRIGHT. I am not sure. I think it is ARB.

Mr. Moss. I recall, and have been rather attentive here, that of all of those who have testified to date, only one will meet that standard of about 12,000 homes. That, as I recall, was the Sindlinger Co. The others, I think, are around a couple of thousand.

Mr. WRIGHT. I am not familiar with the Sindlinger service.

Mr. Moss. Thank you.

That is all the questions I have.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Mr. Wright, your position is what with your company?

Mr. WRIGHT. My title is vice president in charge of media.

Mr. ROGERS of Florida. That means that you are in charge of all of the purchasing and dealing with the various media?

Mr. WRIGHT. In its broad sense; yes, sir.

Mr. ROGERS of Florida. Do you train the buyers? Is that under your supervision?

Mr. WRIGHT. Yes, sir.

Mr. ROGERS of Florida. The actual contact with the networks and the stations is under your supervision?

Mr. WRIGHT. Yes, sir.

Mr. ROGERS of Florida. Who subscribes in your company to the rating services? I believe you said Nielsen and Pulse—

Mr. WRIGHT. And ARB.

Mr. ROGERS of Florida. Whose responsibility is it to subscribe?

Mr. WRIGHT. To make the decision?

Mr. ROGERS of Florida. To subscribe, to decide which company you will actually use as a rating service. Is that your decision?

Mr. WRIGHT. No, sir.

Mr. ROGERS of Florida. Whose decision is that?

Mr. WRIGHT. We depend upon our vice president in charge of media and program analysis to make that decision.

Mr. ROGERS of Florida. And his name is?

Mr. WRIGHT. Dr. Seymour Banks.

Mr. ROGERS of Florida. How long has he been in this position? The number of years?

Mr. WRIGHT. Longer than I have been with the company.

Mr. ROGERS of Florida. And how long have you been with the company, sir?

Mr. WRIGHT. Approximately 8 years.

Mr. ROGERS of Florida. How many do you have under your supervision in your company?

Mr. WRIGHT. Oh, 125.

Mr. ROGERS of Florida. Do you personally train them all?

Mr. WRIGHT. Approximately 30.

Mr. ROGERS of Florida. About 30? Do you personally train them all?

Mr. WRIGHT. Yes, sir; I take a great personal interest in each one of them.

Mr. ROGERS of Florida. Do you have a course to train them, or what?

Mr. WRIGHT. We do. We have a course which we provide in the evenings, for example.

Mr. ROGERS of Florida. Do you conduct it?

Mr. WRIGHT. From time to time; yes, sir.

Mr. ROGERS of Florida. How often?

Mr. WRIGHT. Once a week.

Mr. ROGERS of Florida. And how long does the schooling continue?

Mr. WRIGHT. Various times of the year, it may run 12 weeks, it may run 15 weeks.

Mr. ROGERS of Florida. There is no set program?

Mr. WRIGHT. No; it is not that formal.

Mr. ROGERS of Florida. It is not formal at all?

Mr. WRIGHT. That is one aspect of our program.

Mr. ROGERS of Florida. Do you bring new buyers in; how frequently? Whenever there is a vacancy, or do you have a set program?

Mr. WRIGHT. We have a pool of men that we hire, principally from the universities and colleges of the country upon their graduation. We bring these young men into our media department. We call them media assistants. They begin to learn the vocabulary and the tools of the business, and after a period of time, perhaps from 1 to 2 years, they are now in a position, having learned sufficient as a foundation, to be put into a buyer training operation.

Mr. ROGERS of Florida. And how long does that continue?

Mr. WRIGHT. I cannot say, because it varies. It depends upon the man and how fast he learns.

Mr. ROGERS of Florida. You must have some set time.

Mr. WRIGHT. 6 to 8 weeks.

Mr. ROGERS of Florida. Then he is ready to become a time buyer for you?

Mr. WRIGHT. We think so; yes.

Mr. ROGERS of Florida. Now, you say you do 45 percent of your work directly with the local stations, is that correct?

Mr. WRIGHT. I believe, of our volume, yes.

Mr. ROGERS of Florida. And about 55 percent, I think you said, network?

Mr. WRIGHT. Yes, sir.

Mr. ROGERS of Florida. How many local stations would you say you have dealings with? An estimate.

Mr. WRIGHT. Of the 525 or so television stations, I would guess 450, I don't really know.

Mr. ROGERS of Florida. How about radio?

Mr. WRIGHT. Oh, thousands of them—2,500 to 3,000 of them.

Mr. ROGERS of Florida. And you have 30 buyers. I was just wondering, because the prior testimony has been that most of these stations send representatives to you and maybe play recordings of their programing, and so forth, and I wondered how you arrange that. How is that done?

Mr. WRIGHT. Well, in two ways. One, a buyer will invite the representative to come in and display these pieces of information. Second, the owner will come to town and make an appointment with one or more of our buyers in order to show them or play for them this work.

Mr. ROGERS of Florida. And how often do you do this with each individual station, would you say, that you actually buy from? I realize you might not want to do it with some small stations, but with your fairly good-sized stations, how often would this be done?

Mr. WRIGHT. I really don't know; in terms of frequency.

Mr. ROGERS of Florida. Is this your department?

Mr. WRIGHT. Yes, sir; it is.

Mr. ROGERS of Florida. Well, do you have a requirement that you have your time buyers review the programing with their representatives or not?

Mr. WRIGHT. It has already been testified, sir, that we review programing on every buy. I thought you understood that.

Mr. ROGERS of Florida. I thought I did, too, but from your testimony now, I do not think I do understand it. Because I do not understand how you review it according to the testimony you have given.

Mr. WRIGHT. Well, I guess I am confused, sir.

Mr. ROGERS of Florida. I think we all are.

Go right ahead.

Mr. WRIGHT. Are you referring to a man bringing in a tape of a specific show and playing it for us, and how many times does he do that in the course of a year?

Mr. ROGERS of Florida. Now, as I understood from your testimony, you said that you had them bring in recordings to give you a typical programing.

Mr. WRIGHT. That is right.

Mr. ROGERS of Florida. That is all I want to know, how often is this done, how frequently, by your buyers—once a year, twice a year?

Mr. WRIGHT. Say once a year, to the best of my knowledge. I don't know that it is more frequent than that or less frequent.

Mr. ROGERS of Florida. Well, you have no requirement, then?

Mr. WRIGHT. No, I don't require it. It is taken as a matter of course. This is the buyer's job to know the station's programing.

Mr. ROGERS of Florida. It could be done or could not, as far as the regulations under which you run in your own shop, is that true?

Mr. WRIGHT. It is possible.

Mr. ROGERS of Florida. Then this does not necessarily become such an important factor in your programing with the local stations; is that true?

Mr. WRIGHT. No, we think it is important. What else do you buy if you don't buy programing?

Mr. ROGERS of Florida. I am going on the typical programing of a station, as you have testified, whether it is jazz or what it may be.

Mr. WRIGHT. Yes, that is very important to us.

Mr. ROGERS of Florida. But you do not have any requirement that it be reviewed at any particular time?

Mr. WRIGHT. It is standard operating procedure, sir, that we look at programs every time we buy. It becomes part of the file jacket on the station for that particular buy.

Mr. ROGERS of Florida. I see. Could you supply for the committee, say, of 10 stations in Florida for which you buy, and show us the programing and so forth? Could you supply this from your records?

Mr. WRIGHT. You would like the program sheets from 10 Florida stations taken at random?

Mr. ROGERS of Florida. Which you have used as your basis to decide whether you would purchase or not, that are now in your records, for the last—say the last 2 months. For instance, in Miami. I think this would help us evaluate how much is being given to programing. That is the point I am trying to get to.

Mr. WRIGHT. Very good.

Mr. ROGERS of Florida. Now, as I understand it, you do not, yourself, go into checking on how surveys are gotten, but leave this to the vice president?

Mr. WRIGHT. Yes, sir, I have enough to do, myself.

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

The CHAIRMAN. Is there any further questioning by the committee?

Mr. HULL. I have no questions.

The Chairman. Thank you very much, Mr. Wright, for your appearance here and your presentation.

Mr. WRIGHT. It is a pleasure to serve you, Mr. Chairman.

The CHAIRMAN. We appreciate your cooperation.

Mrs. Dorothy Rabell.

Are you Mrs. Rabell?

Mrs. RABELL. Yes, sir.

The CHAIRMAN. Will you be sworn, Mrs. Rabell. Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. RABELL. I do.

The CHAIRMAN. Will you identify yourself and your position for the committee, please?

TESTIMONY OF MRS. DOROTHY RABELL, MANAGING DIRECTOR, RADIO STATION KITT

Mrs. RABELL. Sir, first of all, I would like to say that the reason I am here is that Mr. Rabell, who operates the radio station with me, is in the hospital and unable to come.

We live in San Diego, Calif. We own at the present time an FM station. The call letters are KITT.

I would like to put on the record that Mr. Rabell has been in the radio business since 1928 and has owned and operated both AM and FM stations. We jointly built an AM property in San Diego in 1946. I have been active in the business with him since that time.

In part because of the numbers and in part because of the testimony that has gone on this afternoon, we sold the last of our AM properties in 1958. We kept our FM station because we thought maybe it was a little bit cleaner business. But I am not so sure now.

The general feeling that we have about these ratings is that they are of such commercial importance to the business, whether it is AM, whether it is FM, whether it is TV, that without them you just cannot survive. For that reason, we would cooperate with anyone who could come up with something that was honest and accurate and fair.

After World War II, with the increase of radio stations, the overpopulation that the FCC has often spoken of, the battle for numbers became tremendously important. Prior to that time, a city like San Diego had two network stations. True, we have Tijuana to the south which has nine stations on the air, and sometimes they sold some time, sometimes not. There wasn't any rating competition. The two stations lived on the networks—and then came the independents.

Rating then became important for the reasons that have been cited by the client this afternoon and by the gentleman from Leo Burnett. How does a time buyer sit on Madison Avenue, exercising the best possible judgment, and buy spots in San Diego, Calif.? What guide should be used?

I don't endorse the ratings, I say this is the system. The system is composed of a radio station representative, the numbers, and the advertising agencies. If I wasn't in FM, I would probably be so afraid of reprisals, I wouldn't say this, but I have nothing to lose.

We go on to the additional problems that face FM broadcasters, particularly, and this is a specialized situation. There are three surveys that are accepted for local broadcast use, and we might as well forget national business in FM at this point, rightly or wrongly—Pulse, Nielsen, and Hooper. Only Hooper lists FM in their regular reports. This is not only true of San Diego, this is true of all the FM stations all over the country. They are faced with the same problem.

Now, Nielsen states that it just plain doesn't report FM. We have had a personal call, because my husband is past president of the National Association of FM Broadcasters, and a present director of NAB for FM, in effect saying we are just plain going to let you alone. And after what they did to AM, I thought it was probably a pretty good thing, because FM was bad enough off as it was. So Nielsen has flatly accepted no money, has done no FM.

However, this isn't the case with Pulse, because Pulse is a rather unfortunate story. Pulse implied, until the Federal Trade Commission consent decree, that they measured all radio in a given market. However, KITT was only listed in the regular reports to which we subscribed. We asked Pulse what their minimum reporting standards were, and we were told the standards vary from market to market. I don't know what this means. I have never been able to find out.

The reason we asked Pulse for the standards was that in 1959 KITT began to show up in the Hooper report. We were not subscribers to Hooper. We had owned an AM property in the San Diego market for some 10 years, we had friends in AM. FM was so little worried about as competition. So they came and brought us the Hooper, and there we were on a Hooper report. This is fine. This is like striking oil in FM.

So we contacted Alan Kline of Pulse. I believe at that time Mr. Kline's official title was the statistical research head of Pulse in New York. Mr. Kline is no longer with Pulse in New York, having been transferred to their other corporation, Pulse Pacific, in Los Angeles.

We asked Kline: "What about this? Is Hooper mad or have they gone crazy? Do we have any audience? What do you show on your reports?"

Kline said, "You are showing up regularly in every quarter hour on the Regular San Diego Report. You are the highest rated FM station in the United States."

We said, "Fine, this is just wonderful, but if this is true, why aren't we on the page? Why don't you print us there on the book if we have enough audience to show up?"

Mr. Kline said that it was the decision of Pulse that it would be far more harmful to us to list us with a smaller share of audience than to leave us out altogether.

Well, we both argued, but this did no good. Kline said, "I can't do anything about it, this is Pulse's policy."

We didn't agree with Kline's opinion, because of just the little bit we showed on Hooper, the fact that an FM station had a measurable audience, had produced business. You are not talking about much money when you are talking about FM. You are talking about spots selling around \$2 apiece. But to survive in FM, it is quite a triumph, and I say this from experience, long experience, in AM.

So we were listed finally in the Regular Pulse Report, and this is a pretty sorry story. We were listed in two Regular Pulse Reports, the May and the August reports of 1960. And this came about in this fashion:

Pulse listed us with a 3-percent share. They came to us and they said that we were showing up with this, and again we said, "We cannot afford, as an FM station, to pay you \$600 per report four times a year. Can we buy one report? Can we buy what we can afford to pay for?"

I can only say we bargained. They said, "Buy two reports and we'll print you."

Now, believe this, and please recognize, they came to us and told us we had this audience. Now, an FM station in San Diego can afford \$1,200 for research like a hole in its head but, nevertheless, we gambled on it. We bought the two reports. We were duly printed. Then the next report came out and we were gone and the agency said, "You have lost your audience." The air time we had sold had come out of radio budgets. It didn't come out of thin air. It was not new money. And the AM people in the main, the lower rated stations, we were beating a couple of AM's.

They said, "They have lost their audience." This is fine, \$1,200 later.

If it had not been for Hooper, I don't know what would have happened. Just before I left San Diego, Mr. Rabell and I reviewed our financial figures for that period, and our billings dropped from the time they pulled us out of the Regular Pulse \$10,000 before we were able to fill ourselves back up again. The AM people again, the friends we have, came and brought us Hooper.

Now, it may seem strange that we don't subscribe to Hooper, but we don't because the agencies won't accept it. I have sat before time buyers' desks and I have had them say to me, "Yes, I think Hooper is honest, but don't bring us something that shows us sets-in-use like this, bring me a Pulse. I can't show the client something that lists a 12 or 13 percent sets-in-use."

The consent decree against Pulse, that the sets were inflated 20 percent in the morning and 40 percent in the afternoon, maybe will change the agency thinking. I have seen no change so far.

So we went on with this and KITT continued to show a reportable audience on Hooper. As a matter of fact, we showed an increase on Hooper.

Finally, on the current Hooper today, we show a 2.7 percent share, and this beats our former AM property we owned in the market, plus the local ABC station, and in some time periods, nudges CBS. But we and all the rest of FM have vanished into thin air on Pulse. The base has changed on Pulse, and since the Federal Trade Commission consent order, Pulse now prints in its book, "This report does not include FM."

But I must point out that before this came about, "Miscellaneous" on Pulse kept climbing to the point where it was almost equal to the top-rated, rock-and-roll station in the market. So it would appear it was necessary to change the base. We have had special FM reports from Pulse. I don't know how many hundreds of dollars we have spent trying to get some facts and figures on FM. It was always a complete source of mystery to us. I just spoke to the gentleman from Colgate-Palmolive about FM—no research, no. Sure there wasn't any research as far as the agencies were concerned, because Pulse never sent the special studies done for us or any other FM station to their agency subscribers. So not only ourselves, but FM stations all over the country were producing research, were paying for research, but we were playing to an empty house. The people that bought the time didn't see them. Sure, you could use them locally, but it did no good on Madison Avenue or Michigan Avenue or Montgomery Street.

When we first found out we weren't listed in the regular Pulse report after he canceled us out, we called Dr. Roslow and asked him, "What has happened? This must be some kind of ghastly mistake."

Dr. Roslow said, "It must be in 'Miscellaneous.' You will find 'Miscellaneous' has gone up."

We said, "Is this your current policy?"

He said, "Yes," that he was no longer going to list any FM stations in any Regular Reports, regardless of size of audience. This was his policy.

Well, we went on, and during this period, we were losing business, so finally, in desperation—I don't know where Sidney Roslow was at that time—we got hold of Richard Roslow and said, "Look, what will you charge to sell us a breakout of 'Miscellaneous'? If you say we are there and we haven't lost the audience, will you sell us this?"

This is the little figure at the bottom that says, "Miscellaneous," so many percent. We got a bargain on that one. He only charged us \$125, but again, we had the only copy. The agencies didn't have it. So we might just as well have saved our time and energy there.

Also, I have in my possession, which Mr. Richardson and Mr. Sparger have seen, the breakout, and the breakout, incidentally, was higher than when we were printed in the two regular Pulse reports. The effect of ratings on our sales—we can adjust our rates up and down, and do, and did in AM, to how much audience we produce. This is all the numbers. This is part of what the gentleman was talking about this afternoon. This is true even in radio, it is true even in FM, which is pretty far down the scale when you start comparing it to TV.

But we bought special reports, because we asked Dr. Roslow, "Sid, would you put us back in the regular Pulse if we had an audience that met your standards?"

Dr. Roslow said, "Yes, you will be back in it."

But we never were. I have a letter here in 1961 from Alan Kline stating we were to be put back in the listings of the regular Pulse. We never were. We kept saying, "We'll buy what we can," but an FM station cannot afford to pay the full Pulse rate, which in San Diego is \$600 a survey for four surveys a year. We can't pay for it.

We have in our possession a letter from Dr. Roslow as early as September 1958, stating:

It may be profitable to keep a continuing record of your quarter-hour ratings for each report, with the possibility that we can list you in the regular rating report if and when you reach a sufficiently high level to justify this inclusion.

The letter from Alan Kline in May of 1961 said:

As per our recent discussion, KITT-FM will be listed on the share page of all future San Diego reports providing it reaches our minimum requirements for reporting. Unless there has been a dramatic change in your audience size, this can be no problem.

But we were never listed.

Our feeling is that everybody in town could be listening to us, and believe me, I am not a fringe lunatic just because I am in FM. I don't think everybody in town is. But everybody in town could be listening to an FM station and you might just as well not be on the air as far as the people who buy the time, if you are not in those bibles, the gospel, according to Pulse and Nielsen, because you can't get off the ground with Hooper. Even though they admit it is honest, they don't want something that shows such small sets in use.

So the callous indifference of the Pulse organization toward the problem they had created—we called up Sid Roslow, whom we have known for many years. We finally aroused his ire to such a point that he said, "I can't make any money out of FM." Well, he made quite a bit out of us comparatively for what the product produces.

Their blunt refusal to reveal even minimum standards—this was not in correspondence only, but in personal conversations. It just plain varies from market to market. This seems to us to be segregation in one of its most malignant forms. Here is a type of radio represented by over 1,000 broadcast stations across the country, all being told in effect by Pulse and by Nielsen, "You can't join this club," or "Your particular class of station might ruin the neighborhood."

It would be just about as logical for Pulse and Nielsen to say they weren't going to list Negro stations, Chinese language stations, religious stations, 250-watt AM's, or daytimers only, regardless of size, if there are no standards.

When the representative of a survey firm that is supposed to engage in scientific sampling of radio listening states, "Our minimum standards vary from market to market," then we suggest that maybe this science can be compared to a crystal ball or a divining rod, and that the jackets of these rating services should be printed in bold type with an ancient and pretty dishonest axiom, "Let the buyer beware," on behalf of both the advertisers and the stations.

We have other problems with Pulse. We hadn't realized until recently just how bad they were. We knew that playing the numbers game was a pretty chancy business. There is a saying in the radio business, "You live by the numbers and you die by the numbers." But believe me, in FM, it is just plain Russian roulette.

On the night of March 15, I received a telephone call from a Mrs. Mae Dutelle, who lives in Spring Valley, San Diego, who stated that she had been a Pulse interviewer for a period of some 8 years, terminating her association with Pulse in the spring of 1962. Mrs. Dutelle's telephone call to me as the owner of a radio station was prompted, it seemed to be, in part by conscience but in part by the fact that she had received telephone calls from women currently working for The Pulse in San Diego, and even more recently a telephone call from a Myola Ellis in Pulse's New York office, attempting to ascertain from her whether she had had any conversation or had provided any information to any representative of this committee.

She seemed to be, at least the way she put it, attempting to right a wrong, because she stated that during her employment by Pulse, she had had many reasons to doubt the validity and the accuracy of the finished reports.

She proceeded to enumerate at length what she thought was wrong with Pulse. The first portion of what she had to say dealt with the areas which were surveyed, and which she stated were surveyed by other Pulse interviewers in San Diego County. San Diego County has a population of a little more than a million, but the bulk of it lives on the coastal plain between high mountains on the east and the Pacific Ocean. But Pulse apparently places tremendous importance on a number of small communities located in the high mountains, where all San Diego stations can't be clearly heard.

Mrs. Dutelle stated she would receive instructions from Pulse to complete 90 interviews in Jacumba. I think Jacumba probably has 200 people in it. Once in the gay nineties, it was apparently a wild spot for hot springs, but now it is kind of deserted.

This is only one example. Alpine—I think it lives on chickens or something and has a population of around 1,500. She regularly did 120 interviews a month there. Ramona does a big turkey business. There aren't many people there, but she did 120 interviews a month in Ramona.

These are only examples of these small communities. In all the ones she mentioned, they probably total 25,000 population. And we have received Pulse surveys and I have in my possession surveys that state that their base sample is 1,000 homes. Well, if you start going out to towns of 200 up in the mountains where some stations can't be heard and doing 90 to 120 interviews, this transgresses my statistical knowledge.

She stated that these were not just isolated instances, that this was a regular occurrence during her employment with Pulse. As a matter of fact, she stated that in Jacumba, the people began to get pretty irate when she kept coming back month after month to the same people. There wasn't anyplace else to go, and they started saying, "Well, what are you doing back here again? I talked to you last month," and they were very uncooperative with her.

She stated that the 10 Pulse interviewers in San Diego were paid \$1.50 an hour for a 28-hour workweek, consisting of 7 days. They were supposed to conduct 30 interviews a day, or 210 during the 28-hour period. But she stated in addition to this compensation frequently there were 10-cent bonus questions on separate sheets. She stated that out-of-home listening questions were a 10-cent bonus.

In other words, the interviewer would come in with 10 pages on a clipboard of radio and television programs, and the 10-cent bonus question was on a separate sheet.

Now, out-of-home listening is what inflates the sets on Pulse beyond Nielsen and beyond Hooper, and has always been so popular with the advertising agencies.

I have a sworn statement here from the head of a local advertising agency, who had Pulse call on him here within the last 3 weeks. He states that his 17-year-old daughter was questioned. She was asked, "What did you listen to in the car radio today?"

She said, "I wasn't in the car."

The interviewer said, "Well, what do you usually listen to?" and the girl gave the station, which was written down.

Then she was asked, "What did your father listen to in the car today?"

"Well, I don't know if he did."

"Well, what does he usually listen to?" and this was written down. But this is a 10-cent bonus question.

That is not all on the 10-cent bonus. Upon occasion, such other 10-cent bonus questions were added on specific programs on specific stations, the Edsel automobile and FM. Now, the owner of an FM station had pretty good cause to feel uneasy about being coupled with the Edsel on a bonus question, if nothing else. But she reported that very often, the interviewers didn't even ask the FM question, because by the time they finished juggling 10 pages, they just plain didn't have enough hands to go around.

She stated that neither she nor any other Pulse interviewer that she knew had ever received a program roster on any FM station in San Diego. There are currently nine FM stations on the air in San Diego. She stated that often, they weren't even furnished with the call letters.

Finally, in desperation, she called a local station and asked them if they could give her a list of the San Diego FM call letters. This was during a period when surveys had been subscribed to which were subsequently delivered.

During this entire period, I have in my files letters from Pulse, "Please send immediately your program roster so we can have everything up to date." and we spent time and money to fill them in and mail them back. But according to the interviewer, the field people never had them.

This came as a shock to us, particularly since it is a recall study which depends in part on its inflation by what somebody sees on a piece of paper. If you are not on that piece of paper, you are going to shrink—you have to. It is human nature. They are asking a recall of hours before.

We feel we were placed at an almost insurmountable disadvantage by not having our programs listed.

With regard to KITT and other FM stations and the efforts made to try to find out our penetration, how many FM sets are there in a given market, there has been more money spent by FM stations across the country on this than any single factor that I know of, and all of it has been done by Pulse.

The first study we ever had done was in May of 1957, and this showed 35.9 percent sets—FM sets—in San Diego County. When we terminated our unhappy relationship in 1962, this was up to 42.7. Yet we have in our possession figures from the Bureau of Electrical Appliances showing that throughout this entire period, 1,500 FM sets a month were moving that were reported off dealers' shelves in San Diego.

Mrs. Dutelle states that in the last year she worked for Pulse, it became a matter of frequent discussion between her and other interviewers that almost every household they called on had an FM set. This is since the introduction of the table model. I don't say they ever turned the sets on, maybe they never did. But when the table models came out with AM and FM, there was a set in the house and it was not reported by Pulse.

You have, or Mr. Richardson has in his possession this information about the increase on set sales. We complained constantly to Pulse: "Look, how can 1,500 sets sell a month that are reported and you don't show anything different one month to the next?"

Finally, Dr. Roslow told us in a conversation in April of 1962 that the penetration might have been lower than it was last summer, but if the penetration is lower, we just bring it up to the prior levels.

Now, I would say that this implies at least an adjustment of figures. However, in the New York metropolitan area, the penetration went down, and when Pulse was asked about this, his only answer was that people must have left town and taken their sets with them. I don't work for the Census Bureau; I don't know what the metropolitan area is currently.

To continue with the Pulse problem brought up by Mrs. Dutelle, in 1957, KITT purchased a Pulse study similar to many done for FM stations around the country, ranging in price any place from \$500 to \$1,500 on qualitative data. We had no numbers to sell, so now we were going to try to establish that we had more professional people and they had higher incomes. We were trying to find something to sell the agencies.

Mrs. Dutelle recalls that at this time there was a 10-cent bonus question on FM, but as nearly as she can recall, all it asked was, "What FM station do you listen to?" and "What is your favorite FM station?"

I questioned her about the qualitative data and how it had been obtained. She just plain didn't understand. She seemed completely bewildered by it.

When I further defined the meaning of qualitative information, she stated definitely that she had never had any instructions to ask the profession, the head of the household, the income, or the other material which is in the final report.

Now, if the Pulse organization is possessed of the telepathic or metaphysical abilities to define qualitative information without the field interviewers asking the questions, then I say there are wider horizons open to them than they have explored. Perhaps they can tell us what listening is on the moon before the astronauts get there.

Now, some of the FM broadcasters had special reports from Pulse on a noncompetitive basis.

Mr. Richardson and Mr. Sparger have those files. This was the worst thing that ever happened. This turned up factors of sets-in-use of less than 300 homes per quarter hour. Mrs. Dutelle who was working for Pulse at that time, states that she was doing no FM questioning, not even 10-cent-bonus questions. But whether they were or they weren't if we were not on the roster on a recall survey, FM couldn't win.

On the January-February Special Pulse Report, which is where we finally parted company with Pulse, they listed a station that had been off the air for a year and a half. We called Dr. Roslow and said, "Look, first we ordered a nonduplicated FM study, stations which were simulcasting programing. Then we received a study that showed a duplicate station in second position."

So we sent that back and everything was fine. This disappeared from the base; it vanished into thin air. The base was adjusted. Then, when we got the next one and it showed a station that hadn't been on the air for a year and a half, well—I think my husband is a terrific salesman, but he couldn't get the agencies to swallow this one, so we sent it back.

At that point, we called Roslow and said, "What happened?"

He said, "If they were on our roster and we only showed them with 3 percent of the audience a week, I could stand up before any investigating committee and say we did very well."

The correspondence file and the other material that you have in your possession tells the rest of the story.

In conclusion, a lot of broadcasters have been asked, and we have talked to them, whether they felt that licensing the rating services was the answer to the obvious problems that exist. I would like to express the opinion of my husband and myself, who have the highest possible regard for private enterprise and believe that such enterprise is entitled to a fair profit, but private enterprise falls into lots of categories. Think for a moment about the highwayman—you know, the stagecoach robber of western history and fiction. He was certainly engaged in private enterprise, and he had a very, very low overhead—just feed his horse and money to buy some bullets for his gun, and a few other minor expenses, and produced a handsome profit. But eventually, this profit at the expense of others required the intervention of the law and the citizens who were victimized—me.

The analogy of the FM cases and the highwayman should not be confused with Robin Hood, who enjoyed a certain amount of popularity because he robbed the rich to give to the poor, because that is not the way it is in FM. A successful FM station may bill \$6,000 a

month of air time with spots selling for \$2 instead of \$20 as in local AM, or \$200 in local TV. But when an FM station becomes a 10 cent bonus question and the finished survey sells from \$500 to \$1,000 we believe that the survey firms' profit margins have exceeded reasonable limits, and a better product could be produced and still produce a fair profit.

Since the private enterprise engaged in producing these surveys are not willing to produce a better product, we do feel some intervention is necessary. It isn't within our span of knowledge or judgment to say whether this should be in the form of an industry vigilante committee with a noose in hand or a Federal marshal with the sanction of a star, but I do know that some corrective action is called for when KITT and other FM stations are placed by Pulse and Nielsen in the economic position of "your money or your life."

The CHAIRMAN. Any questions, Mr. Richardson?

Mr. RICHARDSON. Just a few, Mr. Chairman.

In this January-February report you mentioned, Mrs. Rabell, what year was that for?

The CHAIRMAN. Just a minute, Mr. Richardson. Mr. Younger has something he wants to say. This lady is from California, and I think Mr. Younger is, also.

Mr. YOUNGER. Of course, I am not from San Diego, but I would want the record to show that her statement is true of all FM stations. You are familiar with KPEN, San Francisco?

Mrs. RABELL. Yes.

Mr. YOUNGER. They don't care about ratings or anything else. But I think stationwise, they are making more money than probably any other FM radio station in San Francisco.

Mrs. RABELL. On Pulse they are rated, sir?

Mr. YOUNGER. They don't care anything about ratings, but they are making more money. So I think it is possible. I just want to say that in defense of FM. I know KPEN's situation, and I know something about what they are doing, and they don't care anything about the ratings. They are getting the advertising, they are getting the audience. So it is possible for an FM station to do a good job.

I want to speak in behalf of FM.

Mrs. RABELL. I saw something in the trade press released recently by Mr. Gielow and Mr. Gabbert that they had the highest ratings of any FM station in the country.

Mr. YOUNGER. They may have been rated, I don't know.

Mrs. RABELL. I don't, either.

Mr. YOUNGER. But I do know that they are making money.

Mrs. RABELL. That is fine. Anybody who makes money in FM is the exception, not the rule.

Mr. YOUNGER. That may be true.

Thank you, Mr. Chairman.

Mr. RICHARDSON. This report you mentioned was for January-February of 1962; is that correct, Mrs. Rabell?

Mrs. RABELL. Are we talking about the last one?

Mr. RICHARDSON. Yes.

Mrs. RABELL. The last one was January-February 1962.

Mr. RICHARDSON. This is the report wherein Dr. Roslow stated that

even if the station had been off the air for over a year and a half, if it showed up with 3 percent, it would be a good job by Pulse?

Mrs. RABELL. He said if it was on the roster and it showed 3 percent of the audience a week, he would be willing to testify that he had done a good job, yes.

Mr. RICHARDSON. In your opinion, it is important to be listed in a radio audience report?

Mrs. RABELL. Well, notwithstanding the talents of San Francisco, I have been selling time since 1946 in AM and FM, and if you are not in this book, the only thing left for you to sell is gimmicks, which is what they are selling in San Francisco—stereo, specialized types of programing, religious programs.

I don't say there is anything wrong with any of these. This is a different type of selling.

In these numbers, you are selling audience. Right or wrong, you are selling spot radio to agencies. The other method is to go into programing to specialized groups, and if you can find someone who likes Polynesian gypsy music himself, he will buy it. So there are only two ways to go at it.

Mr. RICHARDSON. The Pulse reports that you have in front of you, would you read what it says through the cutout?

Mrs. RABELL. Well, the first one—

Mr. RICHARDSON. On the regular report.

Mrs. RABELL. "San Diego, Calif., Metropolitan Area, May 1960, Total Audience In-Home and Out-of-Home."

The other one is "San Diego, Calif., Metropolitan Area, August 1960, Total Audience In-Home and Out-of-Home."

Mr. RICHARDSON. Does it say any place on there that it is a radio report?

Mrs. RABELL. It says it is a Pulse report.

Now, truthfully, it doesn't. One of them—this is rather interesting—the May 1 states it is based on 129,600 quarter-hour reports, on the first page. The other one apparently states nothing on the first page about sample size.

Mr. RICHARDSON. In the reports of Pulse in radio, at least until just recently, did it state in them that they did not measure FM?

Mrs. RABELL. We don't subscribe to Pulse, and there again I am at the mercy of what my friends in AM bring me. But the last Pulse that was delivered to me was April-May, and this stated that FM was not included in the study. I am told by subscribers in the San Diego market that prior to January, which was, I believe, the Federal Trade decision, there was no mention of it and it purported to be a measurement of all radio in the market.

Mr. RICHARDSON. Do you consider FM radio, Mrs. Rabell?

Mrs. RABELL. It comes out of a box.

Mr. RICHARDSON. Now, according to what the Pulse interviewer told you, is it not correct that there was no listing for any FM programs on the recall roster?

Mrs. RABELL. She flatly states that neither she nor any other interviewer she knew in the 8 years she worked for Pulse ever received a program roster listing individual programs on FM stations.

Mr. RICHARDSON. You have stated, is this correct, that you were only listed in the Regular Pulse Radio Reports which you purchased?

Mrs. RABELL. The regular reports which went to the agencies. Oh, we were quite at liberty to purchase any number of special reports on anything we wanted. But if you are talking about the Regular Pulse for San Diego, we bought two, we were listed in two, and we were then removed from them.

Mr. RICHARDSON. When you were speaking about the regular reports, then, would you speak of the regular AM report or the Regular Pulse Radio Report?

Mrs. RABELL. I presume you would call it the Regular Pulse Radio Report, although you can't call it that any more, since he states he doesn't recognize FM as on the air.

Mr. RICHARDSON. But prior to the time you were listed in it, or shortly thereafter, it was called the Regular Pulse Radio Report?

Mrs. RABELL. That is my understanding.

Mr. RICHARDSON. As long as you subscribed, you were listed; when you did not subscribe, you were not listed?

Mrs. RABELL. This is correct.

Mr. RICHARDSON. Later, when you asked for the breakout to be made, you found you had more audience than when you were listed?

Mrs. RABELL. This is correct.

Mr. RICHARDSON. Is it your testimony that neither Pulse nor Nielsen as far as their reports are concerned will admit that FM exists?

Mrs. RABELL. We might as well not be on the air, and you heard the testimony this afternoon about how time is bought.

Mr. RICHARDSON. It is certainly, then, your opinion that because of this, you are placed at an economic disadvantage?

Mrs. RABELL. Yes. I think, as a matter of fact, that if either of the surveyors purport to measure radio, it could possibly be defined as restraint of trade.

Mr. RICHARDSON. And the end result is, at least financially, that this is a great detriment to your station and other stations like yours?

Mrs. RABELL. Yes. It is a situation that exists all over the country. I don't say that all FM stations are capable of producing programs that will get numbers in competitive markets. The only thing I say is there should be some standards. A bottle of pills tells you what is in the pills. This tells you nothing.

Mr. RICHARDSON. Mr. Chairman, that is all.

The CHAIRMAN. Any questions, Mr. Moss?

Mr. MOSS. No, I think not.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. No questions.

The CHAIRMAN. Mr. Hull?

Mr. HULL. No questions.

The CHAIRMAN. Thank you very much, Mrs. Rabell, for your appearance here and your testimony.

This concludes the witnesses for today.

The committee will adjourn until 2 o'clock tomorrow afternoon in this room, at which time the first witness will be a representative of Pulse.

(Whereupon at 5:45 p.m. the committee was recessed, to reconvene at 2 p.m., Tuesday, March 19, 1963.)



PART 2
BROADCAST RATINGS

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
HOUSE OF REPRESENTATIVES
EIGHTY-EIGHTH CONGRESS
FIRST SESSION
ON
THE METHODOLOGY, ACCURACY, AND USE OF RATINGS
IN BROADCASTING

MARCH 11, 12, 13, 14, 15, 19, AND 20, 1963

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BROADCAST RATINGS

MONDAY, MARCH 11, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. Let the committee come to order.

Mr. Robert E. West.

Mr. West, are you with Robert S. Conlan Associates?

Mr. WEST. Yes, sir.

The CHAIRMAN. You may come around.

Will you be sworn, please, sir?

You have your attorney with you?

Mr. WEST. Yes, sir.

The CHAIRMAN. Do you want him to testify or participate in this hearing?

Mr. WEST. I would like him to participate as counsel, sir.

The CHAIRMAN. Very well. Do you want him as an adviser, or do you want him to answer some of the questions?

Mr. WEST. Just as an adviser; that is all.

The CHAIRMAN. You may have him sit with you.

Do you solemnly swear the testimony you will give to the committee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. WEST. I do, sir.

The CHAIRMAN. Have a seat, Mr. West.

TESTIMONY OF ROBERT E. WEST, PRESIDENT, ROBERT S. CONLAN & ASSOCIATES, INC., KANSAS CITY, MO.

The CHAIRMAN. Mr. West, will you identify yourself for the record, to start with?

Mr. WEST. My name is Robert E. West. I am president of Robert S. Conlan and Associates, Kansas City, Mo.

The CHAIRMAN. Mr. West, do you have a statement that you care to make?

Mr. WEST. Sir, I prepared a statement, but I would just as soon enter it for the record, rather than read it. It is basically an opinion on the Madow report.

The CHAIRMAN. An opinion on the what?

Mr. WEST. An opinion on the Madow report. I was asked to prepare a statement on the Madow report for the committee, but I would just as soon enter it for the record.

The CHAIRMAN. Do you have any copies of it?

Mr. WEST. Yes, sir, right here.

The CHAIRMAN. I would be interested in knowing what your opinion of the Madow report is.

Mr. WEST. I will be glad to read it, sir.

The CHAIRMAN. You can let that be included in the record, if you like, and I will be glad to read it over.

(The statement referred to is as follows:)

STATEMENT ON THE "MADOW REPORT" BY ROBERT E. WEST, PRESIDENT, ROBERT S. CONLAN ASSOCIATES, INC.

I first read the Madow report after a copy of the report was sent to me by Mr. Ross, of this committee, in December, 1961. Before that time I did not know of its existence.

The report seems to be a fair and objective report on the various problems and aspects of the broadcast rating services. Inasmuch as my knowledge of broadcast ratings has been somewhat limited to sales and administration, the report was informative from a technical standpoint, as I am sure it was to others who may have read it. I would say that anyone who uses ratings should read this report, as I am sure it would give them a better understanding of broadcast ratings, the various methods and especially the problems the broadcast rating services have in providing ratings.

The staff of the committee that compiled the Madow report certainly gained a far better understanding and insight of broadcast ratings than the majority of the people who have used broadcast ratings for years. Until broadcast ratings are understood and used in their proper perspective, there will always be some confusion and misunderstandings. The report points out very well that the user of broadcast ratings must realize that at best ratings are only probabilities and guidelines, and that they should not be taken as conclusive, but should be used with discretion and other information in making decisions.

I think that for the most part the Madow report is of more benefit to the user of broadcast ratings than to those engaged in producing them, as most of the problems, the comments and recommendations were known to the industry. It basically adds up to the problem of quantity and quality. In fact the report summarizes the entire problem very well when it states, and I wish to quote, as some persons here may not be familiar with the committee's conclusions:

"We have tried to keep in mind that many who see this report will not be technicians in the areas we discuss. Our overall evaluation of the rating services is that they are, on the whole, doing a reasonably good technical piece of work for the purposes to be served; but it should be borne in mind that we are not an investigating committee; we have not read their correspondence nor have we investigated complaints in the field. There are many points where we feel they should report more, study more, and do different things, but we cannot claim that the market to which the rating services sell will pay the price or welcome information that makes it clear that the data provided are not as accurate as they would like. It just is not sufficiently realized that a survey is an economic product like, let us say, an automobile. Different purchasers will find different products adequate for their uses. The unskilled buyer of an automobile will find many means available to him to evaluate and test the car for his purposes; the buyer of a survey is all too often equally unskilled, with less ability to evaluate the product and, perhaps, more insistent that the product not carry any quality labels that would conflict with the uses he wishes to make of it.

"We cannot claim that the issues we raise will necessarily cause the ratings to be bad. Many surveys have been made in which the compromises did not affect the data very much because, for example, the part of the population that was excluded was in practice more or less of a random sample so far as the data provided by the survey were concerned. Often, however, the compromises do catch up with the surveyor, and bad data result. Inevitably, in an industry that makes as many surveys and produces as many data as the rating industry, the compromises will affect some results. But, is it serious enough to be worth the cost to change when only occasional surveys produce bad data, and the clients

seem satisfied? Obviously, to answer this question requires information on cost of and demand for the data provided by the rating services."

I think the last sentence sums up 99 percent of the problems in the broadcast rating industry. Any of the rating services are capable and willing to provide any quantity and quality of datum that any customer wishes, but at a fair price. The question has never been, "Can the broadcast rating services provide quantity and quality?" Because if they can't who else can? The question has always been, "Who will pay for the quantity and quality of services provided?" I don't know about the television industry, as Conlan does not provide services to the television industry, but I do know that the small and medium size radio stations that we serve cannot afford to pay for high-priced rating services, because if they could they would probably be buying the higher priced services already available.

In this respect I want to make this clear about our surveys. Although our reports are not based on as high a probability sampling as that of many other firms, I am nevertheless sure that our staff is as competent as any staff, and that their methods of statistically arriving at the probability conclusions, or as we call them, share-of-audience, are as accurate in ratio to sample as any firms actually are. I say actually are, because we do not claim that our conclusions are accurate to any certain degree, as I understand some firms claim.

Our surveys are based on an economic need and fulfill this economic need, inasmuch as our services are primarily provided in the small and medium size markets, markets that are not generally or periodically covered by the other larger services. Small radio stations simply cannot afford high-priced surveys. If they could, they would undoubtedly buy the higher priced services, since they are definitely available to them, as far as I know. Therefore, our survey is produced and priced to the market we service, not as a matter of choice, but as a matter of supply and demand, just like any other economic product must be.

We realize, as I am sure that Conlan users must realize, that a Conlan survey may not be of as high a quality and accuracy as that of the more expensive services. Because strictly from the standpoint of logic, no buyer can delude themselves into believing, nor the seller lead them to believe, that any product they pay \$200 for is of the same value as one which they may pay \$500 or \$600 for. When there is a compromise in price, there is generally always a compromise in quality. Although this is not to say that a more expensive survey is always more reliable than a lower priced survey, because in the almost 30 years that Conlan has provided survey services much experimenting and research has been done and the conclusion reached that a higher sample does not by any means insure a greater degree of accuracy, at least not to the degree that the additional accuracy is worth the additional cost, as the Madow report summarizes.

Many of the comments and recommendations of the Madow report are admirable and well intended, but they basically add up to higher priced broadcast rating services and the question is, who can, and will, pay for it? The Madow report clearly points out the problems of all those concerned with ratings. I think the services are providing more and better datum every day, and I believe that if the industry is allowed to progress under their own initiative as any industry in a system of free enterprise should be allowed to do, that the broadcast rating industry and their users will, and can, solve their problems and differences.

The CHAIRMAN. Do you have any further comment you wish to make?

Mr. WEST. No, sir.

The CHAIRMAN. You did appear here at the invitation of the committee?

Mr. WEST. Yes, sir; I did.

The CHAIRMAN. Mr. Richardson, do you have some questions?

Mr. RICHARDSON. Thank you, Mr. Chairman. Mr. West, would you identify your attorney for the record?

Mr. WEST. My attorney is Bill A. Collet, of Kansas City, Mo.

Mr. RICHARDSON. Would you give his office address?

Mr. WEST. His office address is the Bryant Building, at 12th and Grand.

Mr. RICHARDSON. Is Robert S. Conlan Associates incorporated?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. In what State?

Mr. WEST. The State of Missouri.

Mr. RICHARDSON. Mr. West, has anybody from the Federal Trade Commission visited your company or companies?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Would you state who that person was?

Mr. WEST. I may mispronounce his name, but I think it was Oppenheimer.

Mr. RICHARDSON. When did this visit occur?

Mr. WEST. In January of 1962.

Mr. RICHARDSON. You have a subsidiary located in New York City; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. What is the name of that company?

Mr. WEST. Verifak Surveys.

Mr. RICHARDSON. This company is still mailing brochures to the field?

Mr. WEST. No, sir.

Mr. RICHARDSON. When is the last time Verifak mailed surveys in relation to ratings to the field?

Mr. WEST. To the best of my recollection, it was the latter part of 1962.

Mr. RICHARDSON. Where is the field plant of Robert S. Conlan & Associates located?

Mr. WEST. In Kansas City, Mo., 4702 Bellevue.

Mr. RICHARDSON. Where is the field office for Verifak Surveys located?

Mr. WEST. Kansas City, Mo.

Mr. RICHARDSON. Are these field plants one and the same?

Mr. WEST. One and the same.

Mr. RICHARDSON. Actually, Verifak consisted of, then, only a sales office; is that correct?

Mr. WEST. Well, no; the services were different.

Mr. RICHARDSON. Would you explain how they were different?

Mr. WEST. Robert S. Conlan & Associates produces what is called a share audience. They do not produce ratings at all. Verifak did produce ratings.

Mr. RICHARDSON. Did you have a separation of the operations in relations to fieldwork?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Was all of the Verifak field operation tabulation and production done in Kansas City, Mo.?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. However, all correspondence from Verifak was mailed from New York City; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Was it signed by an officer of the Conlan corporation?

Mr. WEST. No, sir.

Mr. RICHARDSON. Who signed, normally, the correspondence that was mailed from New York City?

Mr. WEST. It was—as of what date, sir? I don't quite understand.

Mr. RICHARDSON. Take 1961; 1960, and 1961 are the years we are particularly interested in.

Mr. WEST. 1960 and 1961—well, I would say it was John L. Guyant or Ralph Corpolonga.

Mr. RICHARDSON. Mrs. Hallie Jones signed some of this correspondence, did she not?

Mr. WEST. Yes; she acted as more or less general manager of Verifak.

Mr. RICHARDSON. Is she not an officer of Conlan Associates, Inc.?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. She also is a large stockholder in the corporation?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Now, in relation to all of the materials mailed from the New York office of Verifak, where were they produced?

Mr. WEST. Oh, the promotion letters were produced at our office through our printing plant. We have a central printing plant.

Mr. RICHARDSON. These were mailed to New York City—

Mr. WEST. And I assume addressed and mailed out from there on their dates.

Mr. RICHARDSON. Then, basically, Mr. West, you had, at least during the periods 1960 and 1961, two companies functioning, actually, with just one company in existence? One of them was a partnership, let's say a subsidiary, but they were basically two companies functioning out of one plant?

Mr. WEST. No, sir; I don't believe that is entirely true at all.

Mr. RICHARDSON. Was all of the control of Verifak under the officers of the Conlan corporation?

Mr. WEST. The control of Verifak; no, sir.

Mr. RICHARDSON. Who else besides Mrs. Jones and yourself had control—

Mr. WEST. There was Mr. Guyant.

Mr. RICHARDSON. After Mr. Guyant left, which was in about September of 1961, who had control of Verifak?

Mr. WEST. Ralph Corpolonga in New York.

Mr. RICHARDSON. Mr. West, how often did these two companies, Conlan and Verifak, both producing material from the same plant, sell surveys to the same station in the same city at the same time?

Mr. WEST. I would not have any idea, sir.

Mr. RICHARDSON. How often do you produce a survey for Conlan and Verifak in the same city for the same measurement period?

Mr. WEST. I would not have any idea of that, either, sir. I didn't keep much track of Verifak at all.

Mr. RICHARDSON. Mr. Chairman, I would like to have this letter identified for the record. It is a letter from Robert S. Conlan & Associates, signed by Mr. West, dated September 18, 1961, to Mr. Robert Richardson of this staff.

The CHAIRMAN. Let Mr. West identify it.

Mr. RICHARDSON. Would you identify this letter, Mr. West?

Mr. WEST. It is identified.

Mr. RICHARDSON. Would you tell us what this letter and its attachments are, Mr. West?

Mr. WEST. Well, the letter—would you like me to read the letter?

Mr. RICHARDSON. Yes.

Mr. WEST [reading]:

As requested during your visit here with us, I am attaching herewith, No. 1, a copy of our agency mailing list; No. 2, a list of Conlan and Verifak sales.

I believe this is all you requested we send you. However, in the event it is not, please let us know.

Thanking you for your cooperation at all times, I am,
Sincerely,

It attaches the agency mailing lists.

Mr. RICHARDSON. How many agencies would that include, Mr. West?

Mr. WEST. You have a count here of 144.

Mr. RICHARDSON. Are these agencies mailed copies of all surveys you do?

Mr. WEST. No, sir.

Mr. RICHARDSON. Do any of these agencies subscribe to any of the Conlan surveys?

Mr. WEST. In what way do you mean, sir?

Mr. RICHARDSON. Do they pay you any money for any of the Conlan surveys?

Mr. WEST. No, sir.

Mr. RICHARDSON. Would you go ahead and identify the rest of the attachments?

Mr. WEST. The rest of the attachments is a listing by date, by specification, by city and State, and by client of the sales of Robert S. Conlan from October 1, 1959, to October 1, 1960, and for Verifak radio sales from October 1, 1959, to October 1, 1960.

Mr. RICHARDSON. All right. Let us turn to the month of July, Mr. West. We are now under the Robert S. Conlan surveys.

Did you, in July, do an S-27 for Dallas, Tex.?

Mr. WEST. I assume so. That is what it says.

Mr. RICHARDSON. This list was prepared by the Conlan company?

Mr. WEST. Yes.

Mr. RICHARDSON. Let us now turn to July as an example for the Verifak surveys. Did you in July of 1960 do an R-30 under your definition for Dallas, Tex.?

Mr. WEST. According to that, yes.

Mr. RICHARDSON. Then actually your two companies, operating from the same plant in Kansas City, sold two surveys in one market in this particular instance for the same month?

Mr. WEST. Oh, yes.

Mr. RICHARDSON. There is no differentiation as interviewing work is sent to the field from these two companies, is there, Mr. West?

Mr. WEST. Oh, yes.

Mr. RICHARDSON. Would you define what the differentiation is?

Mr. WEST. I believe you have copies of the worksheets or instruction sheets which go to the field workers, and I believe now that you will find on the Conlan it will say, "This is a Conlan Radio Survey."

On the Verifak, it will say "Verifak Survey."

The CHAIRMAN. Let me interrupt here.

Mr. WEST. Yes, sir.

The CHAIRMAN. Let me get a little better picture of just what your operation is.

You said a moment ago that your company, the Robert S. Conlan Associates, is engaged in obtaining a share of the audience.

Mr. WEST. Yes, audience.

The CHAIRMAN. A share of the audience?

Mr. WEST. Yes, sir.

The CHAIRMAN. Is that all this company is engaged in?

Mr. WEST. That is the basic end result of our survey, the share of audience, which is based on 100 percent, whereas I understand ratings are not.

The CHAIRMAN. But Robert S. Conlan, the company that you are president of, does not obtain ratings?

Mr. WEST. No, sir.

The CHAIRMAN. And your responsibilities or service has to do with the share of audience only?

Mr. WEST. Yes, sir.

The CHAIRMAN. Then do you obtain this information for the broadcasting industry?

Mr. WEST. I would say almost 100 percent for the radio stations. We do not make television surveys, either.

The CHAIRMAN. For radio stations?

Mr. WEST. Radio stations; yes, sir.

The CHAIRMAN. And you provide the radio stations with this information?

Mr. WEST. Yes, sir.

The CHAIRMAN. Do you provide it to anybody else?

Mr. WEST. We have, from time to time, provided it to advertising agencies.

The CHAIRMAN. But you do that on a voluntary basis or you do not charge for that service?

Mr. WEST. No, sir; I believe that we have tried to make charges in the past, but unsuccessfully. So we more or less give it to them as a service.

The CHAIRMAN. Now tell me what Verifak is.

Mr. WEST. Verifak is another radio survey, and it is different from Conlan inasmuch as it provides ratings as well as share of audience, where Conlan only provides share of audience.

The CHAIRMAN. Verifak—does it operate in New York City, then?

Mr. WEST. Yes, sir; I have never been in it.

The CHAIRMAN. What do you have to do with it?

Mr. WEST. Maybe I had better explain that and make that a little clearer.

In July of 1959, the former owner of both Verifak and Conlan came to Mrs. Jones and me and asked us if we would like to buy the businesses, that he wanted to get out of the businesses.

Both of us had been there 10 years or so and—

The CHAIRMAN. Been where?

Mr. WEST. At Conlan. Neither one of us had worked for Verifak before that. It was strictly his business.

The CHAIRMAN. And this was Kansas City?

Mr. WEST. Yes; both businesses were his, Conlan and Verifak, both.

They were both his businesses. We had to buy them as a package deal. We did not want Verifak with it. I told these gentlemen that when they were at the investigation.

The CHAIRMAN. With Conlan in Kansas City, and Verifak in New York City?

Mr. WEST. Yes, sir.

The CHAIRMAN. And you bought both businesses at the same time?

Mr. WEST. Yes, sir.

The CHAIRMAN. How long ago has that been?

Mr. WEST. July of 1959, sir.

The CHAIRMAN. Who is Mrs. Jones?

Mr. WEST. She is a shareholder in the Conlan Corp.

The CHAIRMAN. Is she the major shareholder?

Mr. WEST. She is one of the major shareholders, sir.

The CHAIRMAN. How many shareholders do you have?

Mr. WEST. Well, actually I do not believe that she and I own any of the stock. I think the stock is still owned by Mr. Guyant and by Mrs. Conlan. Mrs. Jones and I are in the process of purchasing the stock.

The CHAIRMAN. You and Mrs. Jones will be the sole owners of that if the purchase is consummated?

Mr. WEST. Yes, sir. The purchase agreement has been consummated, but to the best of my knowledge, no stock has been signed over to us.

The CHAIRMAN. And how long have you been operating?

Mr. WEST. Approximately 3½ years.

The CHAIRMAN. You operate the Conlan company in Kansas City?

Mr. WEST. Yes, sir.

The CHAIRMAN. Who operates the Verifak Co. in New York City?

Mr. WEST. The Verifak Co. is out of business now. We, of course, intended to put it out of business when we bought it, because it was just two overheads for no practical reason.

The CHAIRMAN. How long has it been out of business?

Mr. WEST. We started putting it out of business—we let the manager go, I believe, in September, sir.

The CHAIRMAN. Did you close the office out?

Mr. WEST. Oh, yes; it is subleased. All we have there now is—we have employed a secretarial service—I guess you would call it an answering service, to forward any correspondence, or so forth, that we may have, on to us.

The CHAIRMAN. I wanted to get a picture of his operations.

Mr. RICHARDSON. Certainly.

The CHAIRMAN. Proceed.

Mr. RICHARDSON. Thank you Mr. Chairman. In your statement, Mr. West, in relation to the last question from the chairman, you are not still mailing out circulars for subscriptions to stations from Verifak?

Mr. WEST. No, sir.

Mr. RICHARDSON. When were the last of these mailed, Mr. West?

Mr. WEST. I think it was the latter part of 1962.

Mr. RICHARDSON. December?

Mr. WEST. I am sure none has been mailed out since.

Mr. RICHARDSON. Mr. West, approximately how many survey reports does Conlan and Verifak produce each year?

Mr. WEST. I would say approximately 500.

Mr. RICHARDSON. These are done in approximately how many different markets throughout the country?

Mr. WEST. That would be a little difficult to say, sir.

Mr. RICHARDSON. Would you give us an approximation?

Mr. WEST. Well, 500 surveys. Some stations will buy two, some stations will buy three a year. I might make a guess of 300 markets, perhaps.

Mr. BROTZMAN. Could I intrude for just a minute, Mr. Chairman? The CHAIRMAN. Yes.

Mr. BROTZMAN. When you speak about a market, what are we talking about? I do not quite get the picture.

Mr. WEST. We are talking about a city which has one or more radio stations. Isn't that right?

Mr. RICHARDSON. Yes. Mr. West, I give you back the material which you identified a short time ago. Would you turn to the last page and identify it?

Mr. WEST. This is—you might call it a brochure or something to that effect regarding an experimental project which we had in 1960. It is called a Conlan 1960 Radio Summary Report.

Mr. RICHARDSON. Would you continue to read from that brochure?

Mr. WEST. It states that there are surveys on 400 U.S. radio station markets for 1960—

an invaluable guide for radio station management, local, regional, national agencies, station groups, networks, et cetera. The report contains average share of audience, average sets in use for all local and outside stations, surveys on FM markets, surveys on AM markets—

I have those reversed—

surveys on Negro radio markets, data covering two to six surveys per market.

Mr. RICHARDSON. You have stated in this brochure that you produce data on 400 markets and from two to six survey reports per market, or you did in 1960?

Mr. WEST. Yes.

Mr. RICHARDSON. This would be a total of 800 reports, then, if that statement is correct?

Mr. WEST. That is quite possible, yes.

Mr. RICHARDSON. In relation to this and from the material which is already in the record, let's take each month and read two markets from each month in cities in which you have produced surveys—2 months from October right on through.

Mr. WEST. You mean two October surveys?

Clarksville, Tenn., Manchester, Tenn., for October; November, Stockton, Calif., November, Monroe, La., December, Ashtabula, Ohio, the second one for December, Lagrange, Tex. For January, Atlanta, Ga., for January, Lexington, N.C. For February, Fallon, Nev., for February, Marine City, Mich. For March, Pauls Valley, Okla., for March, Marshall, Tex. For April, Oil City, Pa., South Boston, Vt. For May, Ironton, Ohio, Winter Haven, Fla. For June, Aberdeen, S. Dak., for June, Eureka, Calif. For July, Twin Falls, Idaho, for July, Hickory, N.C. For August, Salem Ind., New Albany, Ind. For September, Winona, Minn., for September, Spokane Wash.

Mr. RICHARDSON. Would you say that you have a similar list for Verifak surveys?

Mr. WEST. I think we have, yes.

Mr. RICHARDSON. Mr. Chairman, I would like these to be entered as part of the record of the hearings.

The CHAIRMAN. That is the information which you have just referred to, Mr. West?

Mr. WEST. Yes, sir.

The CHAIRMAN. Let it be received.

(The information referred to is as follows:)

Robert S. Conlan radio sales—Oct. 1, 1959, to Oct. 1, 1960

Month	Type	City and State	Client
October	S-27	Clarkesville, Tenn.	WJZM.
Do	S-27	Manchester, Tenn.	WMSR.
Do	S-17	Hendersonville, N.C.	WHKP.
Do	S-17D	Florence, S.C.	WYNN.
Do	S-17D	Belton, S.C.	WHPB.
Do	S-17D	Goldsboro, N.C.	WGOL.
Do	CP-57	Richmond, Va.	WMBG.
Do	CP-17D	Rome, Ga.	WRDM.
Do	S-27	Bradenton, Fla.	WTRF.
Do	S-17	Winter Haven, Fla.	WSIR.
Do	S-17	Key West, Fla.	WKW.
Do	S-17	Tifton, Ga.	WTIF.
Do	S-17D	Toccoa, Ga.	WNEG.
Do	S-17D	Orlando, Fla.	WABR.
Do	S-17D	Gainesville, Ga.	WLBA.
Do	S-17	Santa Cruz, Calif.	KSCO.
Do	S-27D	Bakersfield, Calif.	KIKK.
Do	S-17D	Salt Lake City, Utah.	KSOP.
Do	S-17	Anaheim, Calif.	KEZY.
November	S-27D	Stockton, Calif.	KWG.
Do	S-17	Monroe, La.	KNOE.
Do	S-17D	Lakeland, Fla.	WYSE.
Do	S-17D	Taylorville, Ill.	WTIM.
Do	S-27D	Akron, Ohio.	WCUE.
Do	S-27	Fort Wayne, Ind.	WKJG.
Do	S-27D	Owatonna, Minn.	KRFO.
Do	S-17	Beloit, Wis.	WBEL.
Do	S-27	Jamestown, N.Dak.	KSJB.
December	S-27	Minot, N.Dak.	KCJB.
Do	S-27	Ashtabula, Ohio.	WICA.
Do	S-17	Corpus Christi, Tex.	KSIX.
Do	S-17	Metropolitan Amarillo, Tex.	KGNC.
Do	S-17	La Grange, Tex.	KVES.
Do	S-17D	Corpus Christi, Tex.	KCCT.
Do	S-17	Corsicana, Tex.	KAND.
Do	S-17	San Antonio, Tex.	KMAC.
Do	S-17D	Hobbs, N. Mex.	KHOB.
Do	S-17	Hazleton, Pa.	WAZL.
Do	S-27	Colorado Springs, Colo.	KYSN.
Do	S-27	Bowling Green, Ky.	WBGN.
Do	S-17	La Junta, Colo.	KBZZ.
Do	S-17D	Medford, Oreg.	KDOV.
January	N-27	San Francisco, Calif.	KSAN.
Do	N-27	Los Angeles, Calif.	KGEJ.
Do	N-17D	Atlanta, Ga.	WERD.
Do	N-17D	Augusta, Ga.	WAUG.
Do	S-17	Clovis, N. Mex.	KCLV.
Do	FM.	Milwaukee, Wis.	WBKV-FM.
Do	S-27D	Chester, Pa.	WVCH.
Do	S-17	Monterey, Calif.	KMBY.
Do	S-17D	Syracuse, N. Y.	WSEN.
Do	S-27D	Knoxville, Tenn.	WKXV.
Do	S-17	Lexington, N.C.	WBUY.
Do	S-17	Manchester, Tenn.	WMSR.
Do	S-17	Laurinburg, N.C.	WEWO.
Do	S-17D	Massena, N.Y.	WMSA.
Do	S-27	Glasgow, Ky.	WKAY.
Do	S-27	Louisville, Ky.	WKLO.
January	S-27D	Rockmart, Ga.	WPLK.
Do	S-17D	Chattanooga, Tenn.	WRIP.
Do	S-17D	Ronceverte, W. Va.	WRON.
Do	S-27D	Greensboro, N.C.	WPET.
Do	S-17	McKeesport, Pa.	WEDO.
Do	S-17D	Carrollton, Ga.	WLBB.
Do	S-17D	Ocala, Fla.	WHYS.
February	S-17	El Centro, Calif.	KXO.
Do	S-27D	Bakersfield, Calif.	KIKK.
Do	S-17D	Fallon, Nev.	KVLV.
Do	S-17D	El Centro, Calif.	KAMP.

Robert S. Conlan radio sales—Oct. 1, 1959, to Oct. 1, 1960—Continued

Month	Type	City and State	Client
February	S-15	Camas, Wash.	KPVA.
Do.	FM	Sheboygan-Fond Du Lac, Wis.	WBKV-FM.
Do.	S-17D	New Iberia, La.	KANE.
Do.	S-17D	Alexandria, La.	KDBS.
Do.	S-17D	Osceola, Ark.	KOSE.
Do.	S-17D	Marine City, Mich.	WDOG.
Do.	S-17D	Madison, Ind.	WORX.
Do.	S-17	Emporia, Kans.	KVOE.
Do.	S-17	Virginia-Eveleth, Minn.	WHLB.
Do.	S-17	Janesville, Wis.	WCLO.
Do.	S-17D	Benson, Minn.	KBMO.
Do.	S-17D	Union, Mo.	KLPW.
March	S-27	Wilmington, N.C.	WKLM.
Do.	S-17	Nebraska City, Nebr.	KNCY.
Do.	S-17	Pauls Valley, Okla.	KVLH.
Do.	S-17	Hettinger, N. Dak.	KNOC.
Do.	S-17	Kimball, Nebr.	KIMB.
Do.	S-27	Dallas, Tex.	WRR.
Do.	S-17	Beaumont-Port Arthur, Tex.	KPAC.
Do.	S-17D	San Angelo, Tex.	KPEP.
Do.	S-17D	Childress, Tex.	KCTX.
Do.	S-17D	Abilene, Tex.	KNIT.
Do.	S-17D	Las Cruces, N. Mex.	KOBE.
Do.	S-27	Marshall, Tex.	KMHT.
Do.	S-17	Casper, Wyo.	KVOC.
Do.	S-17D	Shreveport, La.	KJOF.
Do.	S-17D	Longview, Tex.	KLUE.
Do.	S-17	Temple, Tex.	KTEM.
Do.	S-17	Vancouver, Wash.	KKEY.
Do.	S-17	Klamath Falls, Oreg.	KLAD.
Do.	SPI	Madison, W.S.	WIBA.
Do.	S-17	San Angelo, Tex.	KTXL.
April	S-17D	Plymouth-Cape Cod, Mass.	WPLM.
Do.	S-17	Jamestown, N.Y.	WJOC.
Do.	S-17	Oil City, Pa.	WKRZ.
Do.	S-17	Kingston, N.C.	WELS.
Do.	S-17	Mount Airy, N.C.	WSYD.
Do.	S-17	Galax, Va.	WBOB.
Do.	S-17	New Bern, N.C.	WHIT.
Do.	S-17	Albemarle, N.C.	WHBZ.
Do.	S-17	Greensboro, N.C.	WCOG.
Do.	S-17	South Boston, Vt.	WHLF.
Do.	S-17	Bremen, Ga.	WWCC.
Do.	S-17	Augusta, Ga.	WGAC.
May	S-27	Delaware County, Ind.	WLBC.
Do.	S-17	Ironton, Ohio	WIRO.
Do.	S-17D	Kendallville, Ind.	WAWK.
Do.	S-17D	Boonville, Ind.	WBWL.
Do.	S-27	Dallas, Tex.	WRR.
Do.	S-17	Manitowoc, Wis.	WCUB.
Do.	S-17	Gainesville, Fla.	WGGG.
Do.	S-17	Monroe, Wis.	WEKZ.
Do.	S-17D	St. Augustine, Fla.	WSTN.
Do.	S-17D	Winter Haven, Fla.	WINT.
Do.	S-17	McKeesport, Pa.	WEDO.
Do.	S-17D	Fort Pierce, Fla.	WIRA.
Do.	S-17	Marianna, Fla.	WTYS.
Do.	S-17	Palestine, Tex.	KNET.
Do.	S-17	Denton, Tex.	KDNT.
Do.	S-17	Enid, Okla.	KCRC.
Do.	S-17	Odessa, Tex.	KOYL.
Do.	S-17	Ponca City, Okla.	KLTR.
Do.	S-17	Middlesboro, Ky.	WMIK.
June	S-27D	Des Moines, Iowa.	KWKY.
Do.	S-17D	Grinnell, Iowa.	KGRN.
Do.	S-27	Dallas, Tex.	WRR.
Do.	S-27	Sioux Falls, S. Dak.	KELO.
Do.	S-27	San Francisco, Calif.	KSAN.
Do.	S-17	Aberdeen, S. Dak.	KSDN.
Do.	S-17D	Lexington, Nebr.	KRVN.
Do.	S-17	Clavis, N. Mex.	KCLV.
Do.	S-17D	Billings, Mont.	KURL.
Do.	S-17D	Anacondia, Mont.	KANA.
Do.	S-17D	Superior, Nebr.	FRFS.
Do.	S-17	Hayre, Mont.	KOJM.
Do.	S-17D	Blaine, Calif.	KARI.
Do.	S-17D	Eureka, Calif.	KIEM.
Do.	S-17	Great Falls, Mont.	KFBB.
Do.	S-17	Pittsburg, Calif.	KKIS.
Do.	S-17	Maryville, Calif.	KMYC.
Do.	S-17	Monterey, Calif.	KIDD.
Do.	S-27	Oklahoma City, Okla.	KTOK.
Do.	S-27	Chattanooga, Tenn.	WDEF.

Robert S. Conlan radio sales—Oct. 1, 1959, to Oct. 1, 1960—Continued

Month	Type	City and State	Client
June	S-27	Minneapolis, Minn.	WPBC.
Do.	N-27	Los Angeles, Calif.	KGFI.
Do.	S-17	Kalamazoo, Mich.	WKZO.
July	S-17	Santa Cruz, Calif.	KSCO.
Do.	S-17	Twin Falls, Idaho.	KTFI.
Do.	S-17	do.	KEEP.
Do.	S-27	Los Angeles, Calif.	KPOL.
Do.	S-17	Tucson, Ariz.	KAIR.
Do.	S-27	Detroit, Mich.	WCAK.
Do.	CP-57	Richmond, Va.	WMBG.
Do.	S-17	Hickory, N.C.	WHKY.
Do.	S-17	Santa Fe, N. Mex.	KTRC.
Do.	S-17D	Sheboygan, Wis.	WKTL.
Do.	S-17D	Pekin, Ill.	WSIV.
Do.	S-17	Fulton-Oswego, N.Y.	WOSC.
Do.	S-17	Conway, N.C.	WLAT.
Do.	S-17	Chester, Pa.	WVCH.
July	S-17	Parkersburg, W. Va.	WPAR.
Do.	S-17	Goldston, N.C.	WGOL.
Do.	N-27	Houston, Tex.	KYOK.
Do.	N-27	New Orleans, La.	WBOK.
Do.	S-17	Logan, W. Va.	WNOW.
Do.	S-17	Shelby, N.C.	WADA.
Do.	S-17	Salt Lake City, Utah.	KSSX.
Do.	S-17D	Staunton, Va.	WTON.
Do.	S-17	Ventura, Calif.	KUDU.
Do.	S-17	Yazoo City, Miss.	WAZF.
Do.	S-17D	Marietta, Ga.	WBE.
Do.	S-17D	Gainesville, Ga.	WLBA.
Do.	S-17D	Opp, Ala.	WAMI.
Do.	S-17D	Carrollton, Ga.	WBB.
Do.	S-27	Dallas, Tex.	WRR.
Do.	S-27	Gadsden, Ala.	WAAX.
August	S-27	Washington, D.C.	WEAM.
Do.	S-17D	Lafayette, Ind.	WAZY.
Do.	S-17D	Salem, Ind.	WSLM.
Do.	S-17	New Bedford, Mass.	WBSM.
Do.	S-17	Marysville, Calif.	KMYC.
Do.	S-17D	Waukegan, Ill.	WKRS.
Do.	S-17D	New Albany, Ind.	WOWI.
Do.	S-27	San Jose, Calif.	KLVI.
Do.	S-17D	Elkhart, Ind.	WCMB.
Do.	S-17D	Greensboro, N.C.	WPET.
Do.	S-27	Tucson, Ariz.	KCUB.
Do.	S-17D	Roanoke, Va.	WRIS.
Do.	S-27	Dallas, Tex.	WRR.
Do.	S-17D	Nashua, N.H.	WTOW.
Do.	S-17	Lynchburg, Va.	WWOD.
Do.	S-17D	Niles, Mich.	WNIL.
Do.	S-17D	Big Rapids, Mich.	WBRN.
Do.	S-27	Asheville, N.C.	WISE.
Do.	S-17D	Salt Lake City, Utah.	KSSX.
Do.	S-17	Anderson, S.C.	WAIM.
Do.	S-17D	Sylacauga, Ala.	WMLS.
Do.	S-17D	Mountain Home, Ark.	KTLO.
Do.	S-17D	Morristown, Tenn.	WMTN.
Do.	S-27	Atlanta, Ga.	WGST.
Do.	S-27	Valdosta, Ga.	WGOV.
Do.	S-27	Pensacola, Fla.	WBSR.
Do.	S-27	Beaumont, Tex.	KRIC.
Do.	S-27	Madison, Wis.	WIBA.
Do.	S-17	Tucson, Ariz.	KAIR.
Do.	S-17	Texas City, Tex.	KTLW.
Do.	S-17	Ogden, Utah.	KSVN.
Do.	S-17D	Seminole, Tex.	KSMIL.
September	S-27	Indianapolis, Ind.	WISH.
Do.	S-27	Detroit, Mich.	WCAR.
Do.	S-27	Appleton-Neenah, Wis.	WNAM.
Do.	S-17	Winona, Minn.	KAGF.
Do.	S-27	Tallahassee, Fla.	WMFN.
Do.	S-27	Dallas, Tex.	WRR.
Do.	S-17	Kingsport, Tenn.	WKIX.
Do.	S-17	do.	WKPT.
Do.	S-27	Louisville, Ky.	WKLO.
Do.	S-27	Spokane, Wash.	KLYK.
Do.	S-17D	Knoxville, Tenn.	WKXY.
Do.	S-27	Fort Worth, Tex.	WBAP.
Do.	S-17D	Grand Junction, Colo.	KSTR.
Do.	S-17	Victoria, Tex.	KVIC.

Verifak survey radio sales—Oct. 1, 1959, to Oct. 1, 1960

Month	Type	City and State	Client
October	R-40	Louisville, Ky	WKLO
Do	R-30	Indianapolis, Ind	WISH
Do	R-20	Columbia, S.C	WCOS
Do	R-20	Port Arthur, Tex	KOLE
Do	R-10	Hamilton, Ohio	WMOH
Do	R-40D	Louisville, Ky	WTMT
Do	R-10	Columbia, Tenn	WKRM
Do	R-10	Longview, Tex	KLUE
Do	R-10x	Manchester, Tenn	WMSR
Do	R-10x	Marion, Ohio	WMRN
Do	R-10D	Hopkinsville, Ky	WKOA
Do	R-10x	Findlay, Ohio	WFIN
Do	R-10xD	Tullahoma, Tenn	WJIG
Do	R-10xD	Dayton, Tenn	WDNT
Do	R-20	Peoria, Ill	WEEK
Do	R-10D	Bloomington, Ill	WJBC
Do	R-10D	Sedalia, Mo	KSIS
Do	R-10x	West Bend, Wis	WKBV
Do	R-10	DeKalb, Ill	WLBK
Do	R-10x	Magnolia, Ark	WVMA
Do	R-10x	Lincoln, Ill	WPRO
Do	R-10x	Mena, Ark	KENA
Do	R-10x	Carthage, Ill	WCAZ
Do	R-20	Flint, Mich	WAMM
Do	SPL	Kansas City, Mo	KCMO-FM
Do	R-20	El Paso, Tex	KSET
Do	R-10x	West Plains, Mo	KWPM
Do	R-10D	Eau Claire, Wis	WECI
Do	R-10x	New Braunfels, Tex	KCNB
Do	R-10xD	Ballinger, Tex	KRUN
November	R-10	Marshall, Tex	KMIT
Do	R-10	Muskogee, Okla	KMUS
Do	R-10	Fitchburg, Mass	WEIM
Do	R-10x	Hidalgo County, Tex	KIRT
Do	R-10D	Garden City, Kans	KNGO
Do	R-10x	Gallup, N. Mex	KYYA
Do	R-10D	Greeley, Colo	KPKA
Do	R-10x	Claremont, N. H.	WTSL
Do	R-10x	Lebanon, N. H.	WTSL
Do	R-10x	Portsmouth, N. H.	WHBB
Do	R-10x	Grafton, N. Dak	KGPC
Do	R-20	Eugene, Oreg	KERG
Do	R-10	Kalispell, Mont	KGEZ
Do	R-20	Springfield, Mo	KTTT
Do	R-10	Billings, Mont	KBMV
Do	R-10	West Palm Beach, Fla	WIRK
Do	R-10D	Pocatello, Idaho	KYTE
Do	R-10x	Klamath Falls, Oreg	KPJL
Do	R-10x	do	KPLW
Do	R-10x	Dillon, Mont	KDBM
Do	R-10x	Fargo-Moorhead, N. Dak	KVOX
Do	R-10x	McMinnville, Oreg	KMCM
Do	R-10	San Jose, Calif	KSSO
Do	R-10	Everett, Wash	KRKO
Do	R-10D	San Bernardino, Calif	KACE
Do	R-10x	Red Bluff, Calif	KBLF
Do	R-10	Kinston, N. C	WELS
Do	R-10x	Palo Alto, Calif	K1BE
December	R-10	Eureka, Calif	KTEM
Do	R-10	Bismarck, N. Dak	KBOM
Do	R-10x	Little Falls, N. Y	WLFI
Do	R-10x	Fulton-Oswego, N. Y	WOSC
Do	R-20	Erie, Pa	WLEU
Do	R-20	Newark, N. J	WVNJ
Do	R-10x	High Point, N. C	WNOS
Do	R-10xD	Greenville, N. C	WGTC
Do	R-10D	Athens, Ga	WDOL
Do	R-10D	Augusta, Ga	WAUG
Do	R-30x	Jacksonville, Fla	WVYV
Do	R-10D	Lake City, S. C	WJOT
Do	R-10x	Millen, Ga	WGSR
January	R-30	New Orleans, La	KNOE
Do	R-20D	Evansville, Ind	WKYV
Do	R-10x	Lancaster, Ohio	WHOK
Do	R-10x	Muncie, Ind	WLBC
Do	R-10xD	Jasper, Ind	WITZ
Do	R-40	Detroit, Mich	WCAR
Do	R-10	Sheboygan, Wis	WHBL
Do	R-40x	Minneapolis, Minn	WPBC
Do	R-20	Knoxville, Tenn	WKGN
Do	R-10	Green Bay, Wis	WDUZ
Do	R-10	Marquette, Mich	WLUC-TV

Verifak survey radio sales—Oct. 1, 1959, to Oct. 1, 1960—Continued

Month	Type	City and State	Client
January	R-10x	Crookston, Minn.	KROX.
Do.	R-10x	Howell, Mich.	WIMI.
Do.	R-10x	Bernidji, Minn.	KBUN.
Do.	R-10D	Rochester, Minn.	KWEB.
Do.	R-10x	Farmville-Greenville, N.C.	WBTL.
Do.	R-10D	Mexico, Mo.	KXEO.
Do.	R-10D	Champaign-Urbana, Ill.	WDWS.
Do.	R-40	Houston, Tex.	KTRH.
Do.	R-40	do.	KRCT.
Do.	R-10	Gainesville, Fla.	WGGG.
Do.	R-30	Ft. Worth, Tex.	WBAP.
Do.	R-10D	Longview, Tex.	KLUE.
Do.	R-10	McKeesport, Pa.	WEDO.
Do.	R-10x	Groves, Tex.	KOLE.
Do.	R-10x	Orange, Tex.	KOLE.
Do.	R-10x	Mexia, Tex.	KBUS.
February	R-20	Montgomery, Ala.	WETU.
Do.	R-10	Las Cruces, N. Mex.	KOBE.
Do.	R-20d	Albuquerque, N. Mex.	KMGM.
Do.	R-20x	Cocoa, Fla.	WKKO.
Do.	R-10xD	Goodland, Kans.	KBLR.
Do.	R-20	Des Moines, Iowa.	KWKY.
Do.	R-10	Sioux Falls, S. Dak.	KSX.D.
Do.	R-30	Seattle, Wash.	KVI.
Do.	R-10	Everett, Wash.	KRKO.
Do.	R-10	Twin Falls, Idaho.	KEEP.
Do.	R-10	Aberdeen, Wash.	KBKW.
Do.	R-10x	Webster City, Iowa.	KJFJ.
Do.	R-10	Bismarck-Mandan, N. Dak.	KBOM.
Do.	R-10x	Gallup, N. Mex.	KYVA.
Do.	R-30	Salt Lake City, Utah.	KNAK.
Do.	R-10	Ventura, Calif.	KVEN.
Do.	R-10x	Oceanside, Calif.	KUDE.
Do.	R-40	Brawley-El Centro, Calif.	KAMP.
March	R-10	New Bedford, Mass.	WBSM.
Do.	R-10	Santa Maria, Calif.	KSMA.
Do.	R-10	Watertown, N. Y.	WWNY.
Do.	R-10	Concord, N. H.	WKXL.
Do.	R-10D	Nashua, N. H.	WOTW.
Do.	R-10D	San Jose, Calif.	KGO.
Do.	R-10D	Kinston, N. Y.	WBAZ.
Do.	R-30	Norfolk, Va.	WLOW.
Do.	R-20	Wilmington, Del.	WILM.
Do.	R-10	Vineland, N. J.	WWBZ.
Do.	R-20D	Huntington, W. Va.	WKEE.
Do.	R-10D	Warrenton, Va.	WEER.
Do.	R-10	Chester, Pa.	WVCH.
Do.	R-10D	Kinston, N. C.	WELS.
Do.	R-10x	Beaver Falls, Pa.	WBVP.
Do.	R-10x	Westminster, Md.	WTTR.
Do.	R-10xD	Blackstone, Va.	WKLV.
Do.	R-10xD	Havre De Grace, Md.	WASA.
Do.	R-10x	Sayre, Pa.	WATS.
Do.	R-40	Washington, D. C.	WEAM.
Do.	R-30	Atlanta, Ga.	WERD.
Do.	R-20	Charlotte, N. C.	WAYS.
Do.	R-20	Greensboro, N. C.	WCOG.
Do.	R-10	Asheville, N. C.	WISE.
Do.	R-10	Columbia, S. C.	WCOS.
Do.	R-10	Greenville, N. C.	WOOW.
Do.	T-10	Wilmington, N. C.	WECT.
Do.	R-10x	Bishop, S. C.	WAGS.
Do.	R-10x	Wilmington, N. C.	WKLM.
Do.	R-10	Ambridge, Pa.	WMBA.
Do.	R-10	Ft. Pierce, Fla.	WARN.
Do.	R-10	Marianna, Fla.	WTOT.
Do.	R-10	Valdosta, Ga.	WJEM.
Do.	R-10	Tallahassee, Fla.	WRFB.
Do.	R-10	Ocala, Fla.	WMOP.
Do.	R-20	Roanoke, Va.	WRIS.
Do.	R-10x	Gaffney, S. C.	THOMS.
Do.	R-10x	Plymouth, N. C.	WPNC.
Do.	R-10x	Seneca, S. C.	WSNA.
Do.	R-10x	Laurinburg, N. C.	WEWO.
Do.	R-10x	Hartwell, Ga.	WKLY.
Do.	R-10x	Wadesboro, N. C.	THOMS
Do.	R-10x	Statesville, N. C.	THOMS
Do.	R-10	Sylacauga, Ala.	WFEB.
Do.	R-10	Kingsport, Tenn.	WKIN.
Do.	R-10	Bowling Green, Ky.	WLSB.
Do.	R-10	Lynchburg, Va.	WWOJ.
April	R-30	Harrisburg, Va.	WSVA.
Do.	R-10x	North Vernon, Ind.	WOCII

Verifak survey radio sales—Oct. 1, 1959, to Oct. 1, 1960—Continued

Month	Type	City and State	Client
April	R-30	Indianapolis, Ind.	WISH.
Do.	R-10x	Lorain, Ohio	WWVZ.
Do.	R-10	Appleton, Wis.	WIBY.
Do.	R-30	Milwaukee, Wis.	WFOX.
Do.	R-10x	West Bend, Wis.	WBKV.
Do.	R-20	Grand Rapids, Mich.	WMAX.
Do.	R-10	Kalamazoo, Mich.	WKZO.
Do.	R-10x	Midland, Mich.	WMDN.
Do.	R-40	Detroit, Mich.	WCAR.
Do.	R-10	Lexington, Ky.	WLAP.
Do.	SPL.	Pocatello, Idaho	KTLE.
Do.	R-10	Madisonville, Ky.	WTTT.
Do.	R-30	Louisville, Ky.	WKLO.
Do.	R-10	Clarks ville, Tenn.	WJZM.
Do.	R-20	Chattanooga, Tenn.	WDEF.
Do.	R-10	Odessa, Tex.	KECK.
Do.	R-10	San Angelo, Tex.	KTXL.
Do.	R-10	Muskogee, Okla.	KBIX.
Do.	R-20	Oklahoma City, Okla.	KTOK.
Do.	R-10	Bowling Green, Ky.	WBGN.
May	R-10	Joplin, Mo.	KFBS.
Do.	R-10x	Ottawa, Kans.	KOFO.
Do.	R-40D	Minneapolis, Minn.	WPBC.
Do.	R-10	Dubuque, Iowa	WDBQ.
Do.	R-20	Des Moines, Iowa	KWKY.
Do.	R-10	Rapid City, S. Dak.	KRSD.
Do.	R-10x	Deadwood, S. Dak.	KDSJ.
Do.	R-10D	Grand Island, Nebr.	KMMJ.
Do.	R-10x	Madison, S. Dak.	KJAM.
Do.	R-10	Twin Falls, Idaho	KTFI.
Do.	R-10x	Rutherford, N. C.	THOMS.
Do.	R-10x	Gastonia, N. C.	THOMS.
Do.	R-10x	Troy, N. C.	THOMS.
Do.	R-10x	Lexington, N. C.	THOMS.
Do.	R-10x	Monroe, N. C.	THOMS.
Do.	R-10x	Concord, N. C.	THOMS.
Do.	R-10x	Chester, S. C.	THOMS.
Do.	R-10x	Kershaw, S. C.	THOMS.
Do.	R-10x	Chesterfield, S. C.	THOMS.
Do.	R-10x	Lenoir, N. C.	THOMS.
Do.	R-10x	Wasco, Calif.	KWSO.
Do.	R-30	Seattle, Wash.	KVI.
Do.	R-10x	Santa Cruz, Calif.	KSCO.
Do.	R-40	Los Angeles, Calif.	KPOL.
Do.	R-30	Seattle, Wash.	KTIX.
Do.	R-10	Sidney, Mont.	KGCX.
Do.	R-20	Albuquerque, N. Mex.	KDEF.
Do.	R-10x	Socorro, N. Mex.	KSRC.
Do.	R-10x	Prineville, Oreg.	KRCO.
Do.	R-10	Ogden, Utah	KLO.
Do.	R-20	Tucson, Ariz.	KTKT.
June	R-10	Ontario, Calif.	KASK.
Do.	R-10x	Hanover-Lebanon, N. H.	KNIGHT.
Do.	R-40	Baltimore, Md.	WAYE.
Do.	R-10x	Lock Haven, Pa.	WBPZ.
Do.	R-30	Pittsburgh, Pa.	KQV.
Do.	R-10	Altoona, Pa.	WVAM.
Do.	R-10x	Fort Pierce, Fla.	WIRA.
Do.	R-10D	Greensboro, N. C.	WPET.
Do.	R-20D	Utica-Rome, N. Y.	WRNY.
Do.	R-10x	Covington, Va.	WKEY.
Do.	R-10x	Lauringburg, N. C.	WEWO.
Do.	R-10x	Cairo, Ga.	WGRA.
Do.	R-10	Anderson, S. C.	WANS.
Do.	R-20	Norfolk-Portsmouth, Va.	WNOK.
Do.	R-10	Rockingham County, Va.	WSVA.
Do.	R-10	Thomasville, Ga.	WPAX.
Do.	R-20	Macon, Ga.	WMAZ.
Do.	R-30	Atlanta, Ga.	WGST.
Do.	R-10	Huntsville, Ga.	WAAY.
Do.	R-10D	Hattiesburg, Miss.	WBKH.
Do.	R-10x	Lyons, Ga.	WBBT.
Do.	R-20	Baton Rouge, La.	WJBO.
Do.	R-30	Atlanta, Ga.	WEUN.
July	R-30	Indianapolis, Ind.	WISH.
Do.	R-10	Champaign-Urbana, Ill.	WDWS.
Do.	R-10x	Belleville, Ill.	WIBV.
Do.	R-10x	Cambridge, Ohio	WILE.
Do.	R-10x	Wisconsin Rapids, Wis.	WFHR.
Do.	R-10	Green Bay, Wis.	WDUZ.
Do.	R-30	Louisville, Ky.	WTMT.
Do.	R-10	Muskegon, Mich.	WMUS.
Do.	R-30	Louisville, Ky.	WKLO.

Verifak survey radio sales—Oct. 1, 1959, to Oct. 1, 1960—Continued

Month	Type	City and State	Client
July	R-10	Henderson, Ky.	WSON.
Do	R-20	Fort Smith, Ark.	KPCS.
Do	R-10	Pensacola, Fla.	WBSZ.
Do	R-40	Detroit, Mich.	WCAR.
Do	R-40D	Houston, Tex.	KRCT.
Do	R-10	Marshall, Tex.	KMHT.
Do	R-20	Fort Worth, Tex.	WBAP.
Do	R-30	Dallas, Tex.	KBOX.
Do	R-10	Texarkana, Tex.	KTFS.
Do	R-10x	Mineral Wells, Tex.	KOPC.
Do	R-10	Victoria, Tex.	KVIC.
Do	R-10xD	Killeen, Tex.	KLEN.
August	R-40	Minneapolis, Minn.	KSTP.
Do	R-40D	do	WPBC.
Do	R-10	Fargo-Moorhead, Minn.	KVOX.
Do	R-10xD	New Braunfels, Tex.	KGNB.
Do	R-10	Arkansas City, Kans.	KSOK.
Do	R-10	Bismarck-Mandan, N. Dak.	KQDI.
Do	R-10	Brawley-El Centro, Calif.	KICO.
Do	R-10x	Clairemont, N.H.	WTSV.
Do	R-10x	Yuba City, Calif.	KUBA.
Do	R-10	San Bernardino, Calif.	KACE.
Do	R-10xD	Paso Robles, Calif.	KPRL.
Do	R-10	Walla Walla, Wash.	KUJ.
Do	R-10x	Pittsburg, Calif.	KKIS.
September	R-10D	Chambersburg, Pa.	WCBG.
Do	R-10x	Milledale, N.J.	WMVB.
Do	R-10	Bristol, Va.	WFIG.
Do	R-10xD	Madera, Calif.	KHOT.
Do	R-20	Charlotte, N.C.	WAYS.
Do	R-10D	Shelby, N.C.	WOHS.
Do	R-20	Columbia, S.C.	WCOS.

Mr. RICHARDSON. Mr. West, I give you this document. Would you identify it for the committee?

Mr. WEST. Yes, sir. This is the original purchase agreement between John L. Guyant, myself, and Mrs. Jones.

Mr. RICHARDSON. What did that agreement pertain to?

Mr. WEST. It pertained to our purchase of Mr. Guyant's businesses.

Mr. RICHARDSON. Mr. Chairman, I would like this to become part of the record, also.

The CHAIRMAN. Let it be received for the record, without objection. (The document referred to is as follows:)

Know all men by these present: That John L. Guyant, Kansas City, Jackson County, Missouri, for and in consideration of the debt and trust hereinafter mentioned and the sum of One Dollar in hand paid by Robert E. West, Overland Park, Johnson County, Kansas, and Hallie A. Jones, Kansas City, Jackson County, Missouri, the receipt of which is hereby acknowledged, does bargain, sell and convey unto the said Robert E. West and Hallie A. Jones, equally, the following described business interests, to wit:

1. Thirty-two (32) shares of stock in the Corporation known as Robert S. Conlan and Associates, Incorporated, located at 1715 Wyandotte, Kansas City, Missouri.

2. One hundred percent of the business firm known as Verifak Surveys, located at 1715 Wyandotte, Kansas City, Missouri, with a sales address located at 60 E. 42nd. Street, New York, N.Y.

3. One hundred percent of the business firm known as The Over Forty Products Company, located at 1715 Wyandotte Street, Kansas City, Missouri.

It is agreed and understood that all three (3) of said business interests are being sold at their book value and as their several interests may appear and subject to any and all claims both in favor of or as against, as of July 1, 1959.

To have and to hold the same, unto the said Robert E. West and Hallie A. Jones, and unto their heirs and assigns forever; provided, always that it is agreed and understood between the parties to these presents that if the said Robert E. West and Hallie A. Jones, or their heirs, shall well and duly pay unto the said John L. Guyant, or his heirs, the sum of Seventy-five Thousand

Dollars, (\$75,000.00) which they owe him as evidenced by their certain promissory note of even date herewith, payable as follows:

Three hundred seventy-five Dollars (\$375.00) payable on the first day of each month, and, Three hundred seventy-five (\$375.00) payable on the 15th day of each month, beginning July 15, 1959, and continuing on the first and fifteenth of each month until the full amount shall have been fully paid, then these presents and everything herein shall cease and be void. But, if the said Robert E. West and Hallie A. Jones shall default in the payment of any installment payment as described herein, for a period of 45 days, when the same shall become due and payable, or if they shall sell or attempt to sell or in any dispose of said business interests so as to reduce its value before the entire amount of the note shall have been fully paid, then it shall be lawful for the said John L. Guyant or his heirs or assigns to take possession of the said business interests, wherever found, and to begin proceedings to dispose of same in any manner he/they shall think fit in order to realize the maximum value from said business interests, and out of the proceeds arising from such action, pay off said indebtedness, or so much thereof as shall be unpaid, together with the costs of said action, and the overplus, if any, shall be paid to the said Robert E. West and Hallie A. Jones.

In witness whereof, the said Robert E. West and Hallie A. Jones have set their hands and seals this first day of July, 1959.

[SEAL]

[SEAL]

Witness: Charles Pichette.

Witness: Thelma Millbern.

ROBERT E. WEST.

HALLIE A. JONES.

Mr. RICHARDSON. In relation to this, Mr. West, how much each month do you pay Mr. Guyant?

Mr. WEST. Right at present, I do not know, because this contract has been revised.

Mr. RICHARDSON. How much did you at the time of this contract?

Mr. WEST. That I could not tell you. I do not remember. Mrs. Jones handles the bookkeeping of the business.

Mr. RICHARDSON. Actually, does it not say \$375 payable on the first day of each month and \$375 payable on the 15th day of each month?

Mr. WEST. That is what it says. I have not read that since it was signed.

Mr. RICHARDSON. Mr. West, you have explained that one of your companies put out shares, the other put out ratings. Would you describe the difference between ratings and shares?

Mr. WEST. That may be a little bit embarrassing, because I do not know too much about ratings.

Share of audience is basically a percentage of audience attributed to each radio station in the surveyed area. A rating, the way I understand a rating, is based on sets in use. In other words, I would have to use an example, because it is the only way I could possibly explain it.

If a sets-in-use figure was, say, 20 percent for a particular period of the day and say there were 4 radio stations under consideration, if, say, the top station had 9 listeners of that 20, that would be the share of audience.

Mr. RICHARDSON. Then basically you would say that a share was the percentage each station had of listeners in the market, the total being 100 percent?

Mr. WEST. That is the share of audience, yes.

Mr. RICHARDSON. And the rating would be what percentage each station had of potential listening?

Mr. WEST. That is the way I understand it, yes, sir.

Mr. RICHARDSON. Now, Mr. West, you have full operating control of Robert S. Conlan & Associates, do you not?

Mr. WEST. What do you mean by "full"?

Mr. RICHARDSON. You are president of this corporation?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. You have just explained or read to the committee where, in 1960, at least by a brochure that was mailed to radio stations throughout the United States, you produced surveys in 400 markets from 2 to 6 times a year; is that right?

Mr. WEST. That is what is says: yes, sir.

Mr. RICHARDSON. This morning, over in the subcommittee offices, did we not go over the income tax records for Conlan and Verifak?

Mr. WEST. Yes.

Mr. RICHARDSON. In 1960—you may refer to the records on this—was not the stated field cost for survey field work stated by your accountant, \$5,619.83?

Mr. WEST. I understand that that is correct; yes.

Mr. RICHARDSON. Now, you completed at least 800 reports for \$5,000, the field work on these 800 reports?

Mr. WEST. Oh, no, sir.

Mr. RICHARDSON. Where else would the cost have been?

Mr. WEST. Well, this particular summary report included all surveys that we had done during the year. It was based on field work, not on a company. So they would have also included, I am sure—now, I could be, wrong. I did not tabulate the report, I don't know. But I am sure it would have included surveys also made by Verifak.

Mr. RICHARDSON. Now, you are treating Verifak and Conlan as one and the same company?

Mr. WEST. In that particular respect, I would say yes.

Mr. RICHARDSON. Is this Conlan brochure mailed to the broadcaster with that in mind? Does it state that these are surveys done by both Conlan and Verifak?

Mr. WEST. No, sir; it does not state that at all. It says this is a Conlan 1960 Radio Summary Report. It does not make any distinction.

Mr. RICHARDSON. In relation to this, Mr. West, is it not true that at least many of the smaller radio stations in the United States do not know that Conlan and Verifak are run by the same organization?

Mr. WEST. I do know that many of them do know it, but I could not speculate as to say just what they do know. I know that many do. I know that much.

Mr. RICHARDSON. Thank you, Mr. West.

Now, four times a year does not Conlan mail requests for subscriptions to every radio station in the United States?

Mr. WEST. No.

Mr. RICHARDSON. How many times a year would they do it?

Mr. WEST. Oh, some of them we may no more than four times a year, some of them once, some of them never.

Mr. RICHARDSON. How many markets does Conlan try to go into each year?

Mr. WEST. We try to go into as many as we can. I do not know. I don't have any particular figures on it at all.

Mr. RICHARDSON. I supply you with brochures of your company. Would you identify them and explain what they are?

Mr. WEST. This states: "1962 Radio Survey Schedules for 185 AM Markets."

Mr. RICHARDSON. Would you look and explain what this one is?

Mr. WEST. "Metropolitan Radio Schedules for 1961." It is a list of metropolitan radio survey schedules for 1961.

Mr. RICHARDSON. Now, when you mail out requests for subscriptions to surveys, you give the dates, approximately, when you expect these surveys to be made; correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. In Verifak, at least in 1961, a Mr. Ralph Corpolonga was your office manager in New York City; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. When we visited with Mr. Corpolonga, he stated briefly that Conlan had 12 group areas in the United States. Let's say, for example, you will have a grouping of Arkansas, Oklahoma and Texas—

Mr. WEST. Yes, sir.

Mr. RICHARDSON. And that these groups combined cover the entire United States?

Mr. WEST. The grouping—they are grouped by States. A grouping of 12 weeks in a quarter—we go by quarter—and we cover 48 States in this period. But that does not mean that we promote every radio station, by any means.

Mr. RICHARDSON. Would you identify this material?

Mr. WEST. This is a Verifak promotion schedule for the second quarter—I don't know what year it is. It lists 12 groups. It lists the survey date. It lists the first letter, it lists the second letter or the reminder letter, and the closing date.

Mr. RICHARDSON. Then basically you will send a first letter to the different radio stations asking them to participate in the survey?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. If you do not hear from them, you send a second letter?

Mr. WEST. A reminder; yes, sir.

Mr. RICHARDSON. Shortly before the time the survey is to be conducted?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. What is the close date?

Mr. WEST. The close date is the date the survey is closed for participation.

Mr. RICHARDSON. You will send three letters, then—

Mr. WEST. No, sir; the close date is referred to in the second letter.

Mr. RICHARDSON. Since you at least cover 400 markets, would you know whether or not you cover more markets than any other surveying company in the radio business?

Mr. WEST. I think we do, yes. I don't know. That is a guess.

Mr. RICHARDSON. Then basically, you try to cover each market four times a year, is that correct?

Mr. WEST. Rephrase it, please.

Mr. RICHARDSON. Let me restate it.

Mr. WEST. Repeat it.

Mr. RICHARDSON. Mr. Corpolonga informed us when we visited him in New York City that you divide up by quarters different States of the country and in each quarter, during some week in that quarter, mailings will go—he told us to every radio station.

This may or may not be true.

Mr. WEST. It is not true, no, sir.

Mr. RICHARDSON. But basically you send during each quarter information to the radio markets which you cover?

Mr. WEST. Information?

Mr. RICHARDSON. Asking them to be a subscriber to a survey?

Mr. WEST. On the ones which are promoted, yes, sir.

Mr. RICHARDSON. Each market that you cover has a chance of getting four Verifak surveys a year?

Mr. WEST. Well, I could not speculate on that, because I don't handle the promotion. I have never handled the Verifak promotion, so I could not say yes or no on it.

Mr. RICHARDSON. Mr. Corpolonga did state to the staff and would you say whether or not this is the opinion you have on the Verifak operation, that if no order was received from a station in the market, the survey was not conducted for Verifak?

Mr. WEST. I would say that is a true statement, yes.

Mr. RICHARDSON. So basically, you send out letters stating that surveys will be conducted. If you do not get any orders, you do not conduct the surveys.

Mr. WEST. We state, I believe, that we have scheduled a survey or have tentatively scheduled a survey. We do not say definitely.

Mr. RICHARDSON. Now, in your prepared statement which has been entered in the record, Mr. West, you discuss the cost of the Conlan surveys.

I assume that when you are speaking of the cost there of the Conlan surveys, you also have reference to the cost of Verifak surveys in the years in which Verifak was operating, the years 1960-61 being the ones which we are particularly interested in?

Mr. WEST. I don't understand that. You mean referring to the costs in what respect?

Mr. RICHARDSON. Did Verifak surveys cost \$1,000, or \$109?

Mr. WEST. No, sir; they are basically about the same rate.

Mr. RICHARDSON. I would like you to check and verify the figures I have here for the different specifications for your two companies which were mailed along each time you sent out a letter for participation. Give the number of it, the information in relation to the total calls completed, and the cost.

Mr. WEST. You would like me to refer to the specification number and the completed calls: is that correct?

Mr. RICHARDSON. And the cost.

Mr. WEST. And the cost. All right.

These are specification sheets which go out to the radio stations with the promotion or with the invitation letter to them which gives them the details of the survey or the scope of the survey.

These specifications were prepared, not by myself, but by Mr. Guyant.

Mr. RICHARDSON. Mr. Guyant left your company in August of 1961: is that correct?

Mr. WEST. That is right, sir.

Mr. RICHARDSON. Were you still using these after he left the company?

Mr. WEST. I assume we were, yes.

Mr. RICHARDSON. You owned Verifak, or at least by contractual arrangement you have owned it since July of 1959: is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. So basically Mr. Guyant was an employee or at least a consultant to your corporation?

Mr. WEST. Yes, sir; you may say that; yes, sir.

Mr. RICHARDSON. Would you go ahead and explain the material?

Mr. WEST. This is designated as an R-10, which is a full-time survey; it has 2,800 completed calls and on a daytime survey, 2,100 completed calls. The full-time rate is \$139; the part-time rate is \$109.

Mr. RICHARDSON. Then for the completion of 2,800 completed calls—this is not dialings, but completed calls—you would charge \$139; is that correct?

Mr. WEST. That is what it says.

Mr. RICHARDSON. And for 2,100 completed calls, you would charge \$109?

Mr. WEST. That is what it says.

Mr. RICHARDSON. The next one?

Mr. WEST. This is the R-20 specification. The full-time report, 3,600 completed calls; the part-time report, 2,500 completed calls.

The rate, full-time survey, \$159; part-time survey, \$129.

This is the R-30 specification. The full-time report, 4,600 completed calls; the part-time report, 3,200 completed calls. The rate on full-time, \$179, on part-time, \$139.

This is the R-40. Full-time basis, 5,600 completed calls; part-time, 3,850 completed calls. The full-time rate, \$199; the part-time rate, \$159.

Mr. RICHARDSON. Mr. Chairman, I would like these to be entered into the record.

The CHAIRMAN. You identified them as being correct and authentic; did you, Mr. West?

Mr. WEST. Well, yes; they are correct and authentic; to the best of my knowledge they are.

The CHAIRMAN. Let them be received in the record.

(The document referred to is as follows:)

VERIFAK SURVEYS ANNOUNCE A SPECIAL ADVERTISER-SALES SURVEY REPORT

SPECIFICATIONS

Participating: Agencies, advertisers, stations.

Method: Coincidental telephone survey.

Period: One week with spot check following.

Days: Monday through Friday.

Hours: Full time, 6 a.m. to 11 p.m.; part time, 6 a.m. to signoff.

Sample: Full time, 2,800 completed calls; part time, 2,100 completed calls.

Breakdown: One-hour time segments.

Data: Each time segment will contain: Number of completed calls, percent of sets in use, rating for all stations, share of audience all stations, average listeners per set, audience composition (men, women, children).

Reports: Fifteen bound reports; 15 mailer summaries.

Rates: Full time, \$139 complete; part time, \$109 complete.

Delivery: Average 2 weeks after fieldwork.

Optional: Separate Saturday and Sunday section; full time, \$33; part time, \$28.

To order: Send collect wire or phone MU 7-8199, New York City, and reverse charges.

R-10

VERIFAK SURVEYS ANNOUNCE A SPECIAL ADVERTISER-SALES SURVEY REPORT

SPECIFICATIONS

Participating: Agencies, advertisers, stations.
 Method: Coincidental telephone survey.
 Period: One week with spot check following.
 Days: Monday through Friday.
 Hours: Full time, 6 a.m. to 11 p.m.; part time, 6 a.m. to signoff.
 Sample: Full time, 3,600 completed calls; part time, 2,500 completed calls.
 Breakdown: One-hour time segments.
 Data: Each time segment will contain: Number of completed calls, percent of sets-in-use, rating for all stations, share of audience all stations, average listeners per set, audience composition (men, women, children).
 Reports: Fifteen bound reports; 15 mailer summaries.
 Rates: Full time, \$159 complete; part time, \$129 complete.
 Delivery: Average 2 weeks after fieldwork.
 Optional: Separate Saturday and Sunday section: full time, \$38; part time \$33.
 To order: Send collect wire or phone MU 7-8199 New York City and reverse charges.

R-20

VERIFAX SURVEYS ANNOUNCE A SPECIAL ADVERTISER-SALES SURVEY REPORT

SPECIFICATIONS

Participating: Agencies, advertisers, stations.
 Method: Coincidental telephone survey.
 Period: One week with spot check following.
 Days: Monday through Friday.
 Hours: Full time 6 a.m. to 11 p.m.; part time: 6 a.m. to signoff.
 Sample: Full time, 4,600 completed calls; part time, 3,200 completed calls.
 Breakdown: One hour time segments.
 Data: Each time segment will contain: Number of completed calls, percent of sets-in-use, rating for all stations, share of audience all stations, average listeners per set, audience composition (men, women, children).
 Reports: Fifteen bound reports; 15 mailer summaries.
 Rates: Full time, \$179 complete; part time, \$139 complete.
 Delivery: Average 2 weeks after fieldwork.
 Optional: Separate Saturday and Sunday section; full time, \$43; part time \$38.
 To order: Send collect wire or phone MU 7-8199 New York City and reverse charges.

R-30

VERIFAK SURVEYS ANNOUNCE A SPECIAL ADVERTISER-SALES SURVEY REPORT

SPECIFICATIONS

Participating: Agencies, advertisers, stations.
 Method: Coincidental telephone survey.
 Period: One week with spot check following.
 Days: Monday through Friday.
 Hours: Full time, 6 a.m. to 11 p.m.; part time, 6 a.m. to sign off.
 Sample: Full time, 5,600 completed calls; part time, 3,850 completed calls.
 Breakdown: One hour time segments.
 Data: Each time segment will contain: Number of completed calls, percent of sets-in-use, rating for all stations, share of audience all stations, average listeners per set, and audience composition (men, women, children).
 Reports: Fifteen bound reports; fifteen mailer summaries.
 Rates: Full time, \$199 complete; part time, \$159 complete.
 Delivery: Average 2 weeks after fieldwork.
 Optional: Separate Saturday and Sunday section. Full time, \$48; part time, \$43.
 To order: Send collect wire or phone MU 7-8199, New York City and reverse charges.

R-40

Mr. RICHARDSON. Mr. West, I give you the Robert S. Conlan Associates information of the same type as that which you have just identified for Verifak.

Is it not true that in the latter part of 1961, you changed the specifications for your Robert S. Conlan surveys?

Mr. WEST. I don't recall.

Mr. RICHARDSON. Maybe I should explain that.

Mr. WEST. We make changes all the time.

Mr. RICHARDSON. Would you describe what this first sheet is?

Mr. WEST. The first sheet is a specification sheet on what we term is an S-17 survey.

Mr. RICHARDSON. Would you describe the number of completed calls and the costs for this survey by the Conlan Co.?

Mr. WEST. In the same respect as I did on the previous ones?

Mr. RICHARDSON. Yes.

Mr. WEST. The full-time report, 2,500 completed calls; on the daytime report, 1,800 completed calls. The rate is \$135 full time, \$114 daytime.

Mr. RICHARDSON. Mr. Chairman, I would also like this copy of a Conlan survey specification included in the record.

The CHAIRMAN. Without objection, let it be received for the record. (The document referred to is as follows:)

ROBERT S. CONLAN & ASSOCIATES, INC.

NOTICE OF PARTICIPATING RADIO SURVEY

Our agreements with our advertiser-agency subscribers require us to publish reports when scheduled and our supervisor's itineraries are planned accordingly.

Basis: Participating; all local stations are invited to participate.

Method: Coincidental telephone; made over a period of 2 weeks.

Full-time report: Covers the hours from 6 a.m. to 11 p.m. on a Monday-through-Friday basis and consists of 2,500 completed calls.

Daytime report: Covers the hours from 6 a.m. to sign off on a Monday-through-Friday basis and consists of 1,800 completed calls.

Saturday and Sunday: May be added to the full-time report for an additional \$25 and to the daytime report for \$20, which will be tabulated and reported separately from the combined Monday-through-Friday data.

Optional: A full-time station may purchase the daytime report at the daytime rate, to include the hours from 6 a.m. to 6 p.m.

Specification: Type S-17 report; all data is presented in 1-hour segments on a combined Monday-through-Friday basis. Each time segment of 1 hour will give the following data:

(1) Completed calls, (2) sets-in-use, (3) share of audience, (4) average listeners per set (all sets in home measured), (5) audience composition (men, women, and children). The report will also give the total share of audience for all measurable outside stations on a total morning, afternoon, and evening basis.

Station rates: Rate for full-time report, \$135; rate for daytime report, \$114 (Saturday and Sunday additional).

Terms: Accounts are payable 10th of month following date of invoice unless special terms are arranged in advance with the order.

Subscriber copies: Fifteen bound reports will be furnished each station subscriber. Additional reports, when ordered before publication, are 50 cents each, and 75 cents each if ordered after publication, with a minimum reorder of 25 copies.

Delivery of reports: Two weeks following completion of fieldwork. One copy will be airmailed, balance shipped regular mail the same day.

Special S-17

Mr. RICHARDSON. Mr. West, Conlan and Verifak both come under basically the same field operation; the same person is basically in charge of Kansas City—

Mr. WEST. No.

Mr. RICHARDSON. You have one woman in charge of the Conlan operation mailing and a woman in charge of the Verifak mailings?

Mr. WEST. The mailings are made out of New York.

Mr. RICHARDSON. But you stated that they originally came from Kansas City. Who prepares the material for Verifak in Kansas City? Is it not Robert S. Conlan & Associates?

Mr. WEST. What do you mean, sir, the promotion material or what?

Mr. RICHARDSON. First the promotion material.

Mr. WEST. The Verifak promotion material was typed by a woman who worked in her home. She was a typist.

Mr. RICHARDSON. Now, in relation to the fieldwork, where is it mailed from for Conlan?

Mr. WEST. From our office in Kansas City.

Mr. RICHARDSON. The field material for Verifak, where is it mailed from?

Mr. WEST. Our office in Kansas City.

Mr. RICHARDSON. You do not have any supervision of your interviewers in the field: is that correct?

Mr. WEST. No, sir.

Mr. RICHARDSON. How do you normally hire your interviewers in the field?

Mr. WEST. You are talking about something that I have a general knowledge of, but not a specific knowledge.

Mr. RICHARDSON. Would you give us your general knowledge?

Mr. WEST. Well, Mrs. Jones, who is the other principal of the firm, handles the tabulating department, the field department, and the bookkeeping.

My position in the organization is principally sales. That is all I have ever did—sales: supervise the printing department, the small amount of purchasing, and so forth. I have nothing whatever to do with the field department or tabulating department at all.

Mr. RICHARDSON. But you are president of this corporation?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. What do you normally pay the interviewers per hour, to your knowledge?

Mr. WEST. All I could make would be a guess. I understand it is somewhere between anywhere from \$1 an hour on up.

Mr. RICHARDSON. In relation to this, is it not true in many cases that you contact your interviewers through the local employment agencies in the various cities where surveys are conducted?

Mr. WEST. I am sure we do.

Mr. RICHARDSON. How many telephone calls would you say a good interviewer could make in an hour, Mr. West?

Mr. WEST. I could not tell you: I would have to guess.

Mr. RICHARDSON. Would you give us a guess?

Mr. WEST. A lot would depend on how many questions were in the interview.

Mr. RICHARDSON. Well, let's say they asked the normal questions on your interviewing sheets.

Mr. WEST. They ought to—

Mr. RICHARDSON. Would you read the normal questions.

Mr. WEST. You mean how many completed interviews—

Mr. RICHARDSON. No; the question was, How many calls could be made, not completed calls.

Mr. WEST. You mean no answers and so forth?

Mr. RICHARDSON. The total?

Mr. WEST. I could not guess.

Mr. RICHARDSON. Would you briefly describe the questions which are asked by your interviewers in the field?

Mr. WEST (reading):

This is a Conlan Radio Survey. Have you or any member of your family been listening to radio during the past half hour? If the answer is "yes," ask questions 2, 3, and 4.

Question 2. To what station and program were you listening just now?

Question 3. To what station were you listening 15 minutes ago?

Question 4. How many persons were listening?

Mr. RICHARDSON. At least those questions will be asked in a Conlan survey to a home if it is contacted?

Mr. WEST. On that particular type of survey, yes.

Mr. RICHARDSON. You said you could give us a guess as to the number of calls an interviewer might make an hour. Would you give us that guess?

Mr. WEST. That would be including the no-answer and—

Mr. RICHARDSON. All calls placed.

Mr. WEST. Oh, I should say somewhere around 75 or 80.

Mr. RICHARDSON. How many completed calls would your estimate be could be made in an hour?

Mr. WEST. That would certainly vary from hour to hour.

Mr. RICHARDSON. As an average?

Mr. WEST. As an average, it would be a guess, and it might be a very bad guess.

Mr. RICHARDSON. Would you identify this sheet of paper?

Mr. WEST. It is on our letterhead dated October 11, 1960. It is addressed to the State Employment Service, Tucson, Ariz.

Mr. RICHARDSON. Are there attachments to this letter?

Mr. WEST. It is signed by Barbara Graham.

Mr. RICHARDSON. Would you give her title?

Mr. WEST. She is not with us any longer. She was with the field department.

The CHAIRMAN. She was what?

Mr. WEST. She is not with us any longer. She was with the field department, the department which sets up the survey.

The CHAIRMAN. How long ago?

Mr. WEST. Oh, she hasn't been there for well over a year.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Would you identify the information which is in the attachments to this letter?

Mr. WEST. This, I believe, is the radio survey assignment instructions.

Mr. RICHARDSON. Would you give the information from the material to the committee?

Mr. WEST. The assignment instructions read:

You are Operator A and will be paid the sum of \$22.50 for the complete assignment, which includes the telephoning and preparing of the worksheets. You are to call during the following days and time periods: Monday, from 8 a.m. to 10 a.m. and 6 p.m. to 8 p.m.; Tuesday, 10 a.m. to 12 a.m.; Wednesday, 12 p.m. to 2 p.m. and 8 p.m. to 10 p.m.; Thursday, 2 p.m. to 4 p.m.; Friday, 4 p.m. to 6 p.m.

Mr. RICHARDSON. Excuse me; then in this situation, the operator was paid \$22.50 or would have been paid had she received this contract, for 14 hours of interviewing; is that correct?

Mr. WEST. If that is what that adds up to.

Mr. RICHARDSON. We have 5 days here; 5 by 2 are 10 plus 2 equals 12, plus 2 equals 14; is that correct?

Mr. WEST. That is what it looks like.

Mr. RICHARDSON. Go ahead.

Mr. WEST (reading):

Listing: Letters A through Z of the telephone book have been assigned to you, starting with the first page and column of this section: list nontoll resident telephone numbers on each worksheet answer explained on the specimen worksheet. Please list some numbers from each letter assigned you. Also, list 20 numbers on each worksheet.

Mr. RICHARDSON. Excuse me for interrupting you at this time. They were then supposed to list 20 numbers on each 15-minute worksheet; is that correct?

Mr. WEST. That is what it says here.

Mr. RICHARDSON. Then it is obvious they could not make over 20 dialings on each 15-minute period, if that is all the numbers listed on the worksheet?

Mr. WEST. I don't know about that. I don't know why they could not.

Mr. RICHARDSON. Your instructions say it is supposed to be done on a 15-minute basis, is that correct?

Mr. WEST. We have not even read that, yet.

Mr. RICHARDSON. Pardon me.

Mr. WEST (reading):

Calling: Each worksheet represents one 15-minute period—

I assume this is an example, 8 to 8:15; 8:15 to 8:30, etc.—

Start calling the numbers previously listed exactly 1 minute after the start of each 15-minute period and call 13 minutes, calling as many numbers as possible. If you are unable to complete all numbers listed, turn to the next worksheet.

Mr. RICHARDSON. Then it has stated that in this 15-minute period, they may at least dial 20 different numbers.

Mr. WEST. I assume that is right: yes.

Mr. RICHARDSON. And if they cannot complete 20 and the 15-minute period has ended, they are to turn to the next sheet. Therefore, 20 calls or dialings each 15 minutes would be the total that could be placed?

Mr. WEST. Yes.

Mr. RICHARDSON. This is just dialing, not completed calls.

Mr. WEST. They could complete all 20 of them.

Mr. RICHARDSON. It is possible that out of 20 dialings, you could complete all 20 of them?

Mr. WEST. It is possible they could get none.

Mr. RICHARDSON. Do you have any idea how many could be completed?

Mr. WEST. None whatsoever.

Mr. RICHARDSON. In this particular survey, were there any questions other than radio questions asked?

Mr. WEST. Yes; it says—

While you have the interest and attention of the respondent, go ahead and ask the following questions concerning television:

Would you mind telling me if anyone in your home is viewing television just now? To what station and program are you viewing? How many people are viewing just now?

If the answer to question 1 is "No," then ask, "Do you have a television set in your home?"

I would say this is a very old instruction sheet, because I cannot remember when we have asked television.

Mr. RICHARDSON. Would you identify the date on the front?

Mr. WEST. I identified the date of the letter, but I do not identify the date of this. There is no date on this.

Mr. RICHARDSON. All right. Is it, to your knowledge, the type of information that would have come from the Robert S. Conlan Co.?

Mr. WEST. Yes; it looks like an instruction sheet. But whether it is actually ours, I could not say. I imagine it is.

Mr. RICHARDSON. Would you be able to verify this instruction sheet with Mrs. Jones for the committee at some future date?

Mr. WEST. She could, oh, yes, she could.

Mr. RICHARDSON. In the month of November 1961, you were contacted by Mr. Stuart Ross of this subcommittee, is that correct, Mr. West?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. At that time, he asked you to give him the interviewers for eight specific cities; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. You prepared a list for him based on a year, different times for different markets; is that correct?

Mr. WEST. I did not prepare the list, no, sir.

Mr. RICHARDSON. It was prepared by your company?

Mr. WEST. It was prepared by Mrs. Jones, I believe.

Mr. RICHARDSON. Would you look at this list? Did Mrs. Jones give this to Mr. Ross, or did you?

Mr. WEST. I am sure Mrs. Jones did. I didn't give it to him.

Mr. RICHARDSON. Did you ever see the list?

Mr. WEST. I don't recall, but I imagine I have, yes.

Mr. RICHARDSON. Would you identify the cities named on the list?

Mr. WEST. On the Conlan surveys, the cities identified are Tucson, Ariz.; Pine Bluff, Ark.; Sacramento, Calif.; Pueblo, Colo.; Tampa, Fla.; Lansing, Mich.; Amarillo, Tex.; and Albany, N.Y.

On the Verifak sheet the cities are Tucson, Ariz.; Pine Bluff, Ark.; Sacramento, Calif.; Pueblo, Colo.; Tampa, Fla.; Lansing, Mich.; Amarillo, Tex.; and Albany, N.Y.

Mr. RICHARDSON. Mr. Ross asked for a year's period on each of these markets and is it not true that you listed the number of surveys done by your company?

Mr. WEST. I understand the question but I—apparently he asked it for more than a year's period, because I see 1960 and 1961 surveys listed.

So he must have asked it for more than a year.

Mr. RICHARDSON. Let us take specific markets.

In Tucson, Ariz., did he not ask for the interviewing and the field work done for the year April 1960 to April 1961?

Mr. WEST. I don't see April on here for Tucson; no, sir.

Mr. RICHARDSON. What months are listed for Tucson, Ariz.?

Mr. WEST. On Conlan, July 1960; August 1960; October 1960; November 1960; December 1960; January 1961.

On Verifak, Tucson, Ariz., May 1960; and February 1961.

Mr. RICHARDSON. Now, did he not also ask for the Pine Bluff, Ark., list—September 1960 to September 1961?

Mr. WEST. I don't see September on here.

Mr. RICHARDSON. Do you see any under Pine Bluff, Ark.?

Mr. WEST. On Conlan, I see Pine Bluff, Ark., and a notation of "None."

On Verifak, I see the listing of Pine Bluff, Ark., October 1960.

Mr. RICHARDSON. And would you give us the same information for Tampa-St. Petersburg, Fla.?

Mr. WEST. On Conlan, Tampa—let's say St. Petersburg. It says Tampa, Fla., November 1960, on Conlan.

On Verifak, Tampa, the notation, "None."

Mr. RICHARDSON. This information, to your knowledge, was it asked for the period from March 1960 to 1961?

Mr. WEST. I could not tell you that, sir.

I would not know.

Mr. RICHARDSON. Who would know in your organization?

Mr. WEST. Mrs. Jones.

Mr. RICHARDSON. You did not have any contact with Mr. Ross other than you saw this list, in relation to the surveys to be included that go on the list?

Mr. WEST. I don't understand the question.

Mr. RICHARDSON. In relation to this material which was submitted to Mr. Ross, he gave you certain periods in which he wanted all surveys done for specific markets for that period, is that not correct?

Mr. WEST. I do not know what, actually, what periods he asked for. We have some correspondence with Mr. Ross. Maybe you would like to refer to it, because I could not guess on dates at all.

The CHAIRMAN. Mr. West, we are endeavoring to avoid having to bring Mrs. Jones here in order to expedite this and to get the information and develop these facts. Mr. Ross, our staff member who was developing this information and did so through you, perhaps can bring to your own recollection just what occurred.

Mr. WEST. Well, sir, I have cooperated with this committee all the way and I wish to do it now. But as I say, I think it is serious and I would not want to make any generalizations. I mean I have a general—I am not trying to say I am stupid about the business. I have a general understanding of the procedures, but not specific.

The CHAIRMAN. He asked you for certain specific information, though, and you provided certain specific information. We want to know if that information is correct or not.

Mr. WEST. If it is in my jurisdiction, I can tell you, sir.

The CHAIRMAN. You are president of the company and the information was made available through you and the information was obtained by the staff. So we want you to let us know whether or not the information was supplied by a company which you head.

Mr. WEST. I believe that all statistical information and bookkeeping information were supplied to you by Mrs. Jones, was it not? Maybe I was an intermediate.

Mr. Ross. Well, let me put it this way: Isn't it a fact that while I was at your office, all my requests for information, or practically all of them, were made to you?

Mr. WEST. Yes, sir; I made them to her in return.

Mr. ROSS. So that is all there is to this.

Mr. WEST. Yes.

Mr. ROSS. And as a result of my requesting data with respect to the cities listed on this sheet and for the periods noted, this sheet was given to me on November 22, 1961. That is all there is to it.

Mr. WEST. Yes, sir; that sheet was given to him, I am sure.

Mr. ROSS. And I think it is reasonable to say that it was cleared through you before it was transmitted to me.

Mr. WEST. Oh, yes; I passed on any information to him because, being president, I assumed that was my duty and obligation.

The CHAIRMAN. That is what we want to know, if the information was correct, and it was presented to you. It seemed that when you were questioned by Mr. Richardson, you did not know if it was correct or not, and you prepared it.

Mr. WEST. Yes, sir.

He was questioning me about specific dates. If they are on the letter, I will verify them.

The CHAIRMAN. All right.

Mr. RICHARDSON. Thank you, Mr. Chairman. Then the notes Mr. Ross just showed you requested specific dates which he asked you to supply?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Those dates were for Tampa-St. Petersburg, March 1960 through March 1961.

Mr. WEST. I assume that is what was asked; yes, sir.

Mr. RICHARDSON. Now, for the city of Tucson, Ariz., the dates asked were April 1960 to April 1961?

Mr. WEST. I have no knowledge of that date at all, sir. I assume he is correct. But I have no knowledge of it. Was there correspondence on this date or something?

Mr. RICHARDSON. Mr. Ross made this to you personally in your office in Kansas City, from his notes.

Mr. WEST. If Mr. Ross says he did it, I am sure he did it.

Mr. RICHARDSON. All right. For Pine Bluff, Ark., the information supplied was for September 1960 to September 1961.

Mr. WEST. If Mr. Ross says those were the dates, those were the dates.

The CHAIRMAN. Well, did you give him the information, or did your company—

Mr. WEST. Yes, sir.

The CHAIRMAN (continuing). —supply the information that he requested of you personally, which you directed your company to prepare and give to the committee?

Mr. WEST. Yes, sir.

The CHAIRMAN. That is true?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Thank you, Mr. Chairman. Mr. West, actually for both Conlan and Verifak, a survey is not necessarily conducted, or the field work is not conducted for it unless you get a subscriber, isn't that correct?

Mr. WEST. Verifak, yes. I cannot remember making surveys for Verifak without a subscriber. Conlan, no.

Mr. RICHARDSON. You go ahead and make a survey anyway, if it has been listed?

Mr. WEST. In some cases.

Mr. RICHARDSON. In some cases when you say you make a survey for Conlan, you then make a survey. I ask the question, if a survey is scheduled in a market for Conlan, is it made? Your answer is: "In some cases." Would you clarify that answer?

Mr. WEST. I do not believe that was—I thought that you asked me if Conlan scheduled a survey in the market, if we did or did not make it, whether we had a subscriber or not. That is my interpretation. Those are not your words.

Mr. RICHARDSON. Right.

Mr. WEST. And I say in some cases yes, we will make the survey without a subscriber.

Mr. RICHARDSON. Could you tell us what the situation would be when you would go ahead and make the survey, and what the situation would be when you would not make the survey?

Mr. WEST. We would make the survey under various circumstances. Basically the reason we would make a survey without a subscriber is that if we had received a reply from one of the stations and the station said that—which a lot of them do—"We may be interested in subscribing to your survey after you have made the survey," that would be an instance.

Mr. RICHARDSON. Mr. West, I give you this letter. Would you identify it?

The CHAIRMAN. Can you identify the letter?

Mr. WEST. Yes.

Mr. RICHARDSON. Thank you, Mr. Chairman. Would you read the information from the letter?

Mr. WEST. It says—it is directed to the program director, radio station WHBO, Tampa, Fla.

DEAR SIR: Will you kindly send us your corrected program schedules for the period of November 12 through November 25, 1961, Sunday through Saturday, to be used in the editing of the agency surveys being made in your area during this period. It is important that we have your schedule to properly identify each response received. Please indicate your exact signoff and sign-on time during this period. Your prompt attention to this will be greatly appreciated, as it is very necessary that we have your program schedules in order to give your station full credit for all responses shown. Please send these schedules to Barbara Graham, Field Production.

The CHAIRMAN. Is that your company?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Thank you, Mr. Chairman. In relation to this letter, November 20, 1961, you had at least indicated that you would do a survey in the Tampa-St. Petersburg market?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Now, if you can, identify this letter.

Mr. WEST. This is dated November 29, 1961, to Arthur Mundorff, radio station WPIN, Tampa, Fla.

Mr. RICHARDSON. Would you read the letter?

Mr. WEST (reading):

In response to our telephone conversation of last week, I find that although we scheduled a survey in your market for the weeks of November 13 and 20, that we did not have any subscribers and therefore did not go ahead and complete the survey as planned. Generally we do not complete a survey unless we have at least one subscriber in the market. For your information I am attaching herewith a tentative schedule for 1962 as well as a general specification sheet which outlines in detail the surveys which we plan in your market for 1962.

Since these schedules are only tentative plans, we are at liberty to change the dates. Therefore should you feel that you should like to have a survey before our next scheduled date, please let me know and I will be glad to see if we can oblige. I am sorry that it has taken so long to reply, but we were closed over the Thanksgiving holidays.

Thanking you for your inquiry, and assuring you of our cooperation at all times.

Mr. RICHARDSON. This was made at the same time Mr. Ross was visiting your plant in Kansas City, is that correct?

Mr. WEST. He was there around Thanksgiving. I would assume it was, or after.

Mr. RICHARDSON. Would you identify this letter?

Mr. WEST. This letter, dated February 28, 1961—do you want me to read it?

Mr. RICHARDSON. Yes.

Mr. WEST (reading):

Mr. GEORGE W. FEE,
Radio Station WALT, Tampa, Fla.

DEAR MR. FEE: According to our preliminary tabulations, I am pleased to say that WALT is in first place in the daytime on the Metropolitan St. Petersburg survey which we conducted during the weeks of February 12 through the 19th. Since the reports will not be made until next week, the survey is still open for local participation. We offer WALT to participate at the rate of \$145 for the complete Monday through Friday report, as outlined in the attached specification.

Since we expect to print and ship the reports early next week, I therefore urge that you confirm your participation by collect wire immediately, or better still, call me collect at Jefferson 1-9198.

Mr. RICHARDSON. Mr. West, I give you this and I want you to look at it and read it before you decide whether or not it is a letter from you, because it is a copy and not the original.

Mr. WEST. It could possibly be, yes.

Mr. RICHARDSON. Would you want to state one way or the other?

Mr. WEST. Well, I would say yes, I would say it is. I mean, I don't know. There is no authentic verification of it. But it reads like my letter; that is all I could say.

Mr. RICHARDSON. Would you read it for the committee?

Mr. WEST. This is dated February 28—are you holding this in reference to that previous letter?

Mr. RICHARDSON. Yes.

Mr. WEST. This is two different markets; you understand that?

Mr. RICHARDSON. Right.

Mr. WEST. All right.

This is dated February 28, 1961. This is to Fred P. Shawn, Radio Station WSUN, St. Petersburg, Fla.

DEAR MR. SHAWN: According to our preliminary tabulations, I am pleased to say that WSUN is in first place in the morning and evening on the Metropolitan Tampa, Florida-St. Petersburg survey which we conducted during the weeks of February 12 and the 19th.

Since the reports will not be published until next week, and the survey is therefore still open for local participation, we offer WSUN the opportunity of participating at the rate of \$179 for the complete Monday through Friday report as outlined in the attached specifications.

Since we expected to print and ship the reports early next week, I therefore must urge you that you confirm your participation by collect wire immediately, or better still, call me collect at Jefferson 1-9198.

Sincerely.

Mr. RICHARDSON. It is your statement that the Tampa-St. Petersburg market is normally not done by you as one market?

Mr. WEST. Sometimes yes and sometimes no.

Mr. RICHARDSON. Was it in this case done by you in February of 1961, as the same market?

Mr. WEST. Well, let's see. This one says metropolitan Tampa, Fla.-St. Petersburg. Let's see what the other one says. No, these are two different surveys entirely. One is metropolitan St. Petersburg, and the other was metropolitan Tampa-St. Petersburg.

Mr. RICHARDSON. But in February, according to these letters, your company, Robert S. Conlan & Associates, did surveys in Tampa and St. Petersburg both, correct?

Mr. WEST. It appears to be so; yes, sir.

Mr. RICHARDSON. I refer you to the list in front of us, which you have identified as supplied by you and your company to Mr. Ross. Now, the list covered the periods for Tampa-St. Petersburg, or at least for Tampa here, for March 1960 to March 1961. Do you find either one of the surveys you have just mentioned listed there as having ever been done?

Mr. WEST. No; I don't, no.

Mr. RICHARDSON. Do you have an explanation as to why?

Mr. WEST. I am not sure those surveys were ever published. Were they?

Mr. RICHARDSON. Well, this is a list of the field—

Mr. WEST. No, this is a list of the sales.

Mr. RICHARDSON. This is a list of the sales?

Mr. WEST. Yes, sir. This is not a list of surveys made. We make surveys and never sell them.

Mr. RICHARDSON. At one time in our conversation with you, Mr. West, you stated that the Conlan Co. made a large number of surveys and published them for the agencies, even though no station subscribed, is that correct?

Mr. WEST. Whenever we made a survey without a subscriber, never eventually ending up selling the survey, we would publish a summary on it. But that would be all. We wouldn't publish a complete report—it would be too expensive. After all, we made an investment in a survey to begin with, and there would be no purpose in going any further.

Mr. RICHARDSON. So there is no way of knowing whether or not in this situation this survey was ever published?

Mr. WEST. Not that I know of.

Mr. BROTZMAN. May I interrupt just a moment at this point?

Mr. RICHARDSON. Yes, sir.

Mr. BROTZMAN. Earlier I thought you said that you sent out a sample interrogation to the various people subscribing to your service and asked them if they would be willing to purchase the survey at a certain time, is that correct?

Mr. WEST. It is what I call a promotion letter. Whenever we schedule a survey, we write the station and tell them that we have scheduled a survey for their market, on a certain date, and we are—we invite them to participate along with other stations.

Mr. BROTZMAN. I got the impression from your testimony that you did not go ahead and do the survey unless you had an indication from these people that they wanted to purchase your survey.

Mr. WEST. Generally that is true, yes.

Mr. BROTZMAN. Your testimony just now seemed to me to be contradictory in this respect. Did you say that you go ahead and make surveys, even though you do not sell them?

Mr. WEST. Sometimes, yes.

Mr. BROTZMAN. Not in response to letters that you send out—but you just go ahead and do it of your own volition?

Mr. WEST. Oh, yes, we have, yes.

Mr. BROTZMAN. What is your usual practice—to do it the way you did in example 1, or in this latter way?

Mr. WEST. Well, I think, sir, that ever since I can remember, before I even owned the company, yes, surveys were made without subscribers. I don't think—that is not an unusual practice with us, as far as I know it is not. I don't think that it is. I know Mr. Guyant made some surveys without subscribers.

Mr. BROTZMAN. All right.

Mr. RICHARDSON. Thank you Congressman Brotzman.

Mr. WEST, in relation to your fieldwork, did Mr. Sparger and I have an interview with you on November 4, 1961?

Mr. WEST. I think that is correct, yes, sir.

Mr. RICHARDSON. At that time did you not state to us that Conlan destroys its fieldwork, the interviewing sheet actually done in the field, before the report is ever mailed from the office?

Mr. WEST. Oh, no, no, sir. That statement was never made. It is not so.

Mr. RICHARDSON. How long do you keep your fieldwork, Mr. West?

Mr. WEST. The way I understand it, it is retained in the box until one of the girls in the office clears a group of boxes. It may set there for a day, it may set there for a month.

Mr. RICHARDSON. You would not have any period, say, of 3 months in which you would keep your fieldwork for the surveys you have done?

Mr. WEST. I may. I don't know.

Mr. RICHARDSON. Would you state the basic policy of your company at this time, since undoubtedly Mr. Sparger and I did not understand you.

Mr. WEST. Well, as I say, it is not a—particularly a policy. It is a matter—we are a rather small firm, and have a limited number of employees. And they all do one or two jobs. And the particular function that he is speaking of, I would say it would be a matter of when the girl had time to empty the boxes and distribute the material, which may be—they may have put one up there today, and she may have cleared the box today; they may sit there a month. I don't know.

Mr. RICHARDSON. Well, let's take a hypothetical. Let's say I am a station—

Mr. WEST. Excuse me. There is no established policy on it, as far as any period of time goes.

Mr. RICHARDSON. If I owned a radio station in Kalamazoo, Mich., and I ordered a survey from you in September of 1962, and I came to your plant to check the fieldwork on that survey in January of 1963, in your opinion would it be available for me to look at?

Mr. WEST. I don't think so.

Mr. RICHARDSON. Would it have had I come in December?

Mr. WEST. September and December? It is possible. I don't know.

Mr. RICHARDSON. Would it have been had I come in October?

Mr. WEST. It may be that if you had come the next day it would not have been there.

Mr. RICHARDSON. Now, Mr. West, you have stated that you send your reports to approximately 144 different advertising agencies; is that correct?

Mr. WEST. Summaries, not reports.

Mr. RICHARDSON. Correction—summaries. To your knowledge do any of these agencies use your reports?

Mr. WEST. I do not know, sir.

Mr. RICHARDSON. To your knowledge, are you accepted better in parts of the United States; say, for example, in the western part of the United States, than you are in the eastern part of the United States?

Mr. WEST. I do not know our acceptance in any part of the United States, for that matter. I assume we have some acceptance in general all over. I imagine we have less in the East than we do in any other parts of the country, because that is the large advertising hub of the country.

Mr. RICHARDSON. Now, Mr. West, once again I would like to go back with you to the number of calls made by an operator. I refer you to the information supplied to the subcommittee in October of 1961.

Mr. WEST. Yes.

Mr. RICHARDSON. Would this report have been for October—your letter here is October 11—would it have been for an October survey or a November survey?

Mr. WEST. Well, there ought to be a date here. This survey would have been October and November. Our surveys run for a 2-week period. I assume that is what it was.

Mr. RICHARDSON. All right.

Your companies have a number for each particular survey; is that correct?

Mr. WEST. Yes.

The CHAIRMAN. October and November of what year?

Mr. RICHARDSON. 1960.

Mr. WEST. Would you identify this?

Mr. WEST. It is a Western Union telegram dated October 14, 1960, 12:30 p.m., to Phyllis Broad, 5118 East 26th Street, EA 5-4618, Tucson, Ariz.

Will conduct a Conlan survey for you.

OLIVER A. SWITZER,
Arizona State Employment Service.

Mr. RICHARDSON. Actually this telegram is to Barbara Graham of your company, is that correct?

Mr. WEST. Yes, I see that. It is to her, yes.

Mr. RICHARDSON. Now, this was done, according to your information, by Mrs. Broad, and your company number is 8039, is that correct?

Mr. WEST. That is what it looks like, yes.

Mr. RICHARDSON. This is an S-17, is that correct?

Mr. WEST. That is what it says there; yes, sir.

Mr. RICHARDSON. And how many completed calls at this time did you list would be made for an S-17?

Mr. WEST. I would have to see the report.

Mr. RICHARDSON. Did you not furnish this material here for Mr. Ross?

Mr. WEST. I furnished this material here, but not these notations on it. These are apparently your notations.

Mr. RICHARDSON. Mr. West, we do not seem to have an October 1960 Conlan report. Would you normally have a specification sheet for an S-17?

Mr. WEST. I do not understand your question. Would we normally have a specification sheet?

Mr. RICHARDSON. Yes. We introduced into the record some specification sheets for your company. One of them was an S-17. And on that, it states that a certain number of calls will be made in the market. Is that correct?

Mr. WEST. If this report was made in accordance with that specification sheet, I would say yes.

Mr. RICHARDSON. Mr. West, would you define from this what letters of the alphabet Mrs. Broad was supposed to be conducting the telephone survey from?

Mr. WEST. It says letters "A" through "Z."

Mr. RICHARDSON. The list supplied to the subcommittee by you showed that Mrs. Phyllis F. Broad did this survey, is that correct?

Mr. WEST. That is what it looks like to me; yes, sir.

Mr. RICHARDSON. Information has been entered in the record that the number of calls for an S-17 would vary depending on whether it is a daytime or a full-time report. Is that correct?

Mr. WEST. Oh, yes, sir.

Mr. RICHARDSON. Well, unfortunately, since the reporter took the copy of that document [the S-17 specification sheet] would you remember what the number is for an S-17?

Mr. WEST. I couldn't remember. We change our—we change specifications occasionally.

Mr. RICHARDSON. Would it have been 2,500?

Mr. WEST. It is quite possible it could have been 2,500.

Mr. RICHARDSON. What is the lowest number you would ever go?

Mr. WEST. I think presently it is—this is a guess—1,800, I believe.

Mr. RICHARDSON. All right. On this survey, one woman did the work. She worked, according to the material sent, for 14 hours, is that correct?

Mr. WEST. I assume it is, if that is what it says; yes, sir.

Mr. RICHARDSON. I show you a check supplied by your company to the subcommittee. Would you identify this copy of this check?

Mr. WEST. This is a photostatic copy of our check dated January 20, 1961, in the amount of \$22.50, payable to the order of Phyllis F. Broad, 5118 East 26th Street, Tucson, Ariz.

Mr. RICHARDSON. Now, this agrees with the specification sheet and the letter sent from the employment agency. That was the amount you were going to pay her, \$22.50?

Mr. WEST. Yes.

Mr. RICHARDSON. And she worked 14 hours. Your specification sheets require a listing of 20 telephone numbers for each 15-minute period, is that correct?

Mr. WEST. That is the worksheet, yes, sir.

Mr. RICHARDSON. There are four 15-minute periods in an hour, is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. And with 20 potential calls being placed each quarter hour, this would be a total of 80 calls an hour, is that correct?

Mr. WEST. That would be 80 calls per hour, yes.

Mr. RICHARDSON. Now, all specification sheets you identified for the record gave completed calls. Of course it is probable you would not complete as many calls as you would make dialings, is that correct?

Mr. WEST. Oh, sure, yes. There would be no answers and so forth, yes.

Mr. RICHARDSON. At 80 calls an hour, for 14 hours, would you agree that that comes to 1,120 calls?

Mr. WEST. Yes, I would.

Mr. RICHARDSON. Then if Mrs. Broad completed 80 calls an hour for every hour which she worked, the maximum number of calls she could have made would have been 1,120?

Mr. WEST. I assume that is correct, yes.

Mr. RICHARDSON. And yet in any specification sheets which we have seen, in any statements you have made, you have stated you do not go below 1,800 calls. Can you explain this situation?

Mr. WEST. Maybe I better clear up a point here. I think I see what you are driving at.

The report sample, when it states here—you will see the sample. Now, this sample here says 7,076 calls.

Mr. ROGERS of Florida. What sample is that?

Mr. WEST. This is the Tucson, Ariz., survey for August-September 1960, sir.

Mr. ROGERS of Florida. This is not the period we have under discussion, however, is it, Mr. West?

Mr. WEST. Well, we can take that. It doesn't make any difference.

Mr. ROGERS of Florida. Go ahead and explain what you were starting to explain.

Mr. WEST. This states the sample. Now, this sample does not mean that there were 7,076 new calls made on which this report is based.

Mr. RICHARDSON. How many calls would you say the report was based on?

Mr. WEST. It could be based on 100 percent, 75.50—I don't know. The tabulating department, they have their projections and their estimates.

Mr. ROGERS of Florida. Let me just ask this. I did not understand what you said. You said you put down a figure of 7,000-some-odd?

Mr. WEST. Yes, sir, on this particular report—the sample states on the entire survey that the sample was 7,076.

Mr. ROGERS of Florida. But you said there are not that many. But that does not mean there are that many samples?

Mr. WEST. Oh, no, sir. What I said—that does not mean that this report is based on 7,000 new calls.

Mr. ROGERS of Florida. What is that figure doing there?

Mr. WEST. That is what this report is based upon, sir.

Mr. ROGERS of Florida. For what period of time?

Mr. WEST. For August and September 1960.

Mr. ROGERS of Florida. Well, why do you put a figure in there that the report is not based on? What is the purpose of it?

Mr. WEST. Well, actually, I could not answer that.

Mr. ROGERS of Florida. Well, who puts the figure there? Do you put it there?

Mr. WEST. No, sir. The tabulating department does, sir.

Mr. ROGERS of Florida. Well, are you the president of the company?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. How many employees do you have, sir?

Mr. WEST. Including myself, I think we have five, sir.

Mr. ROGERS of Florida. Five employees only?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And you are not aware of these facts?

Mr. WEST. My duties have never been in that phase of the business, sir.

Mr. ROGERS of Florida. What are your duties?

Mr. WEST. That is the technical end of the business that I know nothing about. I never did.

Mr. ROGERS of Florida. What are your duties?

Mr. WEST. My duties are basically sales, correspondence, I supervise the printing department, and do whatever purchasing is necessary.

Mr. ROGERS of Florida. So you know nothing about the surveys?

Mr. WEST. I know in general, sir; yes, sir, in general.

Mr. ROGERS of Florida. But no details?

Mr. WEST. I am not a statistician, I guess you would call it.

Mr. ROGERS of Florida. Who is your statistician?

Mr. WEST. That is Mrs. Jones.

Mr. ROGERS of Florida. Mrs. Jones?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Is she the other stockholder in the company?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Are there only two stockholders?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. You and Mrs. Jones?

Mr. WEST. And Mrs. Jones, yes, sir.

Mr. ROGERS of Florida. So she handles all of the statistics?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And she is the one that is responsible, and not you?

Mr. WEST. Well, being president of the company, I suppose I am responsible for anything the company does, sir.

Mr. ROGERS of Florida. But you claim that you do not know anything about it—Mrs. Jones is the only one that would know?

Mr. WEST. Mrs. Jones—the only one that could specifically answer your questions from a statistical standpoint. I could not do it.

Mr. ROGERS of Florida. How do you sell this, if you do not know what that 7,000 figure means?

Mr. WEST. Well, I know what this 7,000 figure means.

Mr. ROGERS of Florida. What does it mean?

Mr. WEST. It means that this report is based on a sample of 7,076.

Mr. ROGERS of Florida. But you told me you did not make that many samples in this report, necessarily.

Mr. WEST. I stated that this sample, sir, is not based on new calls. It is based on prior information. It is a general practice, I understand, in the survey business.

Mr. ROGERS of Florida. To use prior calls for a late survey?

Mr. WEST. Sir?

Mr. ROGERS of Florida. Are you telling me now that you used prior contacts for the latest survey?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. So you do not give a late survey at all? It could be a year or two years ago. Is that what you are telling us?

Mr. WEST. Surveys are estimates.

Mr. ROGERS of Florida. Just answer that question. Are you telling me now that this survey could have included figures that were obtained a year or 2 years before?

Mr. WEST. Oh, no, sir. I do not think that far back.

Mr. ROGERS of Florida. Well, how far back?

Mr. WEST. Maybe 6 months. I do not think a year.

Mr. ROGERS of Florida. Does your report state that they were based on reports prior to the 2-month period you give?

Mr. WEST. Not that I know of, sir; no, sir.

Mr. ROGERS of Florida. Did you tell that to the people in your sales—to them—that these calls were not made within this time?

Mr. WEST. I don't know whether I volunteered the information. If they asked, I may have. I don't know.

Mr. ROGERS of Florida. Well, you are giving them specific information in your report of 7,000. Do you explain that figure to them?

Mr. WEST. I have explained it, sir, as far as I can explain it. The report is based on a total sampling of 7,076.

Mr. ROGERS of Florida. Do you prescribe the time period for this report?

Mr. WEST. The report is dated, yes, sir.

Mr. ROGERS of Florida. As covering what period?

Mr. WEST. As covering August-September 1960.

Mr. ROGERS of Florida. Well, then, the 7,000 is not a correct figure within that period of time, is it?

Mr. WEST. There probably was not 7,700 completed interviews in that period, that is right, sir.

Mr. ROGERS of Florida. Well, then, that is false information, is it not?

Mr. WEST. Excuse me, sir. This sample, based on 7,076, that sample is based on a multiple question interview. That does not

mean that there—that this sample represent 7,076 individual homes.

Mr. ROGERS of Florida. But 7,000 questions asked.

Mr. WEST. Questions, yes, sir.

Mr. ROGERS of Florida. Well, now, do you state that there were 7,000 questions asked?

Mr. WEST. We state that the sample is 7,076, sir.

Mr. ROGERS of Florida. In normal procedure, would most people believe, and do you give the impression, that that is 7,000 contacts—7,000 samples?

Mr. WEST. I could not state what—

Mr. ROGERS of Florida. Well, what did you hold this out to be?

Mr. WEST. We held out—

Mr. ROGERS of Florida. Based on 7,000 samples? What did you tell people?

Mr. WEST. Excuse me. Could I consult with my attorney for a minute, sir?

Mr. ROGERS of Florida. I want you to answer my question.

Mr. WEST. Maybe I had better explain further, to the best of my ability, sir. The report, the sample is based on a sampling of 7,076.

The CHAIRMAN. 7,076 what?

Mr. WEST. It would be a statistical entity, I suppose.

Mr. ROGERS of Florida. Is it a person or is it questions?

Mr. WEST. That would be questions.

Mr. RICHARDSON. I will point something out for you, Congressman.

Right below this you state “listening homes, 1,412.” Do you not, Mr. West?

Mr. WEST. That is what it says, yes, sir.

Mr. RICHARDSON. Now, you just agreed with me that Mrs. Broad could not possibly have made more than 1,120 phone calls—dialings—period. Is that correct?

Mr. WEST. I assume that is correct, yes.

Mr. RICHARDSON. At 80 an hour for 14 hours.

Mr. WEST. I assume that is correct.

Mr. RICHARDSON. Then in this survey—and I will ask you as soon as I ask this question to read the front page here—more homes were listening than calls were made; is that correct?

Mr. WEST. Well, no; it doesn't say that at all.

Mr. RICHARDSON. Does it say listening homes?

Mr. WEST. It says listening homes, yes.

Mr. RICHARDSON. Entire survey, 1,412.

Mr. WEST. Yes.

Mr. RICHARDSON. Would you turn back and read this page to the committee?

Mr. WEST. This is common survey procedure.

Conlan, Inc., survey reports are published in order to furnish the broadcasting industry and its customers, advertising agencies, and advertisers with concise, accurate audience information from an independent source. Conlan, Inc. survey reports have been a standard of the industry during the past 20 years, and employ the coincidental telephone method of gathering radio-listening data. This is a method which is now generally recognized as being the most reliable for gathering instantaneous data on radio listening.

In conducting the survey from which this report has been compiled, consecutive telephone residences were called from the local telephone directory. The initial question asked was: “This is a Conlan radio survey. Are you or

any of your members of your family listening to radio just now?" Respondents answering in the affirmative were then asked, "To what station and program?"

After completion of the initial question, another question was then asked, "Are there any other radio sets on in your home in use?" If the answer was in the affirmative, the respondent was then asked to identify the station and programs.

Calling started 1 minute after the start of each 15-minute period, and continued for 13 minutes, thus allowing a time lapse of 2 minutes between each period. If any periods were unavoidably omitted during the survey weeks, corresponding periods were called during the following week.

The distribution of audience contained herein are on a Monday-through-Friday basis and all data is based on completed calls in radio homes, and therefore may be applied to the total number of radio homes in the area represented in the survey.

To find the number of listening homes for any time period, first multiply the number of radio homes in the area by the percentage of sets in use for that period. Then multiply the results by the station's share of audience. The number of persons listening to any radio may be found by multiplying the number of homes tuned to that station by the average number of listeners per set for that period. Audience composition may be determined by multiplying the number of persons listening by the percentage of men, women, and children for that period.

Mr. RICHARDSON. Basically what this says was this survey was conducted during 2 weeks, is that correct?

Mr. WEST. According to this, yes.

Mr. RICHARDSON. And then if some calls were not made during that 2-week period, they would have been picked up in the following week; is that right?

Mr. WEST. I assume so, yes, sir.

Mr. RICHARDSON. Then basically this report stated these reports were made in 2 weeks, and if not finished, they were completed in the following week.

Mr. WEST. I assume that is right.

Mr. RICHARDSON. Once again I ask you, if Mrs. Broad, the only interviewer who did this work, could not have possibly completed more than 1,120 calls, how can you state there was a larger sample?

Mr. WEST. Sir, I don't know Mrs. Broad was the only interviewer. I don't know that.

Mr. RICHARDSON. Mr. Ross asked you to supply the list of all interviewers. This was supplied by you to Mr. Ross, is that correct?

Mr. WEST. I assume that is correct, yes.

The CHAIRMAN. Is Mrs. Broad the only one whose name you supplied—the only interviewer?

Mr. WEST. On this list, yes, sir.

The CHAIRMAN. And she was the only one working to obtain this information?

Mr. WEST. According to this list, yes, sir.

Mr. ROGERS of Florida. That list was taken from the records?

Mr. WEST. Mrs. Jones—

Mr. ROGERS of Florida. You furnished it to the committee, did you not?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. From your records?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Thank you Congressman Rogers. Mr. West, looking at this list, Mr. Ross also asked you to furnish the subcommittee with a copy of all canceled checks which had been received from these women; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Could you supply all of those canceled checks?

Mr. WEST. No, sir.

Mr. RICHARDSON. You did supply one for Mrs. Broad for the period we have just discussed; is that correct?

Mr. WEST. I assume so.

The CHAIRMAN. What is that period of time?

Mr. RICHARDSON. October 1960, Mr. Chairman.

You also supplied the committee with a check from a Mrs. Gertrude Brugman; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Mrs. Brugman, according to your list, did a survey or part of a survey in July 1960; is that correct?

Mr. WEST. That is what it looks like; yes, sir.

Mr. RICHARDSON. You further supplied a check to a Mrs. Evangeline Girten; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. In each one of these cases, how much is the check for?

Mr. WEST. \$22.50.

Mr. RICHARDSON. Now, Mrs. Girten was paid on August 18, 1960. Which one of these surveys would you say this was for? Would you have any way of telling?

Mr. WEST. No. I mean I would not have any way of telling. Sometimes it may be a month after they do the survey, more or less, before they are paid.

Mr. RICHARDSON. The check was dated August 18, 1960; correct?

Mr. WEST. August 18, 1960. It is possible—it could have been July or even the August survey.

Mr. RICHARDSON. All right, it could have been a July or August survey.

Now, the first listing we have in which Mrs. Girten did a Conlan survey is October 1960; is that correct?

Mr. WEST. Well, this is a Verifak check. You are looking at the Conlan. You are looking at the wrong sheet.

Mr. RICHARDSON. I am just identifying this sheet supplied to the subcommittee. Then, this check is probably for a May 1960 Verifak survey?

Mr. WEST. Probably. I would say yes—which on that particular survey, there were two field operators.

Mr. RICHARDSON. Right. Now, then, back to the Conlan surveys, we have here a certification from a Mrs. H. Edwards, wherein she agrees that she did a survey dated July 1960; is that correct?

Mr. WEST. Yes.

Mr. RICHARDSON. This was sent to the committee by you.

Mr. WEST. Yes, sir.

Mr. RICHARDSON. On this same paper, we have a photostat of the check which was paid to Mrs. Evangeline Girten; is that correct?

Mr. WEST. That is what it looks like; yes.

Mr. RICHARDSON. This was paid on January 10, 1962, is that correct?

Mr. WEST. That is what the check states; yes.

Mr. RICHARDSON. For a survey done the 12th month of 1960?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. At least over a year later?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Thus we have a check which was paid to Mrs. Broad for November 1960, one for Mrs. Brugman for July 1960, and two for Mrs. Girten?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. Mrs. Edwards made a statement that she had done a survey in July of 1960. Now, Mr. Ross asked you to account for all of these checks. Can you give us an explanation as to why the rest of the checks were not accounted for?

Mr. WEST. I do not know how many were not accounted for. We pay some fieldworkers in cash, especially if it is an even amount, like \$10, or so forth. And when he asked for verification of the fieldworkers on this list, with either a check or a receipt, that they had received the money, then naturally we tried to provide the complete records for him.

Mr. RICHARDSON. Would you identify this letter?

Mr. WEST. It is dated January 4, 1962.

Our field records indicate that you conducted a survey for us in 1961 for the amount of \$22. However, we cannot find a canceled check for payment, and therefore assume that the payment was made in cash. We would therefore appreciate it if you would sign and complete the attached payment verification for our records.

A stamped return envelope is enclosed for your convenience.

Mr. RICHARDSON. Would you read what is on the attachment?

Mr. WEST. The attachment is dated January 4, 1962.

Payment verification: This is to certify that I, blank, the undersigned, completed telephone survey work for Robert S. Conlan Associates, Inc., and was paid for this work in cash.

Signature—

Address—

and so forth. Job No. 8041, paid, \$22.50.

Mr. ROGERS of Florida. To whom was that letter addressed?

Mr. WEST. To Mrs. Phyllis Broad, Tucson, Ariz.

Mr. RICHARDSON. Would you identify this letter and read it, sir?

Mr. WEST (reading):

Many of our field records are apparently in error and we are asking your help in correcting them. A survey was made in your city during the month of January 1961 and we are trying to determine who the person was who worked for us on this particular survey. If you did this work for us, please indicate so by signing the attached form where indicated. If you did not do this work for us, will you please list on the attached form the approximate dates that you did work for us, so that we may correct our records.

Be assured we appreciate your cooperation and should we need your services in the near future, we will be glad to contact you—

et cetera.

The CHAIRMAN. What is the date of that letter?

Mr. WEST. March 6, 1962.

Mr. RICHARDSON. Thank you, Mr. Chairman. These letters were written after the request had been made by Mr. Ross: is that correct?

Mr. WEST. Oh, yes; we wanted to give him the information that he wanted.

Mr. RICHARDSON. Your files show that Mrs. Broad did the survey in January 1961; is that correct?

Mr. WEST. That is apparently so; yes, sir.

The CHAIRMAN. Is that the only survey she did for you?

Mr. WEST. No, sir. It looks like she did two other surveys, sir.

The CHAIRMAN. What are they?

Mr. WEST. One of them is November 1960 and one of them January 1960.

Mr. RICHARDSON. Thank you, Mr. Chairman. Would you identify this information I give you, Mr. West?

Mr. WEST. This is a photostatic copy of what I understand to be our fieldworkers' experience list.

Mr. RICHARDSON. Would you identify the sheet that is attached thereto?

Mr. WEST. I believe this is the back of this experience sheet.

Mr. RICHARDSON. Would it surprise you, Mr. West, if Mrs. Broad said that she had never done over one survey at any time for the Conlan organization or the Verifak organization?

Mr. WEST. It wouldn't surprise me. I don't understand. What do you mean?

Mr. RICHARDSON. Well, would you think she was telling the truth?

Mr. WEST. Well, I would assume she was telling the truth. I don't know.

Mr. RICHARDSON. You have listed her for two surveys in the latter part of 1960, or the first part of 1961.

Mr. WEST. Was she paid for two of them?

Mr. RICHARDSON. Would you be surprised if she said she had only been paid one time and she had a very hard time collecting her money?

Mr. WEST. No, I wouldn't be surprised.

Mr. RICHARDSON. Now—

The CHAIRMAN. Let's see if I understand you correctly.

A moment ago, I asked you how many other surveys she made and you said two others, which made three in all.

Mr. WEST. Well, I misinterpreted that. I said two, sir. I was reading from this list. Two surveys.

The CHAIRMAN. You said she had made a survey and I asked if she did other surveys, and you said yes, one in November 1960 and one in January.

Mr. WEST. Yes, sir, that is right. That is all.

The CHAIRMAN. January when?

Mr. WEST. January 1961. That is all—two, I mean, that is all that is listed on here. Maybe I misinterpreted you and gave you the wrong answer. But it looks like a total of two surveys.

Mr. RICHARDSON. Thank you, Mr. Chairman. Mr. West, we have in our files a copy of one check to Mrs. Broad which she stated you paid her, for the sum of \$22.50, which is for a November 1960 survey.

Mr. WEST. Yes, sir.

Mr. RICHARDSON. We cannot find, and you have not been able to find, a copy of the canceled check, and she would not return to you, undoubtedly, since we have a copy of the information wherein you asked her for verification that she did the January 1961 survey.

Mr. WEST. Yes, sir.

Mr. RICHARDSON. And you said you would not be surprised if she said she had only done one for you?

Mr. WEST. If she had only done one, I do not see why she would say she had done two.

Mr. RICHARDSON. How can you explain that, if you supplied a list that showed that she did two?

Mr. WEST. Apparently this is what the record stated. Obviously it is.

Mr. RICHARDSON. Can you explain the difference between the records and the facts?

Mr. WEST. Outside of saying it could be a clerical error, no.

Mr. RICHARDSON. Let us look at the list of the information supplied to Mr. Ross in relation to the surveys done. You listed in November 1960 a Mrs. Anna S. Moore, of 3332 21st Street, North St. Petersburg, Fla.: is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. And you stated that she did this survey.

Mr. WEST. That is apparently—yes, that is apparently correct.

Mr. RICHARDSON. I give you a copy of the information sheet on Mrs. Moore. Was that sent to the committee by your company?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. You state on here that she wrote in in 1957, wanting telephone work; is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. I refer to the back of this statement. In relation to this same woman—we can tell by the number on the survey here—she supposedly did No. 8124—would you look at the back sheet, here? It stated 11/60. That is the date the survey was done, is it not?

Mr. WEST. I assume—no, I don't know what this—

Mr. RICHARDSON. Well, this is the information supplied on your list.

Mr. WEST. This says the date 11/60.

Mr. RICHARDSON. October 1960 is the date you supplied us; is that correct?

Mr. WEST. That is right.

Mr. RICHARDSON. And this is the date it says on the sheet.

Mr. ROGERS of Florida. Excuse me. Let him tell what that means. What does that figure mean?

Mr. WEST. I assume—it says “date,” it says “job completed.” I assume that this is the date that the job was completed, or the date that the job came back to us.

Mr. ROGERS of Florida. That is what your record signifies to you—

Mr. WEST. That is what the record signifies, yes, sir.

Mr. ROGERS of Florida. That she did work for you on that date?

Mr. WEST. That is what the records signify, yes, sir.

Mr. RICHARDSON. Thank you Congressman Rogers.

Mr. WEST, would you tell us what the slip is I just gave you?

Mr. WEST. Apparently this is a copy of this photostat.

Mr. RICHARDSON. On the back of this, you have what information?

Mr. WEST. Well, this information corresponds with the photostat.

Mr. RICHARDSON. Would it surprise you, Mr. West, to find out that Anna S. Moore moved from that address over 2 years prior to the time this entry was written?

Mr. WEST. You mean from the address that is on here?

Mr. RICHARDSON. Right.

Mr. WEST. It is possible, yes.

Mr. RICHARDSON. Would it surprise you that she had married and her name had changed?

Mr. WEST. I don't know. I don't know the woman personally at all.

Mr. RICHARDSON. Would it surprise you to find out that she had done interviewing for you in Altoona, Pa., in 1949 and had never done a sample for you in the Tampa-St. Petersburg market?

Mr. WEST. Why should I be surprised? I don't understand what you mean by "be surprised."

Mr. RICHARDSON. Well, if she were to come here and testify to this fact, would you agree with it?

Mr. WEST. My counsel advises that I point out to you that we have on file approximately 4,000 such slips as these, which are fieldworkers. Some of these slips, and these fieldworkers, have been accumulated over a period of many years. I have no personal knowledge of any of them, whether they have worked or whether they have not worked.

Mr. MOSS. Mr. Chairman.

Mr. WEST, you are the president of this company; is that correct?

Mr. WEST. Yes, sir.

Mr. MOSS. You are one of two owners of the company; is that correct?

Mr. WEST. Yes, sir.

Mr. MOSS. You have a permanent staff of five?

Mr. WEST. Yes, sir.

Mr. MOSS. Is that correct?

Mr. WEST. Yes, sir.

Mr. MOSS. Do you undertake the responsibility for sales?

Mr. WEST. Yes, sir.

Mr. MOSS. What do you sell?

Mr. WEST. Surveys.

Mr. MOSS. What kind of surveys?

Mr. WEST. Radio.

Mr. MOSS. And you do this without the slightest knowledge of how they are put together?

Mr. WEST. That is right, sir.

Mr. MOSS. What do you tell a prospective buyer when he asks you how they work?

Mr. WEST. Generally a prospective buyer does not ask anything in particular about the statistical end of it.

Mr. MOSS. I am not talking about a statistician. Let's not get into a lot of gobbledygook here that is meaningless. I am talking about the responsibility of a president and an owner of a company to have at least a rudimentary knowledge of what he is trying to sell.

Mr. WEST. I have rudimentary knowledge; yes, sir.

Mr. MOSS. All right. What is the rudimentary knowledge that you have? You have been shown records of your company.

Mr. WEST. Yes, sir.

Mr. MOSS. This is a five-man shop?

Mr. WEST. Yes sir; absolutely.

Mr. MOSS. This is not such a vast organization—

Mr. WEST. No, sir.

Mr. Moss (continuing). That detail of recordkeeping should completely escape your notice. You have just told the committee by means of evading that you have 4,000 of those slips. Well now, that is not a very persuasive or staggering number. You have got 4,000 of them, but you know whether that slip represents something in your records.

Mr. WEST. Yes, sir, it does; it does, yes, sir.

Mr. Moss. All right. It represents the employment of that person for that survey?

Mr. WEST. Yes, sir.

Mr. Moss. That is all it represents, is it not?

Mr. WEST. Yes, sir.

Mr. Moss. And if it is in error, it had to be made in error in your office?

Mr. WEST. Yes, sir.

Mr. Moss. Now, you have had given to you here just a few minutes ago, another example of this same type of error in your shop. What kind of recordkeeping do you have?

Mr. WEST. Well, apparently it is not too good.

Mr. Moss. Why put "apparently"?

Mr. WEST. Well, it is apparently, obviously, it is not.

Mr. Moss. And you knew nothing about the deficiencies in recordkeeping?

Mr. WEST. No, sir, I don't.

Mr. Moss. Who keeps the records?

Mr. WEST. These particular records—you mean these particular field records, sir?

Mr. Moss. Yes. We will start there.

Mr. WEST. That is kept by a girl who handles the field department.

Mr. Moss. Who supervises her?

Mr. WEST. Mrs. Jones.

Mr. Moss. You mean Mrs. Jones is the statistician who is responsible for interpreting these mysterious results you achieve and projecting them, and you leave the poor woman also with the burden of supervising the field staff, is that correct?

Mr. WEST. She supervises the entire office, sir.

Mr. Moss. Let's start with you, now.

Mr. WEST. All right, sir.

Mr. Moss. It would be interesting—just exactly what do you do?

Mr. WEST. My basic function is sales, contact with the stations, correspondence, preparing schedules.

Mr. Moss. Do you ever write a letter regarding any activity of your company which would be based on a record? You handle correspondence. Do you ever have to undertake a letter to collect something from someone?

Mr. WEST. Yes, sir.

Mr. Moss. Do you ever have to write a letter in response to one of these field surveyors who has not had a check for a year?

Mr. WEST. I do not handle that, sir. Mrs. Jones is also the bookkeeper. As I say, sir, we are a small organization. Every person has several functions.

Mr. Moss. Mr. West, with five people in your office—

Mr. WEST. That is right.

Mr. Moss. We will concede that you have a small organization from the standpoint of staffing.

Mr. WEST. Yes, sir.

Mr. Moss. Now, I have also been in business, and I have operated what I would regard as a small business. But a sense of responsibility made me interested in whether or not that business had recordkeeping without which no business can operate efficiently and to reflect the fact of transactions. Haven't you this same interest?

Mr. WEST. I suppose so; yes, sir. But—

Mr. Moss. But you do not know what goes on.

Mr. WEST. I know in general, yes, sir.

Mr. Moss. Oh, no, sir; you don't know in general, because you have not responded in general.

Mr. WEST. That is all I know.

Mr. Moss. All you know is who does what.

Mr. WEST. That is right, sir.

Mr. Moss. Not what they do?

Mr. WEST. No, sir, I do not. I could not put a survey together to save my life, sir.

Mr. Moss. I would be very happy to yield to the gentleman from Florida.

Mr. ROGERS of Florida. I believe you just said and made the statement, Mr. West, that your records were not too good.

Mr. WEST. I do not know whether they are good or not, sir.

Mr. ROGERS of Florida. Well, do you know whether your survey is any good or not?

Mr. WEST. I am referring to a previous letter which it says apparently some records are in error.

Mr. ROGERS of Florida. Let me ask you this: If those records are in error, are your surveys in error?

Mr. WEST. I could not say.

Mr. ROGERS of Florida. You do not even know that.

Mr. WEST. Well—

Mr. ROGERS of Florida. Would you tell us whether your surveys are correct or not?

Mr. WEST. Since I do not compile them, I could not tell you. I could not.

Mr. ROGERS of Florida. Do you hold them out to your customers as being correct?

Mr. WEST. We hold them out to our customers as being correct, not to any particular degree, though, sir.

Mr. ROGERS of Florida. Do you make a statement that these are not correct to any degree on your statement?

Mr. WEST. No, sir; not that I know of, sir.

Mr. ROGERS of Florida. So then you submit them as being correct.

Mr. WEST. Whatever it says in the front of the report, that is our certification, sir.

Mr. ROGERS of Florida. Who makes your income tax return for your corporation?

Mr. WEST. A Mr. Charles Pischetti.

Mr. ROGERS of Florida. Mrs. Jones doesn't do this?

Mr. WEST. No, sir, she doesn't.

Mr. ROGERS of Florida. What is his address, please?

Mr. WEST. It is 313 Temple Building, Kansas City, Mo.

Mr. ROGERS of Florida. Now, is he a CPA?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Is he a stockholder in the company, sir?

Mr. WEST. No, sir. He is listed on the corporation papers, I believe, as a secretary-treasurer.

Mr. ROGERS of Florida. He doesn't own stock?

Mr. WEST. No, sir; he doesn't own stock.

Mr. ROGERS of Florida. But he keeps all of your financial records.

Mr. WEST. He has ever since the company has been in business and was founded by Mr. Conlan.

Mr. ROGERS of Florida. So those records would reveal, I am sure, whether these people had received payments for doing your surveys?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. We could get those records to show that.

Mr. WEST. Yes, sir.

Mr. MOSS. Now, who signed the letter that went out to the so-called surveyors asking them to verify the facts of their employment?

Mr. RICHARDSON, who signed the letter sent out—I think Mrs. Broad got one?

Mr. RICHARDSON. Mrs. Jones signed some of the letters. A Miss Johnson signed some of the other letters. The first letter going to Mrs. Broad, dated January 4, 1962, was signed by Mrs. Hallie Jones.

The CHAIRMAN. Were you aware of those letters?

Mr. WEST. No, sir.

The CHAIRMAN. You did not even know of them?

Mr. WEST. No, sir—I knew of them—do you mean these ones on payment verification?

Mr. RICHARDSON. Yes.

Mr. WEST. Yes, sir; on the payment verification; yes, sir. Yes, sir. I knew she was sending those out to gather for Mr. Ross the information that he wanted.

Mr. MOSS. Now, you had knowledge that these letters were going out. You certainly, then, at that point, had at least the slight suggestion before you that the records of your company did not reflect adequately whether or not you had paid field survey personnel.

Mr. WEST. Yes, sir.

Mr. MOSS. What did you do about it?

Mr. WEST. I told Mrs. Jones to revamp this system, to make sure that if there was a better way of controlling the data—the records—to keep them more accurate, to do it. But I had no personal suggestions how to do it.

Mr. MOSS. Who pays the field survey worker in cash?

Mr. WEST. Who pays them in cash?

Mr. MOSS. When a payment is made in cash—who travels around and pays these people?

Mr. WEST. No one travels, sir. It is sent to them through the mail.

Mr. MOSS. You send cash through the mail?

Mr. WEST. Yes, sir.

Mr. MOSS. How do you ever get a receipt for it?

Mr. WEST. We simply ask for a receipt.

Mr. Moss. You are a very trusting person; are you not? How do you maintain the type of records that would be acceptable by the Internal Revenue Service?

Mr. West. By receipt, sir.

Mr. Moss. But you did not have receipts. You did not even know whether you had put out cash. Apparently you had no record of sending out the cash.

Mr. West. That is apparently true, sir.

Mr. Moss. You had just a kitty that you pulled something out of, put it in an envelope, and sent it out and hoped to get a receipt back to cover it?

Mr. West. No, sir.

Mr. Moss. You made no record?

Mr. West. Yes, sir. And I gave a record to Mr. Ross of what went out at any time cash was sent—didn't I, Mr. Ross? I believe I did.

Mr. Ross. After I returned to Washington, I think you supplied me with a form.

Mr. West. Yes, sir.

Mr. Ross. A blank form—no receipt form—no receipt indicating payment to a fieldworker, other than the paid checks.

Mr. West. Didn't we send you later payment verifications that workers had been paid in cash?

Mr. Richardson. Only on Mrs. Edwards.

Mr. West. Only one?

Mr. Richardson. That is right.

Mr. West. Well—

The CHAIRMAN. Well, now, you are testifying, Mr. West, and the committee is relying on the information that you present here. You ought to know what your record shows, the information concerning your company.

Mr. Moss. Mr. Chairman, I think I will let Mr. Richardson go ahead and develop this further, but I would like at a later time to come back to Mr. West.

The CHAIRMAN. I want to ask you one question right here. It seems as though we are getting nowhere fast about the information that you do develop from your field surveys. It seems to me, from what you have identified for the record, that there are a lot of serious questions raised here which you yourself said a moment ago is a serious thing.

Mr. West. Yes, sir.

The CHAIRMAN. You are in the sales end of it.

Mr. West. Yes, sir.

The CHAIRMAN. Do you rely on this statistical information that you are talking about, these surveys, to give to the radio stations, over 400 of them, I believe you say, throughout the Nation—do you rely on that information that is obtained through these surveys as being authentic and as basis on which you sell your services?

Mr. West. Do we rely—yes, sir, we have nothing else to rely on, other than that.

The CHAIRMAN. And if that survey is questionable, or the information that you receive is questionable or is incorrect, or bad records are kept, you are not concerned with that at all?

Mr. WEST. Oh, yes, sir. We certainly are concerned with that. Any time—at least to the best of my recollection—any time a station has a complaint on a survey, or any doubts on it, we always rectify it generally by doing another survey, or the best we can possibly do. We make mistakes, like anybody else, I am sure.

The CHAIRMAN. Well, I am not questioning that. I am not questioning anything. I am just simply trying to find out what you are saying here.

Mr. WEST. We make many mistakes. To the best of my knowledge, we admit the mistakes.

The CHAIRMAN. That is not the question. You sell this service to these stations, do you not?

Mr. WEST. Yes, sir; that is right, sir.

The CHAIRMAN. And you represent to them that this information you give them is authentic information.

Mr. WEST. Yes, sir.

The CHAIRMAN. And for that representation of authentic information, you get paid by the station.

Mr. WEST. Yes, sir.

The CHAIRMAN. All right.

I think we are going to have to adjourn. The House is in session now.

I don't know what to suggest to you, Mr. West, about this information that we have here. It is most amazing that you seem to know so little about a company which you rely on so much. You said yourself earlier that this was a serious situation. I am inclined to think that you're correct.

You can do what you want about it—but since you rely so much on Mrs. Jones, you had better get her here pretty fast.

The committee will stand in recess until 15 minutes following the completion of the rollcall this afternoon on providing extension of a 4-year draft law. We are advised that there will be a rollcall on it.

(Whereupon, at 12:20 p.m., the committee was in recess, subject to call of the Chair.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. West, do you have any further comments you wish to make to the committee at this time to start?

TESTIMONY OF ROBERT E. WEST—Continued

Mr. WEST. I have contacted Mrs. Jones in Kansas City and she is catching a plane this afternoon and will be here to make herself available as a witness tomorrow morning.

The CHAIRMAN. Well, now, Mr. West, I want it to be strictly understood that insofar as the committee is concerned, I did not intend to be suggesting to you how to run your own business.

Mr. WEST. No, sir.

The CHAIRMAN. And if you take the position that she is coming to Washington just to be available to the committee, that does not bother me at all, because you are the one who has gotten a record here that is such that I do not think the staff or anybody else has

gotten very much definite information out of you, except for the fact that the record shows a pretty bad picture from your standpoint.

In all fairness to you, I am here to make the suggestion that if you were truthful and sincere and honest, which I cannot question at this time in my position, for your own good, it is better to have somebody here who can straighten this thing out, because it is a pretty bad situation, as you know right now.

Mr. WEST. Well, that is the reason I called her, because I have been asked a lot of questions that I do not specifically know the answers to, and I am sure she can give the answer.

The CHAIRMAN. Well, there may be an explanation of it, but it certainly does not—

Mr. WEST. If I did not think she could answer—

The CHAIRMAN. I mean an explanation that you do not yourself know something about these academic questions, with a company such as you have.

Right now, we are constrained to believe that you know a lot more than you can tell.

Now, I assume that on any of the discussion pertaining to the surveys, you would prefer to delay until she gets here to help you answer these questions.

Mr. WEST. Well, I will leave that up to you, sir. As I have stated, and your investigators, I am sure, knew it, I had little knowledge of the statistical end or that end of the business.

The CHAIRMAN. We are not asking you to testify on statistical matters at all. We just asked you about your records and the actual truth about where they were obtained and on what basis you were selling your services to these radio stations throughout the country. Of course, I have some feeling about the radio stations, myself, using this kind of service.

Did you want to inquire about the letter you had there, which obviously this man must know something about, since he wrote it and signed it?

Mr. RICHARDSON. Yes, Mr. Chairman.

Would you identify this letter for the committee, Mr. West?

Mr. WEST. Do you want me to read it?

Mr. RICHARDSON. Would you say whether or not it is your letter, first?

Mr. WEST. Let me read it. Yes.

Mr. RICHARDSON. This is your letter?

Mr. WEST. Yes.

Mr. RICHARDSON. Read this letter to the committee.

Mr. WEST. This letter is dated October 6, 1961. It is addressed to Mr. Adrian van de Verde, Jr., 3231 North Jackson, Tucson, Ariz.

This is to thank you for your letter of the 29th regarding your new survey system. For a survey to be acceptable to national agencies and advertisers, the required minimum of interviews is approximately 4,500 for a survey covering a 2-week period in a market of 200,000. Anything under this figure is considered inadequate to cover the 228 weekly rated half hours. Most national survey firms exceed this minimum by 200 or 300 percent or an average of 10,000 to 15,000 interviews during a 2-week period. Our average cost per interview is approximately 3 cents per interview; on the coincidental method

at 50 interviews per hour, it cost \$1.50 an hour for trained and experienced interviewers.

Coincidental telephone interviewing of audience ratings is the most expensive of all systems, since each interview covers only a half-hour period, whereas diary and personal interview covers from 2 to 24 hours per interview and is therefore less expensive on the generally accepted quarter-hour or half-hour periods which must be reported for national acceptance.

Your letter did not outline all of the basic details, but from all appearances, your system would not be adequate for use for a national survey firm from the standpoint of minimum interviews and the high cost of interviews. Be assured that we appreciate your thinking of us and if there is anything we can do to help you in your project, please let us know.

Mr. RICHARDSON. Mr. Chairman, under the circumstances, it might be better that we wait to continue the examination of this company until Mrs. Jones arrives.

The CHAIRMAN. Very well, Mr. Richardson.

Mr. Moss wants to ask him some questions.

Mr. Moss. May I have the letter?

Did you write the letter, Mr. West?

Mr. WEST. I assume I did, yes. I may have consulted Mrs. Jones on some of the statistics of it, but I wrote the letter, yes.

Mr. Moss. At the bottom, we find R. E. W., which I assume is you.

Mr. WEST. Yes.

Mr. Moss. Apparently typed by M.S.

Who would M.S. be?

Mr. WEST. Myrna Schreve.

Mr. Moss. It was dictated to her?

Mr. WEST. Yes.

Mr. Moss. Does it not represent some degree of understanding beyond that you have acknowledged to possess before this committee?

Mr. WEST. As I have stated, sir, I am not ignorant of the survey business nor of the methodology or anything like that—I am not.

I hope that I have not tried to make it appear that I know nothing about the survey business.

Mr. Moss. This morning you said you could not put together a survey to save your life.

Mr. WEST. That is absolutely right.

Mr. Moss. In other words, you could not go out and get these 4,500 calls necessary for a market of 200,000 and arrange to have them made. Who arranges, in your firm, for the employment of a field survey?

Mr. WEST. Who arranges for the employment?

Mr. Moss. Yes.

Mr. WEST. Mrs. Jones or—well, I would say—

Mr. Moss. Have you ever arranged for the employment of a field surveyor?

Mr. WEST. No, sir.

Mr. Moss. Never have?

Mr. WEST. No, sir.

Mr. Moss. You know that at least 4,500 calls are indicated in a market of 200,000?

Mr. WEST. Oh, yes, sir.

Mr. Moss. How many calls would be indicated in a market of 100,000?

Mr. WEST. I would say a minimum of 3,500. It does not go up or down so much in proportion to the elevation of the population.

Mr. MOSS. All right.

Now, when you go into a station to sell your service—are you the member of your firm contacting the stations to sell the Conlan surveys?

Mr. WEST. Yes, sir.

Mr. MOSS. You are the only person who is contacting the station to sell the survey?

Mr. WEST. Yes, sir.

Mr. MOSS. Now, you have to sell them something. What do you sell them?

Mr. WEST. We sell them the survey reports which you have samples of.

Mr. MOSS. You do not sell them the ones we have samples of. You sell them the service which results in the production of the thing we have samples of?

Mr. WEST. Oh, yes, sir.

Mr. MOSS. Do you have any kind of promotional material that you offer to them?

Mr. WEST. None that I know of offhand.

Mr. MOSS. Well, now, what is an R-20, sir?

Mr. WEST. An R-20 survey is a Verifak survey.

Mr. MOSS. All right. What is an S-17 survey?

Mr. WEST. That is a Conlan survey.

Mr. MOSS. What does it consist of?

Mr. WEST. It consists of whatever it states on the specification sheet.

Mr. MOSS. All right. You have the definitive standards that are set forth on the specification sheets?

Mr. WEST. That is right.

Mr. MOSS. May I have those specification sheets?

An S-17, and it includes everything that is in this spec sheet, is that right?

Mr. WEST. It certainly should; yes, sir.

Mr. MOSS. Full-time report from 6 a.m. to 11 p.m. on Monday through Friday basis, consisting of 2,500 completed responses.

What is a completed response?

Mr. WEST. Well, it is a complete reply to a question.

Mr. MOSS. A complete reply to a question?

Mr. WEST. A reply to a question; yes, sir.

Mr. MOSS. Now, you fully understand what you have said?

Mr. WEST. Well, I think so.

It is a reply to a question.

Mr. MOSS. And you see no reason now, thinking it through carefully, to amend your answer?

It is a completed reply to a question or questions?

Mr. WEST. That is what I would say it was, yes.

Mr. MOSS. Well, reading it, I would assume that you made 2,500 separate calls.

Mr. WEST. No, sir.

Mr. MOSS. And you got completed responses. The term used here is not response, but responses—2,500 completed responses.

Mr. WEST. I would say that is 2,500 replies to 2,500 questions.

Mr. MOSS. Not 2,500 individuals called?

Mr. WEST. No.

Mr. MOSS. Could you ask 25 questions of 100 people and come up with 2,500 completed responses?

Mr. WEST. Mathematically, I guess you could; yes.

Mr. MOSS. Well, now, look, you are throwing an awful lot on me and I do not want the burden. You are the one who is selling me the service, or you sold it to someone.

Mr. WEST. Yes, sir.

Mr. MOSS. What did you sell them—2,500 completed, individual contacts, or a cumulative total of 2,500 responses, which might have been elicited from 100 people?

You know what you sold—I don't.

Mr. WEST. I understand that we collect from three to six responses per interview.

Mr. MOSS. All right. Let's get over here—

Mr. WEST. I will be glad to explain that to you, sir.

Mr. MOSS. Now we have another S-17, and is says—

Full time report covers the hours from 6 a.m. to 11 p.m., on a Monday through Friday basis, and consists of 2,500 completed calls.

Now, let's define calls, a completed call. Is that 2,500 individually called numbers?

Mr. WEST. Yes. I would say that is what that means; yes, sir.

Mr. MOSS. Well, what are you selling me? Responses or calls?

Mr. WEST. Well sir, we have a number of different types of surveys.

Mr. MOSS. I am talking about an S-17. Do you have a number of different types of S-17s?

Mr. WEST. Currently, we use one. Over the period of years, we have used a number of them; yes, sir.

Mr. MOSS. Well, this one is December 6, 1961. Have you changed your policy on S-17s?

Mr. WEST. Since December 1961, quite possibly; yes, sir.

Mr. MOSS. I do not care about what is quite possible. You are the owner of at least half of this company.

Mr. WEST. Yes, sir; that is right.

Mr. MOSS. And you are the director of sales of this company.

Mr. WEST. Yes, sir.

Mr. MOSS. And you go into a broadcaster's office and you sell him something. Do not leave it to me to determine what you sell. I want to find out from you what you are selling.

Now, it says here it is an S-17, 2,500 completed calls. You give this to your client or your prospective client?

Mr. WEST. That is right, sir.

Mr. MOSS. You have said to him, "We will complete 2,500 calls."

Mr. WEST. All right; when was that dated and when did it go out? If it is 1961, that is what we were doing in 1961, sir.

Mr. MOSS. What are you doing today? You are still selling them, aren't you?

Mr. WEST. Yes, sir.

Mr. MOSS. Don't you know what you sell?

Mr. WEST. Yes, sir.

Mr. Moss. What do you sell?

Mr. WEST. We sell the specification, the S-17 specification which refers to completed responses and not completed calls, because we had to include—well, we didn't have to; it was indicated that auto radio was becoming more and more important; consequently, we had to change our methods slightly and go to what is called the recall basis so that we could gather some information on automobile radio. Now, just exactly when the new specification went into effect, I don't know, sir. I am sure it has been in effect for at least a year.

Mr. Moss. You are positive of that?

Mr. WEST. Yes, sir; I am sure it has been in effect for at least a year.

Mr. Moss. This was given to our staff by you folks in late 1961.

Mr. WEST. Which one is that, sir?

Mr. Moss. This is S-17 specs.

Mr. WEST. Does it have completed calls or completed responses?

Mr. Moss. Completed calls.

Mr. WEST. Apparently, then, in 1961, our survey was based on completed calls.

Mr. Moss. What are your Verifaks based on, calls or responses?

Mr. WEST. I believe they are based on completed calls.

Mr. Moss. All of them?

Mr. WEST. I believe so, sir. I did not have anything to do with designing those specifications.

Mr. Moss. You had nothing to do with designing these specifications?

Mr. WEST. No, sir; nothing whatsoever; on Verifak.

Mr. Moss. Are you president of this company?

Mr. WEST. Yes, sir.

Mr. Moss. Are you part owner?

Mr. WEST. Yes, sir.

Mr. Moss. Who is presently sales manager of Verifak?

Mr. WEST. At present no one. Mr. Corpolonga was. It is out of business.

Mr. Moss. And you had nothing to do with the spec sheets of these—

Mr. WEST. Spec sheets on Conlan? No, sir—oh, Conlan; yes, sir.

Mr. Moss. You helped prepare them?

Mr. WEST. Oh, yes, sir.

Mr. Moss. But you do not know whether you now have calls or responses?

Mr. WEST. Yes, sir; we have responses.

Mr. Moss. Well, do you have with you any spec sheets on your offerings to your clients?

Mr. WEST. No, sir.

Mr. Moss. How long would it take you to get us one of the current specification sheets?

Mr. WEST. I think you have one there, sir.

Mr. Moss. That is what I thought and that is what our staff understood, but it contradicts what you just told me, because it says "completed calls."

Mr. WEST. You don't have one that says "completed responses"?

Mr. Moss. No; I have one that says "completed calls," which you represent as being the latest.

If he represents there is a later one, I recommend, Mr. Chairman, that he arrange to have Mrs. Jones bring along with her a set of the current spec sheets.

Mr. WEST. Well, we will have them for you, sir.

Mr. MOSS. Now, these all start at 6 a.m. and run until 11 p.m., the surveys—calls?

Mr. WEST. If it is a full-time station, yes, sir.

Mr. MOSS. Well, I am told that we have not been able to find a single instance where your field survey started before 8 a.m., and in reviewing the material I have before me, I don't see where it continued beyond 10.

Mr. WEST. Would you repeat the question?

Mr. MOSS. Beyond 10 p.m., I see no instance where they continued beyond that hour, nor where they commenced before 8 a.m.

Mr. WEST. Sir, I understand that is done on a recall basis, that no person is called before 8 o'clock in the morning, because calling people before 8 o'clock in the morning—

Mr. MOSS. Mr. West, your understanding does not really matter.

Mr. WEST. Mrs. Jones will be glad to answer that for you, sir.

Mr. MOSS. We are referring to your offering which you have now acknowledged you participated in preparing. What you tell your client is not that this is a recall basis, but it covers the hours from 6 a.m. to signoff on a Monday through Friday basis and consists of completed calls.

It does not say anything about recall here. This is what you offer them, this is what they buy.

Mr. WEST. That is right, sir.

Mr. MOSS. What they are entitled to receive. If it does not represent the facts of your method, then the facts should be set forth here so that your client is under no illusions as to type of service he is receiving.

I think that is all I have, Mr. Chairman.

Do I understand, Mr. West, that you will supply us with current copies of all of your various types of service?

Mr. WEST. Yes, sir; we will be glad to supply the committee with anything it wishes, sir.

The CHAIRMAN. Since you are in the sales end of it, Mr. West, and we do know that end of your story, and you do know that end of your story, you have testified that you limit your services at this time to radio?

Mr. WEST. Yes, sir.

The CHAIRMAN. Previously, it included television?

Mr. WEST. Conlan provided television, I believe, back in about 1955.

It has been many years since we have furnished television.

Now, Verifak has—did television surveys.

The CHAIRMAN. Has now?

Mr. WEST. No; they did in the past—I don't know exactly when Mr. Guyant discontinued television surveys, but Conlan discontinued television surveys many years ago.

The CHAIRMAN. Did you sell to these radio stations on the basis of individual reports, or are you retained on a monthly or other basis?

Mr. WEST. Generally, no; our sales are just on a per-report basis. We do not sign contracts, if that is what you mean.

The CHAIRMAN. In other words, you do not have a sustained contractual relationship with any radio station?

The CHAIRMAN. You are not retained on an annual or monthly basis at all?

Mr. WEST. No, sir. Sometimes, a station will perhaps at the first of the year say, "We would like to, possibly, buy three or four reports from you during the year in order to obtain a discount." But there is no contract or anything to that effect made up on it.

The CHAIRMAN. When was the last report that you have made, or do you just make them up all the time?

Mr. WEST. We promote every week and make a few every week.

The CHAIRMAN. Do you have a different rate for a different market and a different sized station?

Mr. WEST. At present, Conlan has two specification sheets, one is entitled "S-17" and one is S-27. The S-17 is primarily used in a one-station market, whereas the S-27 is used in the multiple station market where there are two or more stations.

The CHAIRMAN. There was some testimony about Tucson, Ariz. What did you use in Tucson?

Mr. WEST. I could not tell you offhand, sir. I do not recall.

The CHAIRMAN. You are just not going to get down to any specification on anything, are you?

Mr. WEST. Well, sir, I cannot get down to being specific if I cannot be specific.

The CHAIRMAN. Did you sell any of your services to any radio station in Tucson?

Mr. WEST. Yes, sir.

The CHAIRMAN. How many?

Mr. WEST. Offhand, I can remember one, KAIR.

The CHAIRMAN. This year, last year, or when?

Mr. WEST. 1960.

Apparently January of 1961.

The CHAIRMAN. January 1961?

Mr. WEST. January of 1961, sir.

That was the last one that I can recall that we sold.

The CHAIRMAN. Is that the only station you sold to in Tucson?

Mr. WEST. As far as I know, it is.

The CHAIRMAN. Well, you do the selling, don't you?

Mr. WEST. Sir?

The CHAIRMAN. You do the selling, you said?

Mr. WEST. Oh, yes, sir; but I cannot remember—there are 4,000 radio stations in this country. I do not know the call letters of them.

The CHAIRMAN. I am not asking you about any call letters.

Mr. WEST. Well, when you speak to me of a radio station, you are speaking of a station who is designated by a call letter. I do not know any of these station managers personally.

The CHAIRMAN. I am not asking you to identify a station manager. I am just asking you how many radio stations in Tucson, Ariz., you have sold your service to.

Mr. WEST. According to this, I have sold it to two.

The CHAIRMAN. Well, is that a fact?

Mr. WEST. Yes, sir; it is a fact—I am sure it is a fact.

The CHAIRMAN. How many did you sell in St. Petersburg, Fla.?

Mr. WEST. I have here listed as Tampa, Fla., one station.

The CHAIRMAN. What year?

Mr. WEST. November 1960.

The CHAIRMAN. Well, let's put it on this basis—how many stations throughout the United States did you sell to in 1962?

Mr. WEST. Oh, I would say probably 300—250 or 300.

The CHAIRMAN. How many did you sell in 1961?

Mr. WEST. Probably—about the same number. Our sales are fairly stable.

In 1962, Conlan sold 264 surveys; in 1961, they sold 337; in 1960, 258; in 1959, 235.

Mr. RICHARDSON. Mr. Chairman, also Verifak sold an approximate number which is also on this list.

The CHAIRMAN. You might as well read that information in if you have it.

Can you verify it to be factual?

Mr. WEST. Well, yes, sir; it was given to me as being the fact.

The CHAIRMAN. What do you mean, given to you, Mr. West? You are the president of the company and you sell it. Don't you know?

Mr. WEST. When the request was made for the number of surveys which Conlan made during these specific years, Mrs. Jones went to her books and counted the sales. This is what I have, sir. I did not do it personally; no, sir.

The CHAIRMAN. Then you are not in charge of the sales, then, are you?

Mr. WEST. Yes, sir; I am in charge of sales. I am not in charge of the records, but I am in charge of the sales; yes, sir.

The CHAIRMAN. And as in charge of the sales, you do not remember the transactions in all of this to which you have testified?

Mr. WEST. According to this, we do well over 500 surveys a year. I cannot remember each individual transaction; no, sir.

The CHAIRMAN. I would think, if I were president of the company, and in charge of the sales, I could remember one that I dealt with.

Mr. WEST. Well, referring to Tampa, Fla., in 1960, November, that was well over 2 years ago. I have made a thousand transactions since then. I do not specifically remember that instance at all. Maybe I should. But I do not.

The CHAIRMAN. Well, I am not trying to press you to do the impossible. I am trying to emphasize the importance of giving this committee the facts on which you have based your sales of this service to these several hundred radio stations throughout the country.

Mr. WEST. Yes, sir.

The CHAIRMAN. In an effort to determine whether you gave them honest service or whether you have committed fraud on them.

Mr. ROGERS?

Mr. ROGERS of Florida. Mr. West, is it your practice as the person in charge of sales, to write to the radio station which places first on your survey and advise them that they were placed first on your survey, and then tell them they can subscribe to your service? Was that your custom?

Mr. WEST. Yes, sir; we have; yes, sir.

Mr. ROGERS of Florida. Well, is this generally done?

Mr. WEST. Generally done in my firm?

Mr. ROGERS of Florida. Yes.

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. This is the way you operate?

Mr. WEST. If you call it this is the way I operate, I have operated, yes. It is a way of selling surveys, sir.

Mr. ROGERS of Florida. In other words, you conduct the survey and then sell it, is that right?

Mr. WEST. Oh, no; not entirely, no.

Mr. ROGERS of Florida. Well, when don't you do it?

Mr. WEST. When don't we do it?

Mr. ROGERS of Florida. Yes.

Mr. WEST. We don't—as any other business, we have various sales methods. That happens to be one of them, sir.

Mr. ROGERS of Florida. How often would you say you used that method?

Mr. WEST. Oh, we may do from one to five or six surveys a week on it. Some weeks we may do none.

Mr. ROGERS of Florida. No; I am not saying how many surveys you do. I say how many radio stations do you write to after you have made a survey or supposedly have made a survey and tell them where they placed on the survey and that they could then buy the service, since they had placed first, if they wanted to use it?

Mr. WEST. Well, I write to the station who placed first—

Mr. ROGERS of Florida. How many times did you do this?

Mr. WEST. Over what period of time, sir?

Mr. ROGERS of Florida. Well, how long have you been operating? Have you been operating 35 years or 25?

Mr. WEST. Thirty years.

Mr. ROGERS of Florida. How long have you been with the company?

Mr. WEST. I have been with the company 12 years, approximately.

Mr. ROGERS of Florida. All right. Say last year. How many times did you use this method that I have just described of having a survey conducted and finding out that a company had placed first, then writing that company and telling them they had placed first, and offering them the right to subscribe to your service then?

Mr. WEST. I would make a guess of perhaps a hundred or more times.

Mr. ROGERS of Florida. A hundred or more times. You reveal the result of your survey before it is sold to that station?

Mr. WEST. Yes, sir. Yes, sir.

Mr. ROGERS of Florida. Would you write to the fifth and sixth stations?

Mr. WEST. No, sir.

Mr. ROGERS of Florida. Just the top station?

Mr. WEST. To the best prospect, sir.

Mr. ROGERS of Florida. Now, you said you conducted approximately 300, was it, or a little over 300 last year, 1962?

Mr. WEST. In 1962, 264, sir.

Mr. ROGERS of Florida. So 100 you did that with. Now, how did you conduct the other 164?

Mr. WEST. The other surveys were contracted after we had sent out a notification of the survey and the station wrote in and said "We will subscribe to the survey."

In other words, that survey was already presold. It was sold before we started making the survey.

Mr. ROGERS of Florida. That was 164 you did that with?

Mr. WEST. I assume, yes.

Mr. ROGERS of Florida. And your records reveal this?

Mr. WEST. I am sure they would; yes, sir.

Mr. ROGERS of Florida. Who keeps those records?

Mr. WEST. Well, they would be on the sales record, I imagine I would have them and—

Mr. ROGERS of Florida. Well, do you or don't you? Do you have the sales records? Or does Mrs. Jones?

Mr. WEST. Well, Mrs. Jones would have more accurate sales records than I would have because she would have them in her books, in her accounting books for every sale that we made by the name of the city and also the radio station, the amount, and so forth.

Mr. ROGERS of Florida. What records do you keep yourself?

Mr. WEST. I would have a record basically by State, by each State.

Mr. ROGERS of Florida. And how many surveys in each State?

Mr. WEST. How many surveys in each State and when—

Mr. ROGERS of Florida. Who you contacted?

Mr. WEST. Oh, yes, sir.

Mr. ROGERS of Florida. Correspondence?

Mr. WEST. No. The sales records that I am talking about that I have would be records which would be more or less of a sales analysis. In other words—

Mr. ROGERS of Florida. Well, what would that be?

Mr. WEST. Well, in other words, I could look at the State of, say, Montana, and could tell how many stations had subscribed during this year or a previous year.

Mr. ROGERS of Florida. Would your records reveal that they subscribed before the survey or after the survey?

Mr. WEST. No, sir; they would not.

Mr. ROGERS of Florida. Whose records would reveal that?

Mr. WEST. I imagine that Mrs. Jones would.

Mr. ROGERS of Florida. Well, would they or wouldn't they?

Mr. WEST. I don't know, sir.

Mr. ROGERS of Florida. Would she have that record?

Mr. WEST. I don't know.

Mr. ROGERS of Florida. You don't know, even though you might have written letters to those stations?

Mr. WEST. Yes; I wrote letters to those stations.

Mr. ROGERS of Florida. And you wouldn't have a copy of that letter, even though you made that approach? Is that what you are saying?

Mr. WEST. I am saying I do make that approach.

Mr. ROGERS of Florida. Where are those records?

Mr. WEST. You have me a little confused here as to what records you wish.

Mr. ROGERS of Florida. Well, letters, for instance, that you have written to radio stations trying to offer your services. Do you have copies of those letters, sir?

Mr. WEST. I do not keep copies of correspondence, no, sir.

Mr. ROGERS of Florida. You don't keep any record of your correspondence?

Mr. WEST. Yes; we will make a carbon copy of a letter, yes, sir.

Mr. ROGERS of Florida. That is all I am asking you about.

Mr. WEST. Oh, we have correspondence files; yes, sir.

Mr. ROGERS of Florida. So it would reveal—from your files we could determine whether you sold the station, contacted the station before the survey was made, or whether you contacted the station after the survey was made to let them know where they stand in offering your services at that time?

Mr. WEST. Yes, sir; they should be on file.

Mr. ROGERS of Florida. So you can give us this information?

Mr. WEST. Yes, sir; they should be on file, yes, sir.

Mr. ROGERS of Florida. That is within your possession? You know where it is?

Mr. WEST. They are in general files.

Mr. ROGERS of Florida. This is your file—not Mrs. Jones' file?

Mr. WEST. No, sir; this is a general file.

I do not—

Mr. ROGERS of Florida. But you know where it is.

Mr. WEST. As an executive, which I am beginning to doubt whether I am one or not.

Mr. ROGERS of Florida. Well, we share that opinion with you, Mr. West.

Mr. WEST. I understand. I put a carbon copy in a file box and it is filed by—

Mr. ROGERS of Florida. But you could get us that information?

Mr. WEST. Oh, yes. I am sure we could.

Mr. ROGERS of Florida. Well, that is good.

Now, I presume this same approach was used with Verifak, too?

Mr. WEST. No, sir; it was not.

Mr. ROGERS of Florida. How was that used? What approach did you use there?

Mr. WEST. I, sir, have never had any—I have never been active in Verifak surveys at all.

Mr. ROGERS of Florida. What did you do for Verifak?

Mr. WEST. I personally acted more or less as adviser to Mr. Corporlonga when he came to work for Verifak in New York after Mr. Guyant left.

Mr. ROGERS of Florida. How many employees would you say Verifak has?

Mr. WEST. Verifak has none, sir. Verifak is out of business.

Mr. ROGERS of Florida. I see. When did it go out of business?

Mr. WEST. We let Mr. Corporlonga go, I believe, about September of 1952—1962, I mean; excuse me.

Mr. ROGERS of Florida. It went out in 1962? Out of existence?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And did you take over all of the accounts in this corporation?

Mr. WEST. You mean take over—what accounts, sir?

Mr. ROGERS of Florida. Any that Verifak might have had. Did you merge the corporations?

Mr. WEST. Oh, no; we just put it out of business completely.

Mr. ROGERS of Florida. I see.

Have you ever had a subscriber tell you they would buy the survey if they placed first, before you made the survey?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Has that ever happened, that they placed first after advising you of that?

Mr. WEST. Oh, yes, sir; I am sure it has. There are many times that they did not, though.

Mr. ROGERS of Florida. Many times, and your records would reveal this, too?

Mr. WEST. Oh, yes, sir.

Mr. ROGERS of Florida. Could you give us some examples of this?

Mr. WEST. Give you a specific example of a station?

Mr. ROGERS of Florida. Well, perhaps you might want to go through your records and let us have some records.

Mr. WEST. Yes, sir; we would be glad to.

Mr. ROGERS of Florida. Where they have advised you they would not buy your service unless they placed first.

Mr. WEST. Be glad to.

Mr. ROGERS of Florida. Then you might give us some examples where they did place first and didn't.

Mr. WEST. Be glad to.

Mr. ROGERS of Florida. In those situations, suppose a station says: "I will buy your service only if we place first and I won't pay you until I see the results of the survey." Has that ever happened?

Mr. WEST. That they would not buy my survey unless they placed first or—

Mr. ROGERS of Florida. In other words, before you make the survey, you contact them?

Mr. WEST. Yes.

Mr. ROGERS of Florida. Then they say, "Well, I will buy if I place first."

Then you conduct the survey.

Mr. WEST. That is just about what was answered before, sir.

Mr. ROGERS of Florida. Well, now, let me finish. Then you make the survey—

Mr. WEST. Make the survey.

Mr. ROGERS of Florida. They do place first and then they make payment to you. Is that the normal procedure?

Mr. WEST. Oh, well, they seldom make payment to us before they get the survey.

Mr. ROGERS of Florida. Even though they subscribe to the service first?

Mr. WEST. Oh, no.

Mr. ROGERS of Florida. They never subscribe? When do you demand payment?

Mr. WEST. We demand payment 10 days—well, the normal invoice period, the 10th of the month following the date of delivery.

Mr. ROGERS of Florida. Do you sign a contract with them?

Mr. WEST. No, sir.

Mr. ROGERS of Florida. Is this done just by voice agreement?

Mr. WEST. It is by telephone, telegraph, or letter.

Mr. ROGERS of Florida. By letter?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. You cannot hold them to them, if they say "I subscribe."

Is there anything you can hold them to?

Mr. WEST. If they said they did not subscribe after they received the survey?

Mr. ROGERS of Florida. Well, yes.

Mr. WEST. We could try to collect it, yes, sir. We would have no contract.

Mr. ROGERS of Florida. That is what I mean; you have no contract, is that right?

Mr. WEST. We have no contract. We may have the letter or the telegram saying "We subscribe to your survey at a certain rate." We may have that. I assume that is, in a way, a contract.

Mr. ROGERS of Florida. Well, is it or isn't it? That is what I want to know, if you do business on a contract basis.

Mr. WEST. It is not a written formal contract, but it could be admitted as evidence, as being a mutual agreement.

The CHAIRMAN. Will the gentleman permit me just a minute?

Mr. ROGERS of Florida. Yes.

The CHAIRMAN. Mr. West, I cannot make up my mind whether you are just trying to confuse things and are deliberately refraining from giving us a definite statement of facts from your operation or whether you just simply don't know. After 12 years as president of your company, it seems as though you ought to know.

I am a little bit mixed up. Now, here Mr. Rogers has been asking you about your procedure.

Mr. WEST. Yes, sir, and I have been telling him.

The CHAIRMAN. Well, if you have, then it shows a most unclear picture.

Mr. WEST. Well, sir, I have been trying to be clear. Maybe I am just not, that is all.

The CHAIRMAN. All right. On the very question that he is asking you, which you have gone all around the lot to respond to and come up with nothing definite yet, here is a letter dated December 6, 1960. It is addressed to Mr. Howard A. Peters, radio station KPBA, Pine Bluff, Ark.:

DEAR MR. PETERS: I am pleased to say that according to our preliminary tabulations, KPBA is in first place in the daytime in Pine Bluff, Ark., radio survey which we conducted during the week of November 20 through 27.

Remember, this is December 6.

Since the reports will not be published until next week and the survey is therefore still open for local participation, we offer KPBA the opportunity of participating at the rate of \$145 for the complete Monday-through-Friday report as outlined in the attached specifications. However, I must have your confirmation of participation as soon as possible and therefore ask that you confirm your order by "collect wire" immediately.

Looking forward to receiving your order, I am,

Sincerely yours,

ROBERT E. WEST.

Mr. WEST. Yes, sir.

The CHAIRMAN. Now, isn't that just a simple, clear picture of how you operate?

Mr. WEST. I told you, sir, that that is one part of the way we sell surveys. It is. The answer is "Yes." I thought I said "Yes."

Mr. ROGERS of Florida. Could you furnish the committee with correspondence showing that you contacted stations before the survey was actually done, had subscribers before the survey was done, and had money paid by those subscribers before your results were released to a particular station as being first? Did that ever happen?

Mr. WEST. There may be instances where a station has paid money in advance on a situation, but generally it is paid on a regular billing basis, as I have stated before.

Mr. ROGERS of Florida. So you operate—suppose they decide not to purchase. You go into an area and make a survey; anyhow, I believe you testified before, and often didn't even sell it.

Mr. WEST. Oh, yes, sir; in some cases that is true, sir.

Mr. ROGERS of Florida. How many cases, would you say?

Mr. WEST. As I stated before, approximately, there may be from one to five a week.

Mr. ROGERS of Florida. But you never sell them?

Mr. WEST. No, sir; I didn't say we don't sell them. Some of them we do, some of them we don't.

Mr. ROGERS of Florida. I have asked you only for those that you have stated you went into, made a survey, and then never sold a survey. How many times did that happen?

Mr. WEST. I would say about half the time.

Mr. ROGERS of Florida. One-half of the time?

Mr. WEST. About half the time, we don't sell them; yes, sir.

Mr. ROGERS of Florida. Is there any explanation? Can you give us any explanation of why you probably would not be able to sell them?

Mr. WEST. Oh, well, sure; perhaps they bought somebody else's survey just prior to our survey. Perhaps they are a regular subscriber to some other service.

Mr. ROGERS of Florida. Let me ask you: Who initiates the request for a certain survey? Do you just go in on your own and say, "This is an area I think we ought to survey?"

Mr. WEST. We run the promotion by a quarterly schedule, 3 months in a quarter—

Mr. ROGERS of Florida. Who makes that up?

Mr. WEST. I do, sir.

Mr. ROGERS of Florida. Then you run it?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. That is what I am trying to find out.

Mr. WEST. Yes, sir; yes, sir—I am trying to.

Mr. ROGERS of Florida. Just let us know whether you do it.

Mr. WEST. I do.

Mr. ROGERS of Florida. You make up the schedule as to whether surveys should be made?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Do you contact the person then who makes your survey?

Mr. WEST. No, sir.

Mr. ROGERS of Florida. Do you ever go out into the field yourself?

Mr. WEST. No, sir.

Mr. ROGERS of Florida. You stay right in the home office?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. All of your contact, then, is done by telephone or mail?

Mr. WEST. Telephone or mail; yes, sir.

Mr. ROGERS of Florida. Very seldom personal contact?

Mr. WEST. Very seldom.

Mr. ROGERS of Florida. Do you keep a record of your telephone calls?

Mr. WEST. The telephone company sends us a list every month with them, with the telephone bills.

Mr. ROGERS of Florida. I wonder if you make a list of some of them when they subscribe over the telephone?

Mr. WEST. When someone subscribes over the telephone, I generally acknowledge the telephone conversation.

Mr. ROGERS of Florida. So your records would reveal this?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. So we could go into those if necessary?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Then who hires the person to make the survey?

Mr. WEST. The field department.

Mr. ROGERS of Florida. Who is the field department?

Mr. WEST. That would consist of Mrs. Jones and Mrs. White.

Mr. ROGERS of Florida. Two ladies?

Mr. WEST. Two ladies; yes, sir.

Mr. ROGERS of Florida. Do they ever leave the central office?

Mr. WEST. Not for radio research fieldwork; no, sir. We have no supervisors out in the field.

Mr. ROGERS of Florida. How do they contact these people that make the survey?

Mr. WEST. They are contacted by mail, by telephone, by telegraph.

Mr. ROGERS of Florida. How many people would you say work on your particular survey?

What has been your common practice?

Mr. WEST. Oh, it could be on the average survey, it could be generally from one to two operators.

Mr. ROGERS of Florida. One to two operators?

Mr. WEST. One to two operators.

Mr. ROGERS of Florida. And they work about how long on a survey?

Mr. WEST. Well, sir; it would depend—

Mr. ROGERS of Florida. What has been your pattern? I realize it varies, but what has been your pattern?

Mr. WEST. How many hours—I don't know how many hours they work.

Mr. ROGERS of Florida. I thought you generally paid \$22.50 for 14 hours. Is this normal?

Mr. WEST. I would say, yes, that is normal for 14 hours.

Mr. ROGERS of Florida. Is that generally what you would give that person making the survey, 14 hours?

Mr. WEST. I would assume that is what they use.

Mr. ROGERS of Florida. Is that the custom or isn't it?

Mr. WEST. As far as I know, yes.

Mr. ROGERS of Florida. If it isn't, just say so.

Mr. WEST. As far as I know; yes, sir.

Mr. ROGERS of Florida. It is the custom?

Mr. WEST. As far as I know, yes, sir.

Mr. MOSS. Will the gentleman yield?

Mr. ROGERS of Florida. Yes; I yield.

Mr. MOSS. I want to have the record very clear. You gave us the figure of 268 surveys made last year.

Mr. WEST. Yes, sir.

Mr. MOSS. Now, you also indicated in response to Mr. Rogers that this would reflect approximately 50 percent of the total surveys made because you sold 268, and you said about half of those you take are not sold. Is that correct?

Mr. WEST. No, sir; I don't think I said that, no, sir.

Mr. MOSS. Well, if you did say it, we can have the record read back to you. That is why I want it clear.

How many do you sell—you sold 268?

Mr. WEST. Yes, sir.

Mr. MOSS. How many did you take that were not sold.

Mr. WEST. In order to have sold that 268, sir?

Mr. MOSS. Yes.

Mr. WEST. I would say that 75 percent of that 268 was taken—was sold before we made them.

Mr. MOSS. That isn't what I asked you.

Mr. WEST. That is the best answer.

Mr. MOSS. I asked you how many you took in addition to the 268 which were not sold.

Mr. WEST. Over and above, this, I believe I stated that we made perhaps 100 or more in a year. If we sold half of them, then that would be approximately 50 surveys.

Mr. MOSS. No; because you sold 286 surveys; so you had to make more than the 50 that you sold. You sold 268.

How many did you make that you did not sell?

Mr. WEST. I stated that I think—say we make approximately 100 surveys on what I would call on a speculative basis. I would say that we sell half of them, so I would say that we sold 50 surveys on that basis, sir.

Mr. MOSS. You could not say that, because it would not add up. You sold 268. If you applied the formula you have given me, you would have 536 taken. If you are only going to sell 50 percent of the ones you take, then you have to have 536 surveys in order to sell 268 of them.

That is a mathematical fact. I know you have admitted that you are no statistician.

Mr. WEST. I am not.

Mr. MOSS. But at least you should have the rudiments of arithmetic, because this is simple, primary-grade-level arithmetic.

I think you should be able to indicate how many you took that you did not sell. You have given me a formula. I think I have proven to you the formula is unworkable on the basis of your testimony.

What is the fact?

Mr. WEST. The facts, sir, as I understand them, is that we made 268 surveys.

Mr. MOSS. You sold 268 surveys.

Mr. WEST. Excuse me. We sold 268 surveys in that year of 1962.

Mr. Moss. All right.

Mr. West. Now, if we want to analyze that 268—

Mr. Moss. I don't. I want to analyze those you didn't sell.

Mr. West. Well, we will have to analyze the other, first.

Mr. Moss. Why? You sold these?

Mr. West. Because part of those are the ones which we made prior to selling them and part of them are what was made—

Mr. Moss. This is not what I asked you, Mr. West.

Mr. West. I am confused, sir.

Mr. Moss. You should not be.

Mr. West. Well, I am, sir.

Mr. Moss. We will go back and be very kind and patient. You started out with a good, clean year. You have nothing on your books. You started to sell. Some you sell in advance of taking.

Mr. West. All right.

Mr. Moss. Then others you decided to initiate a survey in the hope you can then market them.

Mr. West. All right, sir.

Mr. Moss. You have said that in this category, half of those taken are ultimately sold?

Mr. West. Yes, sir.

Mr. Moss. Now, then, if we take this point, you say 75 percent of the 268 were sold in advance?

Mr. West. I would say approximately, yes, sir.

Mr. Moss. All right. That is three quarters of the 268. So 67 of them you had no order on. Did that 67 then represent the sales result of 134 surveys?

Mr. West. I would say yes, sir. That is what I have been trying to say. I must have confused it.

Mr. Moss. So we would then take—you had to make 335 surveys—

Mr. West. That is right.

Mr. Moss (continuing). To sell 268. And these surveys, were they all complete before you offered them for sale? Now, when I use the term "complete," I am talking about the fieldwork, not the statistical work in the office; not the analysis, but just the fieldwork.

Before you offer a survey for sale by one of these letters, where you say, "Sir, I am happy to tell you that you are tops: if you want to buy this, but you have to let me know in a hurry"—at that point, when that offering is made, is the fieldwork completed?

Mr. West. The fieldwork has been completed in the field, yes, sir.

Mr. Moss. That is the only place you can complete it?

Mr. West. I just want to be sure, that is all.

Mr. Moss. At this point, you have incurred an obligation to pay some individual or group of individuals for the fieldwork itself.

Mr. West. That is right; yes, sir.

Mr. Moss. Now, these surveys cover a week or 2 weeks. The minimum number of contacts made is 1,800. We have proved this morning that it would be difficult in a period of 14 hours to accomplish the 1,800. But for the sake of trying to get an understanding here, we will say that you did complete them.

Mr. West. Yes, sir.

Mr. Moss. Could you have completed them in less than 14 hours?

Mr. West. I could not say. I don't know.

Mr. Moss. We have proved this morning that you probably could not complete them in 14 hours. Now, you have difficulty in determining whether you could complete a survey in less than 14 hours.

Mr. WEST. Well, as I said, I was making guesses this morning, and I am still making them.

Mr. Moss. All right, I will go along for a moment, because I am interested in something else.

Mr. WEST. Mrs. Jones can give you that, definitely.

Mr. Moss. That is a most invaluable woman, sir. She reminds me of one we had a few years ago by the name of Mrs. Paperman, when we had another interesting hearing.

You pay these people whether it is 10 hours or 14 hours?

Mr. WEST. Yes.

Mr. Moss. If we confine it to one interview per survey—one interview per survey—per contact. If we confine it to one response per contact—is that what you are saying?

If you took one interview on each of these 335 surveys—

Mr. WEST. This is for 1962, sir?

Mr. Moss. We find that the average cost would be between \$16 and \$17.

Mr. WEST. Per survey?

Mr. Moss. Per survey. And that means, if you are paying the rate of around \$1.50 an hour, that you are not spending very many hours and you have some amazing people—amazing people.

If they can complete 1,800 contacts in about 12—oh, less than that—10 hours—1,800 contacts. I think we do indeed need Mrs. Jones.

I thank the gentleman for yielding to me.

Mr. ROGERS of Florida. Certainly.

I just want you to comment on this statement in your publication. This one is dated January 1961, Los Angeles, Calif. You put in "Standard Procedure." I just want your comment on this as to whether this is a true statement or not, and I am quoting from your page entitled "Standard Procedure."

This is a quote:

The Conlan field organization includes experienced, trained personnel in more than 2,000 cities in 48 States and the home office production personnel includes verifiers, program editors, tabulators, calculators, and supervisory personnel, with no less than 5 years of research experience and as much as 20 years of experience with the Conlan organization.

Now, is that a true statement?

Mr. WEST. I think it is a true statement, yes, sir.

Mr. ROGERS of Florida. Who are your experienced, trained personnel in more than 2,000 cities in 48 States? I thought you said there were only 5 personnel and you never left the home office.

Mr. WEST. That is true, but we have a field file, sir, which is composed of approximately 4,000 independent field operators. When we have a survey, the field department takes in the file of a certain city, the name of a person who has worked for us previously, and she is contacted to do the survey.

Mr. ROGERS of Florida. Suppose she had not worked for you previously, how do you determine whether she is an experienced, trained personnel in this type of work?

Mr. WEST. That is Mrs. Jones' job.

Mr. ROGERS of Florida. I see.

Now, tell me this: You say your home office production personnel includes verifiers. Who are the verifiers at your home office?

Mr. WEST. I don't even know what a verifier is, sir.

Mr. ROGERS of Florida. We are trying to get you to be one right now. But we are not having much luck.

So you don't know verifiers?

Mr. WEST. I don't know exactly what a verifier is, no sir.

Mr. ROGERS of Florida. So you don't know what your own booklet is putting out? Is that what you are telling me?

Mr. WEST. Let me point out this, sir. Those specifications and so forth, were written up not by me but by former owners. We have been going along with some changes which I know are needed—

Mr. ROGERS of Florida. In 12 years, you have not changed this; is that what you are telling us?

Mr. WEST. That was not my job for 12 years, sir.

Mr. ROGERS of Florida. Was this Mrs. Jones'?

Mr. WEST. No; that was Mr. Guyant's, the former owner's.

Mr. ROGERS of Florida. You have not changed it in 12 years?

Mr. WEST. I bought it out in 1959, sir.

Mr. ROGERS of Florida. You haven't changed it since 1959?

Mr. WEST. Oh, yes, sir.

Mr. ROGERS of Florida. This was not changed?

Mr. WEST. What is that date?

Mr. ROGERS of Florida. I just read it to you, 1961.

Mr. WEST. 1961.

Mr. ROGERS of Florida. You don't know what it is—is that true?

Mr. WEST. No, sir; I know what it is.

Mr. ROGERS of Florida. Let's see what the program editors are. Who are the program editors at your office?

Mr. WEST. A Reva Johnson.

Mr. ROGERS of Florida. She is the program editor, or editors?

You put it in the plural in your booklet. Do you just have one?

Mr. WEST. Presently, yes. In 1961, we had more.

Mr. ROGERS of Florida. Who did you have in 1961?

Mr. WEST. We had more personnel than we have now.

Mr. ROGERS of Florida. Who was the other program editor?

Mr. WEST. A Mrs. Milburn—no; she was a tabulator. A Gladys Brown.

Mr. ROGERS of Florida. A Gladys Brown? Where was she from?

Mr. WEST. Kansas City.

Mr. ROGERS of Florida. Does she still live there, as far as you know?

Mr. WEST. In Kansas City, yes, sir.

Mr. ROGERS of Florida. She does not work for you any more?

Mr. WEST. No, sir.

Mr. ROGERS of Florida. Did your present program editor work for you at the same time Mrs. Brown worked for you?

Mr. WEST. I think she did, yes, sir.

Mr. ROGERS of Florida. Could you furnish us with the last known address of this Mabel Brown?

Mr. WEST. Gladys Brown.

Mr. ROGERS of Florida. Gladys Brown?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. That would be helpful.

How many employees did you have in 1961?

Mr. WEST. I think, sir, we had about eight.

Mr. ROGERS of Florida. Had you had more before then?

Mr. WEST. Oh, yes, sir; I think back in 1955 or 1954, they had as high as—

Mr. ROGERS of Florida. I am talking about when you owned the company?

Mr. WEST. Oh, no, sir.

Mr. ROGERS of Florida. No more? Eight was the most you had?

Mr. WEST. I am sure that was the maximum we had.

Mr. ROGERS of Florida. Who are your tabulators?

Mr. WEST. One of them is Mrs. Jones.

Mr. ROGERS of Florida. And who else?

Mr. WEST. Mrs. Jones does an awful lot of work.

Mr. ROGERS of Florida. Who else? Any other tabulators?

Mr. WEST. In 1961, we had one other tabulator, a Mrs. Milburn.

Mr. ROGERS of Florida. What was her first name?

Mr. WEST. Thelma Milburn.

Mr. ROGERS of Florida. And how long did she work for you?

Mr. WEST. Oh, Mrs. Milburn—she was there before I was there. I guess she had been with us for—oh, 15 years, I expect.

Mr. ROGERS of Florida. When did she leave your employ?

Mr. WEST. She left it, I believe, in December of 1962, when she had an accident.

Mr. ROGERS of Florida. Does she live in Kansas City, as far as you know?

Mr. WEST. Yes, sir, as far as I know, she does.

Mr. ROGERS of Florida. Now, who are your calculators?

Mr. WEST. The calculators—a tabulator—the way I understand it, a calculator and a tabulator is about one and the same thing.

Mr. ROGERS of Florida. But you list them separately there, giving the impression—

Mr. WEST. Apparently, they are listed separately; yes, sir.

Mr. ROGERS of Florida. Is there any difference in the job?

Mr. WEST. I think there is a distinction, yes, sir, but I do not know what it is.

Mr. ROGERS of Florida. Who would be your calculator?

Mr. WEST. Who would be the calculator—it would be—

Mr. ROGERS of Florida. This is Mrs. Jones?

Mr. WEST. We only have five employees, sir.

Mr. ROGERS of Florida. Now, let me ask you one more question: Who are your supervisory personnel?

Mr. WEST. Mrs. Jones supervises the office.

Mr. ROGERS of Florida. Had you ever thought of changing your corporation name to Mrs. Jones Associates?

Mr. WEST. That would probably be a good name for it, sir.

Mr. ROGERS of Florida. I do want to comment—

Mr. WEST. Incidentally, sir, I don't believe that standard procedure appears in the report any longer.

Mr. ROGERS of Florida. It does what?

Mr. WEST. I don't believe—that does not appear in our present reports.

Mr. ROGERS of Florida. This was January of 1961?

Mr. WEST. That was 2 years ago.

Mr. ROGERS of Florida. So it does not appear?

Mr. WEST. No, sir.

Mr. ROGERS of Florida. But these people still do these functions, you have told us about?

Mr. WEST. These people do.

Mr. ROGERS of Florida. Could you furnish us with a late copy of your report?

Mr. WEST. We would be glad to.

Mr. ROGERS of Florida. Could you give us one now?

Mr. WEST. Yes.

Mr. ROGERS of Florida. Thank you very much.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. I think maybe I ought to defer most of my questions until Mrs. Jones comes.

Mr. WEST. I'll try—I have been trying to answer.

Mr. BROTZMAN. Well, let's try a little harder.

I have a document, a red cover Conlan report, dated September-October 1961, Pueblo, Colo. There is one page here, it says "Summary of AM Radio Report."

It is dated September-October 1961. The first word on this page is "Sample." As you move across the column, it has "6 a.m. to 12 noon; 12 noon to 6 p.m.; 6 p.m. to 11 p.m."

Under the "6 a.m. to 12 noon" it has a figure, 1,634. What does that figure represent?

Mr. WEST. That is referring to sample, is that right, sir?

Mr. BROTZMAN. All right, I am going to start all over.

Hand him this, will you?

You look at exactly the same page. I have one just like it. Do you see the word "sample" there?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. You look over to your right across the page.

Mr. WEST. I see it, sir.

Mr. BROTZMAN. Do you see a figure, 1,634?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. I am asking you this question: What does that figure represent?

Mr. WEST. That represents the number of responses received on the survey, sir.

Mr. BROTZMAN. Now, when you use the word "responses," what does that mean?

Mr. WEST. That means the number of affirmative answers to a question, the affirmative answer to a question, on the singular—putting it in the singular.

Mr. BROTZMAN. This got pretty confusing this morning. Now, you listen to me carefully. Somebody representing your company calls a person up on the telephone?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. They apparently, according to this piece, ask them several questions, is that not correct?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. Now, to make this one more, to make this 1,635, would that mean that one more person would have answered the telephone and answered all of the questions?

Mr. WEST. No, sir; that would mean that one more question had been answered.

Could I explain it, or do you wish to go on?

Mr. BROTZMAN. No, go right ahead.

Mr. WEST. On an interview, a respondent is asked, "What are you listening to now, what were you listening to a half-hour"—I am taking this from memory now—"What were you listening to a half-hour ago; what were you listening to an hour ago?"

Then, "Do you listen to automobile radio, and if so, what times of the day?"

So from each person you contact, you could possibly get anywhere from one to six or seven responses per person—per phone call.

Mr. BROTZMAN. Six or seven per phone call?

Mr. WEST. Per phone call, yes.

Mr. BROTZMAN. Now, look over here clear over at the right.

Mr. WEST. Yes.

Mr. BROTZMAN. I am going to show you how nonsensical that answer really is, if I understood your answer correctly.

You were trying to tell us this is response to individual questions now, according to your answer; isn't that correct?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. But yet you add all those figures up and they come out to "entire survey," 4,742; right? Do you see that figure?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. Listening homes is the next entry; is it not? 991.

Now, what is the correlation between the figure, 4,742, and the figure, 991? What percentage is 991 of 4,742?

Mr. WEST. A little over 20 percent.

Mr. BROTZMAN. All right, it is the next line; is it not? 20.9 percent; right?

Mr. WEST. That is right.

Mr. BROTZMAN. So the calculation would not work at all if you put it on the basis that you answered the question, because you have listening homes of 991 and you show that as 20.9 percent of the 4,748, the point being that if what you said was true in response to my question, these figures would have no correlation whatsoever; would they?

Mr. WEST. It doesn't seem so; no, sir.

Mr. BROTZMAN. Do you see what I am driving at?

Mr. WEST. Yes.

Mr. BROTZMAN. All I am trying to do is understand. I am not trying to confuse you in any sense of the word, but I want to show you how ridiculous your answer is when you take it that way.

Now, let's go back over this again. I just want to be sure to give you every opportunity to explain that you can.

It could not possibly be number of responses to individual questions; could it? I just showed you that the figures do not mean anything if you do that.

Mr. WEST. Well, it states here, "Sample," but in the report, over here, it says "Responses."

Mr. BROTZMAN. But this is not responses to individual questions. It is how many times you establish contact if listening homes is correlated to it; is that not right?

Mr. WEST. Yes, sir, and I can see your point very well. I cannot explain it; no, sir. I can't explain it.

Mr. BROTZMAN. Now, you admit that what I am saying is logical and true; do you not?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. And it has to be that way; does it not?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. All right. Now, you have a mail piece in your hand; don't you?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. And you are the sales manager; is that correct?

Mr. WEST. I am, sir.

Mr. BROTZMAN. Do you utilize that booklet, in your merchandising technique?

Mr. WEST. Well, a station who perhaps wishes to buy a survey, has bought a survey, would like a sample copy of a survey to see how we present our data, and so forth, so yes, I may send them a sample copy of a survey; yes, sir.

Mr. BROTZMAN. Now, do you walk in and actually talk to the prospective purchaser? Is that correct?

Mr. WEST. I talk to very few managers personally at all; no, sir.

Mr. BROTZMAN. Whom do you talk to?

Mr. WEST. I made an error. I said I don't talk to very many of them personally. I meant in person, I don't. Most of our sales is made by correspondence, by telephone, or telegram.

Mr. BROTZMAN. Do any of them ever ask you what the extent of the survey is that you make?

Mr. WEST. Yes, sir; I send them a specification sheet.

Mr. BROTZMAN. Do you ever use this booklet to show them something that says "entire survey"? Do they ever see this?

Mr. WEST. Yes, sir; if I send them a sample report, they do.

Mr. BROTZMAN. Don't they ever ask questions like I am asking you right now, about what that figure 4,742 means?

Mr. WEST. I can't remember their asking it.

Mr. BROTZMAN. Has anybody ever asked you that question?

Mr. WEST. No, honestly, I can't remember it. I am sure that, being in the sales capacity for the past 12 years, I am sure it has been answered.

Mr. BROTZMAN. Drop down one more line here. I just want to direct your attention to this one page. We are not going to get off this track, because I am going to quit in a minute, but I would like to try to understand your understanding of this.

It says "Distribution of listening homes among stations."

Do you see that?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. On this one, it has certain call letters.

Mr. WEST. Yes, sir.

Mr. BROTZMAN. KAPI, KCSJ, and so forth. Do you see those?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. Now, move over to the percentages there. Opposite KAPI, it shows 10.7 percent, right?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. What does that mean?

Mr. WEST. That means that KAPI, from 6 a.m. to 12 noon, had a potential audience of 10.7 percent.

Mr. BROTZMAN. Of what?

Mr. WEST. Of the potential audience, sir.

Mr. BROTZMAN. Now, let us go back. You have a sample at that hour of 1,634, is that right?

Mr. WEST. That is what it says here; yes, sir.

Mr. BROTZMAN. So you have listening homes of 373; sets in use, using the figuring I just did a moment ago, 373 is 22.8 percent of that top figure, right?

Mr. WEST. That is right, sir.

Mr. BROTZMAN. Now, I would assume that KAPI has 10.7 percent of the 22.8 percent. Would that be correct? That represents 100 percent of the people that are listening; right?

Mr. WEST. Well, I think that would be—they had 10 percent of the 373 homes listening.

Mr. BROTZMAN. Correct.

Mr. WEST. The "Sets in Use" is a figure that represents how many—in other words, 22 percent of the homes who were called were listening.

Mr. BROTZMAN. All right. Now, back to the final point. So it has to be that the figure 4,742, showing the entire survey, could not be responses to individual questions; is that not right? I mean this has to be the basis of contact to a home?

Mr. WEST. It certainly seems so to me. I agree with you. There is something wrong.

Mr. BROTZMAN. All right.

I shall reserve the rest of my questioning for his associate, Mrs. Jones.

The CHAIRMAN. The committee will adjourn until tomorrow morning at 10 o'clock. You be back at that time.

(Whereupon, at 5:45 p.m., the hearing recessed until the following day, March 12, 1963, at 10 a.m.)

BROADCASTING RATINGS

TUESDAY, MARCH 12, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. Mr. West, you may resume.

TESTIMONY OF ROBERT E. WEST, PRESIDENT, ROBERT S. CONLAN & ASSOCIATES, KANSAS CITY, MO. (RESUMED) AND HALLIE A. JONES, STOCKHOLDER, ROBERT S. CONLAN & ASSOCIATES, KANSAS CITY, MO.

The CHAIRMAN. Mr. West, do you have Mrs. Jones with you this morning?

Mr. WEST. Yes, sir, I do.

The CHAIRMAN. Do you wish for her to attempt some of the explanations that you could not give yesterday?

Mr. WEST. Yes, sir.

The CHAIRMAN. Let her come around.

Mrs. Jones, we have a regular procedure of swearing witnesses. Witnesses who present matters to the committee must be sworn first.

Will you please be sworn?

Do you solemnly swear that the testimony you give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. JONES. I do.

The CHAIRMAN. I think perhaps you had better identify yourself, Mrs. Jones, for the record, since Mr. West is fully identified in the record thus far.

Mrs. JONES. My name is Hallie Jones and I am a stockholder in Robert S. Conlan, Inc., in Kansas City, Mo.

The CHAIRMAN. Robert S. Conlan is in what business?

Mrs. JONES. Radio surveys and market research work.

The CHAIRMAN. How long have you been with Robert S. Conlan Associates?

Mrs. JONES. 16 years.

The CHAIRMAN. Are you one of the coowners of that business?

Mrs. JONES. Yes, I am.

The CHAIRMAN. You and Mr. West, I believe he testified yesterday, own it under contractual arrangement from Mr. Conlan.

Mrs. JONES. Mr. Guyant.

The CHAIRMAN. Mr. Guyant, I mean, yes.

Yesterday, the members of the committee and members of the staff were attempting to get some information, Mrs. Jones, but were unsuccessful in getting fully satisfactory responses.

Out of most of them came the fact that you seem to know more about the business and have more information than Mr. West. I hope that we can proceed with these hearings so that we can make some progress.

We have a good many witnesses to hear before we conclude this study into the method of ratings and their use and so forth, which this committee has undertaken.

So it is my hope that we can get direct responses now, with both of you here, without any equivocation, if I might use that word, or unnecessary delays.

So I am going to let Mr. Richardson of the staff, who has worked on this and has the information available, proceed in an effort to get this story.

Mr. Richardson, you may proceed.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. West, yesterday you stated that Mrs. Jones prepared the list which you gave to Mr. Ross concerning the information which was requested of you pertaining to your interviewers in eight specific markets for specific time periods; is that correct?

Mr. WEST. Yes, sir; that is correct.

Mr. RICHARDSON. These periods, as the record shows, were for Tucson, Ariz., April 1960 to April 1961; Tampa-St. Petersburg, Fla., March 1960 to March 1961; and Pine Bluff, Ark., September 1960 to September 1961; is that correct?

Mr. WEST. I assume that is correct; yes, sir.

Mr. RICHARDSON. Mr. West, would you first consult with Mrs. Jones and ascertain whether this represents all the fieldwork done in these specific markets for the just mentioned time periods—

Mr. WEST. Would I consult with her?

Mr. RICHARDSON. Yes.

The CHAIRMAN. May I suggest that the procedure, since Mrs. Jones is here, be that we let Mrs. Jones answer these question, because I think we will get into another impossible situation if we start consulting with one and having another respond.

Mrs. JONES. I would say that the list that you have here is as accurate as far as field slips and other necessary data that I have in the office and that I could find is on this list.

Mr. RICHARDSON. Now, Mrs. Jones, the request from the staff of the subcommittee was for all work done by all interviewers in these markets. Do you know whether or not you tried to present to the staff that information?

Mrs. JONES. To the best of my knowledge, that is all but I would not say that it is all, because it could be that some records are not there.

Mr. RICHARDSON. Yesterday, a certain amount of confusion came about in relation to whether or not your company used figures for completed calls or completed responses. Mrs. Jones, may I go over

this procedure and see whether or not the staff has an understanding of what your company has been doing?

Mrs. JONES. Would the committee like for me to explain our survey procedure as we go through it?

Mr. RICHARDSON. Would you first let me see if I have a correct understanding of what your company did the years in which we are particularly interested—1960 and 1961?

Verifak, in all of its surveys, used a system based on completed calls; is that correct?

Mrs. JONES. That is right.

Mr. RICHARDSON. Would you explain what a completed call is?

Mrs. JONES. A completed call is when a telephone number is dialed and that phone is answered by someone.

Mr. RICHARDSON. Each completed call would then be a separate home?

Mrs. JONES. Yes; a completed call.

Mr. RICHARDSON. You would not have one home representing more than one completed call?

Mrs. JONES. No.

Mr. RICHARDSON. Now, Conlan uses a sample, or did in late 1961, and for the full year of 1960 based on completed calls; is that correct?

Mrs. JONES. To my knowledge; yes.

Mr. RICHARDSON. Since 1961, Conlan has used a sample based on completed responses; is that correct?

Mrs. JONES. That is right.

Mr. RICHARDSON. Completed responses—let's see if this is your understanding of completed responses under your system. Does not a completed response normally consist of a call placed and if it is completed, the respondent answers as to which station he is listening to now and whether or not he listened 15 minutes prior?

Mrs. JONES. A completed response is when a telephone number is called and that phone is answered. That is a response, whether or not they are listening to radio, television, or whatnot.

Mr. RICHARDSON. Yes.

But do you then indicate that a response is one individual home and you could not get more than one response from a home?

Mrs. JONES. No; on our worksheet, you can get at least three and as much as eight responses on one telephone call.

Mr. RICHARDSON. In relation to radio?

Mrs. JONES. Yes.

Mr. RICHARDSON. Do you have those sheets for us this morning?

Mrs. JONES. Worksheets? No.

Mr. RICHARDSON. Yes; in which you explain that you can get eight responses from each home.

Would you get a copy of your specification sheet or were you able to get them?

Mr. WEST. We had no opportunity to get them because she was on the plane when you asked us.

Mrs. JONES. After all, I had 3 hours' notice to get here.

Mr. RICHARDSON. Mrs. Jones, does not your form which you have used since 1961 state that when a home is called, you will ask what station they are listening to, if any, in radio, and then what station they were listening to, if any, 15 minutes ago?

Mrs. JONES. A half hour ago, and also what they were listening to 1 hour ago. That is three responses to one telephone number.

Mr. RICHARDSON. You would, then, have three responses to one telephone number covering a period of an hour?

Mrs. JONES. Hour and a half—now, 30 minutes ago and an hour ago.

Mr. RICHARDSON. Would you explain how now, 30 minutes ago and an hour ago, could be more than an hour?

Mrs. JONES. Now is this particular 30 minutes we were doing the interviewing on; 30 minutes ago would have been the previous half hour. So that constitutes an hour. What you were listening to an hour ago would be an hour and a half.

Mr. RICHARDSON. We will not get into an argument on that, because it is not important.

Basically, you use what is normally called a coincidental method by telephone, combined with a recall system?

Mrs. JONES. Immediate recall.

Mr. RICHARDSON. However, Mrs. Jones, in the years 1960 and 1961, the period we are interested in, you did, in both of your companies, use only the completed calls information?

Mrs. JONES. That is right.

Mr. RICHARDSON. So that is all we are interested in, in any of the information in front of this committee.

Mrs. JONES. I thought you were interested in the work we were doing.

Mr. RICHARDSON. Mr. West, yesterday you identified the information which had been sent to the Tucson employment agency in Tucson, Ariz.; is that correct?

Mr. WEST. That is correct.

Mr. RICHARDSON. You explained that this is the type of information which you sent out when you contacted interviewers?

Mr. WEST. That is the type that I understand is sent out; yes, sir.

Mr. RICHARDSON. Would you say that is the type you normally send out in such a situation, Mrs. Jones?

Mrs. JONES. If we don't already have on file a fieldworker who works in that particular town, or if the people we have been hiring are unavailable for that particular week or period.

Mr. RICHARDSON. You would go through an employment agency?

Mrs. JONES. Yes, sir.

Mr. RICHARDSON. This was all agreed to yesterday, Mrs. Jones, that for this survey, a Mrs. Broad did the interviewing. We have a sheet attached from the State employment agency.

On this particular specification sheet sent to this woman, would you tell how many hours of telephoning she had done?

Mrs. JONES. 14 hours; this particular girl.

Mr. RICHARDSON. She did 14 hours. Is it not true that on your interviewing sheets only 20 names will be listed to be called in each 15-minute period?

Mrs. JONES. Either 20 or 25.

Mr. RICHARDSON. Would you refresh your recollection with the information sent to Mrs. Broad?

Mrs. JONES. This was a particular 20-minute one—I mean 20 calls on a page is what it is.

Mr. RICHARDSON. Now, at 20 calls in 15 minutes—this is the possible number of dialings that could have been made, is that correct?

Mrs. JONES. Yes.

Mr. RICHARDSON. For 15 minutes, 4 of them to an hour, this would be a potential possible of 80 calls?

Mrs. JONES. Yes.

Mr. RICHARDSON. For 14 hours, would this not be 1,120 potential calls?

Mrs. JONES. If you say so.

Mr. RICHARDSON. No. I want you to be sure. 14 by 80. Is that what it would be?

Mrs. JONES. Yes; for one operator.

Mr. RICHARDSON. The testimony yesterday was that in all the records we could find of your company, the least number of completed calls you ever sold, at least in the years 1960 and 1961, were 1,800.

How can you explain, with Mrs. Broad only possibly making 1,120 calls, how you sold an 1,800-call survey?

Mrs. JONES. I would not say she was the only operator. Chances are we had another operator.

Mr. RICHARDSON. Mrs. Jones, I refer you to the information given to this committee by your company.

Mrs. JONES. That is right; and I stated as far as our records are concerned, but I would not say our records are accurate.

There is no reason why a field slip could not be lost, could not be recorded wrong, since it is handled by everyone in the office; it is not just handled by me.

Mr. RICHARDSON. Mr. West, yesterday you identified and read into the record certain letters from Tampa and St. Petersburg—

Mr. Moss. Mr. Chairman, I am not at all satisfied with the responses we are getting from the witness.

Mr. RICHARDSON. Mr. Chairman, I thought I would develop whatever I had here and let the committee do whatever they desire.

Mr. Moss. I would like this point, because the testimony of this witness up to this point does not mean a thing.

Now, we heard yesterday that you were in charge of the keeping of records in this office.

Mrs. JONES. I supervise an office force, yes. I am not in charge of everything.

Mr. Moss. How many people are in the office?

Mrs. JONES. Five.

Mr. Moss. Including yourself?

Mrs. JONES. Yes.

Mr. Moss. Does that also include Mr. West?

Mrs. JONES. Yes.

Mr. Moss. So actually what you are talking about is three?

Mrs. JONES. Yes.

Mr. Moss. So you have three people there and I understand that among this group are verifiers, editorial people, computer people.

In the meantime, you have the continuing responsibility for the maintenance of the records—physical accounting records of your business.

Mrs. JONES. That is right.

Mr. Moss. Now, you have indicated that the information you have supplied this committee may be faulty. Now, you know whether or not your books balance. You know whether or not payments you

have made are the only payments you have made. Your records, if they are adequate for the purposes of the Internal Revenue Service, must correctly reflect current transactions.

Mrs. JONES. That is right.

Mr. MOSS. Now, do those records reflect, the ones you have supplied us, every fact recorded in your books of account?

Mrs. JONES. Certainly.

Mr. MOSS. All right. Then, there could be nothing else, could there, because your books balance?

Mrs. JONES. I do not understand what you mean.

Mr. MOSS. Oh, surely you do. You balance your books from time to time, do you not?

Mrs. JONES. I am not the auditor, no; we have an auditor who balances our books and does this for us.

Mr. MOSS. Mrs. Jones, I don't care how many auditors you have, your auditors audit after you have balanced your books. You must at some point take a trial balance. You must know whether your books are in balance or out of balance.

Mrs. JONES. They are in balance.

Mr. MOSS. Whether your cash account is in balance or out of balance. You have to report to somebody on what you have expended as expenses.

Mrs. JONES. That is right.

Mr. MOSS. Are your expense records in your office correct?

Mrs. JONES. Sure they are.

Mr. MOSS. Are they the basis for the filing of your Federal income tax?

Mrs. JONES. That is right.

Mr. MOSS. Do these facts you have supplied the committee, then, reflect the content of those records?

Mrs. JONES. Well, our field records are distinctly different from our book records.

Mr. MOSS. Now, let's look at that. That is not quite true, because at some point, those field records are brought into your general books of account?

Mrs. JONES. That is right.

Mr. MOSS. And a balance is achieved.

Mrs. JONES. That is right.

Mr. MOSS. Now, the balance has been achieved. You say your expense account records are correct. They then must reflect every field record that you have, and if one is missing from the field and you have paid out cash to someone, you will pick it up at that point. That is why you have books of account.

Mrs. JONES. Well, this information that is on this list was taken from our field records. It was not taken from our books.

Mr. MOSS. No; you were asked for all of the checks that you drew to pay for surveys.

Mrs. JONES. Yes; which we furnished.

Mr. MOSS. Which you furnished?

Mrs. JONES. Yes.

Mr. MOSS. And if you paid out for a survey in any other fashion, you were to tell us about it.

Mrs. JONES. We pay some in cash.

Mr. Moss. All right; when you make a payment in cash, you make a record of cash?

Mrs. JONES. No; it is entered in our books as field cash.

Mr. Moss. The total of field cash must equal the total you have for payments—do you balance that?

Mrs. JONES. Yes; but it is not written for each individual as far as the cash is concerned.

Mr. Moss. How much cash did you pay out in 1962? Does it run into thousands of dollars?

Mrs. JONES. No.

Mr. Moss. Does it run into hundreds of dollars?

Mrs. JONES. Ten percent, probably, or 20 percent, maybe.

Mr. Moss. Twenty percent of what?

Mrs. JONES. Of our total field disbursements are made in cash.

Mr. Moss. And you have no record to indicate the individuals receiving this cash in compensation for work?

Mrs. JONES. Well, yes; because it is marked on the back of their field sheets. We have a time sheet.

Mr. Moss. Then you do have a record, and if you have responded fully and truthfully to the committee, the record you have given us is an accurate record.

Now, if your books are so faulty, I would suggest that perhaps we should refer this matter to the Internal Revenue Service.

Mrs. JONES. It would be perfectly all right.

We have nothing—

Mr. Moss. You have either given us a correct record or you haven't.

Have you given us a correct record?

Mrs. JONES. As far as my knowledge as to the people on file—

Mr. Moss. Who else would have any knowledge? You keep the books. Mr. West said you kept them.

Mrs. JONES. Yes; I do.

Mr. Moss. You say you keep the books.

Mrs. JONES. That is right.

Mr. Moss. Do you do a conscientious job of keeping the books?

Mrs. JONES. I try to, yes.

Mr. Moss. Do you balance them out?

Mrs. JONES. At the end of the month, yes.

Mr. Moss. These records, without any further hedging, are correct records?

Mrs. JONES. No, I would not say—

Mr. Moss. Then you did not give us everything we requested.

Mrs. JONES. We were asked to produce all the cancelled checks which we could produce in payment of field work, which I did.

That is what I was asked to do.

Mr. Moss. If you paid in cash, you were supposed to give us evidence of payment for field work, weren't you?

Mrs. JONES. They did not ask for that.

Mr. Moss. You use a most unorthodox policy in this payment of cash. I understand you put a bill in an envelope and mail it out without a receipt or anything else.

Mrs. JONES. It is requested that way. They ask us to pay that way.

Mr. Moss. And you have a system so loose you don't know the name of the person you sent the \$10 to. What do you do if they come back a month later and say you did not pay me?

Mrs. JONES. We have a timesheet that is marked "Paid."

Mr. MOSS. Then you do the basic record, the underlying record, to indicate payment.

You keep saying you do and then you say you don't. This is a matter of fact, it is not a matter of opinion. You do or you don't.

Mrs. JONES. I don't have it entered in a bookkeeping book by name; anybody that is paid by cash.

But we should have a time sheet marked "Paid" and also the field sheet showing that the person did the work. What can I say? They are related, yet I don't check one against the other.

Mr. MOSS. How in the world do you balance the cash?

Mrs. JONES. I do.

Mr. MOSS. Were you the bookkeeper before you become part owner?

Mrs. JONES. No; not particularly. I have done bookkeeping all my life.

Mr. MOSS. Done bookkeeping all your life? Does not this strike you as a strange admission you are making here now?

Mrs. JONES. No; to me it is very clear.

Mr. MOSS. I would think Internal Revenue would want to look at all the books you kept.

Mrs. JONES. Well, okay.

Mr. MOSS. I just cannot believe, in all candor, that what you are telling me here now is truthful.

Mrs. JONES. Well, it is.

Mr. RICHARDSON. Thank you, Mr. MOSS.

Mr. WEST, yesterday I gave you two letters which you read into the record concerning surveys which had been done, or at least the work supposedly had been done in the Tampa-St. Petersburg market. These letters were for the survey of February 12-19, 1961?

Mr. WEST. Let me see them again.

Mr. RICHARDSON. Here, for example, is the one to Mr. George Fee. You identified this letter yesterday for the record?

Mr. WEST. Yes.

Mr. RICHARDSON. In these two letters, you stated that the interviewers names were not included on this list, even though they had been asked for, because you only included the names on this list for surveys you had sold and this one was not sold?

Mr. WEST. Oh, no, sir; you are referring to a survey that was made after you had been to our offices.

Mr. RICHARDSON. When were we in your offices, Mr. West?

Mrs. JONES. November.

Mr. WEST. November of 1961.

Mr. RICHARDSON. Would you check the date on this letter?

Mr. WEST. This is February—oh, that is right.

Mr. RICHARDSON. That is right; February 1961. You were asked for these records. They were not supplied, is that correct?

Mr. WEST. We were asked for the surveys which were made and completed in these towns, and there they are, sir.

Mr. RICHARDSON. Would you read again—would you identify this letter?

And read the first paragraph to the committee.

Mr. WEST. This survey was apparently not completed. I told you before we do not sell a survey unless it is completed.

Mr. RICHARDSON. Please read the first paragraph.

Mr. WEST (reading).

According to our preliminary tabulations, I am pleased to say that WALT is in first place in the daytime in the metropolitan survey which we conducted February 12-19.

Mr. RICHARDSON. This letter was written on February 28, is that correct?

Mr. WEST. Yes, sir.

Mr. RICHARDSON. You said the survey was completed, was made in the week of February 12-19?

Mr. WEST. When we speak of completing a survey, completed when it is completely tabulated. It states right here, "Preliminary tabulations."

That does not mean it was completed or published or sold at all.

Mr. RICHARDSON. The question I asked and the information which Mrs. Jones has testified this morning she supplied to this committee was all of the fieldwork done by interviewers in these eight markets.

Was or was not that fieldwork done?

Mr. WEST. Sir, this eight-city list was furnished us, if I recall correctly, wanted to know the surveys that we had completed in these markets, the stations who we sold them to, and the fieldworkers who did the fieldwork, and that was it.

Mr. RICHARDSON. Did I not yesterday ask you, in the presence of your attorney, to supply to this committee the information as to the interviewers who did the fieldwork for both this survey and the one done at the same time in St. Petersburg?

Mr. WEST. You did, sir; and I said I would furnish them to you.

Mr. RICHARDSON. Do you have that information today?

Mr. WEST. How could I have it today?

Mr. RICHARDSON. Could you not have called your office and had someone look?

Mr. WEST. I suppose I could, but you still would not have had it. It could not have gotten here, I am sure.

Mr. RICHARDSON. Would you, as soon as possible, furnish that information to the subcommittee?

Mr. WEST. Be glad to.

Mr. RICHARDSON. Mr. West, would you identify this letter I hand you to the subcommittee?

Mr. WEST. I don't believe I saw this yesterday. It is dated December 6. Do you want me to read it?

Mr. RICHARDSON. Would you identify whether or not it is your letter?

Mr. WEST. It looks like my signature, so I would say; yes, sir.

Mr. RICHARDSON. Would you read it for the record?

Mr. WEST. Dated December 6, 1960.

Mr. HOWARD A. PETERS,
Station KPBA,
Pine Bluff, Ark.

DEAR MR. PETERS: I am pleased to say that according to our preliminary tabulations, KPBA is in first place in the daytime in Pine Bluff, Ark., radio survey which we conducted during the week of November 20 through November 27. Since the reports will not be published until next week and the survey is therefore still open for local participation, we offer KBPA the opportunity of participating at the rate of \$145 for the complete Monday through Friday report as outlined in the attached specifications. However, I must have your con-

firmation of participation as soon as possible and therefore ask that you confirm the order by "collect wire" immediately.

Looking forward to receiving your order, I am,
Sincerely,

Mr. RICHARDSON. In relation to supplying the interviewers names for the Tampa-St. Petersburg surveys, would you also supply for the record the interviewer who did the work in Pine Bluff, Ark., and the canceled checks for all three of these interviewers—the one in Pine Bluff, the one in Tampa, and the one in St. Petersburg?

The CHAIRMAN. And also the cash payments you made to any of them. I haven't heard a great deal on that.

Mr. WEST. We have sent some cash payment receipts to them, sir. They have cash payment receipts.

EDITORIAL NOTE.—Twice during the hearings Mr. West was requested to supply this subcommittee with the names of the interviewers who did separate surveys in Tampa and St. Petersburg, Fla., in February of 1961. These interviewers names were not supplied with the original request because Mr. West testified Conlan supplied only the interviewers for surveys actually sold and that neither of these had been sold. Mr. West was asked again by Mr. Richardson after leaving the stand to supply those interviewers names and certification of payment. Mr. West was also requested to supply the same information for a Conlan survey in Pine Bluff, Ark., for December of 1960. This request was made in the presence of Mr. Collet, attorney of record for Mr. West.

(The following correspondence between Mr. Campbell, attorney for Mr. West and Robert S. Conlan & Associates and the subcommittee clarifies this matter.)

LAW OFFICES OF CAMPBELL & CLARK,
Kansas City, Mo., March 15, 1963.

HON. OREN HARRIS,
House Office Building, Washington, D.C.

DEAR SIR: At the request of one of the attorneys representing the Government in the hearings before the subcommittee investigating the rating services, I am enclosing herewith the following information. The last known address of Mrs. Gladys Brown was 2821 South Ninth Street, Kansas City, Mo. The last known address of Thelma Melborne was 611 North Pine, Olathe, Kans.

In regard to the Tampa and Pine Bluff surveys, Mr. West advises me that he had given to you all of the information he had on these two markets when the investigators were here in Kansas City. He further stated that they did not sell any reports to any stations in either of these markets on the dates indicated by the attorney. You have, therefore, the only information which they have as to fieldworkers and certification of payments.

I am writing this letter for Mr. Collet who has been out of the city for the past several days. If there is any further information that we can secure for you, please do not hesitate to call on us.

Very truly yours,

JAMES E. CAMPBELL.

MAY 2, 1963.

JAMES E. CAMPBELL, ESQ.,
Campbell & Clark, 2205 Bryant Building,
Kansas City, Mo.

DEAR MR. CAMPBELL: This is in answer to the letter you wrote to Chairman HARRIS on March 16, 1963. Please excuse our delay in answering the letter which affected a phase of the hearing. I shall send a copy of this letter to Mr. West of Conlan.

May I point out to you and Mr. West that information was introduced into the record which clearly showed that two stations in the Tampa-St. Petersburg

market had been informed in February 1961, that each was first in one of these specific sections of the market. Your letter indicates that clearly no interviewing was done when these stations were informed they were first. The only possible conclusion which can be drawn, since no other interviewing was done in Tampa-St. Petersburg is that when Conlan informs a station that it is first in a market—in fact no interviewing has been done. Since the identical situation exists in relation to Pine Bluff the above statement applies.

If either you or Mr. West have any comments concerning my opinion please inform me; otherwise this shall go into our report to the committee and probably into the report of the committee.

Sincerely yours,

ROBERT E. L. RICHARDSON, *Staff Attorney.*

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C., June 26, 1963.

Registered Mail.
Return Receipt Requested.

Mr. ROBERT E. WEST.
*President, Robert S. Conlan & Associates,
Kansas City, Mo.*

DEAR MR. WEST: Your law firm of Campbell & Clark sent a letter to Chairman Harris of this subcommittee on March 15, 1963, in which Mr. James E. Campbell stated that you had advised him that you had given all the information on Tampa-St. Petersburg, Fla., and Tucson, Ariz., to the staff when we were in Kansas City.

This disagrees with your testimony of March 12, 1963, wherein you testified that you had supplied the interviewers' names for only those surveys actually sold. In answer to a question asked on page 888 of the transcript concerning your supplying this information you stated: "* * * I said I would furnish them to you." Later at page 889 after stating you had not had time to supply the information, in answer to a question as to whether you would furnish the information to the subcommittee you stated: "Be glad to."

On May 2, 1963, I sent a letter to Mr. Campbell, a carbon copy of which was sent to you, wherein I stated that the only possible conclusion which could be drawn since you had supplied the information that no other interviewing had been done in Tampa-St. Petersburg, Fla., and Pine Bluff, Ark., is that when Conlan informs a station that it is first in the market no field interviewing has been done. In other words, Mr. West, the conclusion is that the survey is written up in your office without any field work having been completed.

I have not received an answer to my letter dated May 2, 1963, from either you or Mr. Campbell. Since this material was to be supplied for the record the two letters which I have just mentioned to you and this letter will be included in the record.

If you have any information contrary to the statements in these three letters please inform the subcommittee immediately.

Sincerely,

ROBERT E. L. RICHARDSON,
Associate Counsel.

Mr. RICHARDSON. Thank you, Mr. Chairman. Yesterday, it was discovered that a survey supposedly done in the Tampa market in November of 1960 by a Mrs. Moore was questionable.

Now, this is the slip you were speaking of this morning; is that not correct, Mrs. Jones?

Mrs. JONES. Yes; that is what we call a field slip.

Mr. RICHARDSON. What does it say on the back of Mrs. Moore's field slip?

Mrs. JONES. It says, "1,160 complete and OK."

That means her work was all right.

Mr. RICHARDSON. You weren't here and have not read the record of yesterday, but it would appear Mrs. Moore moved from this ad-

dress 2 years prior to the time the work was done. Further, she has married, her name has changed, and would you be surprised if she stated she has not done a survey for Conlan or Verifak since 1949 in Altoona, Pa.?

Mrs. JONES. I could not verify that or otherwise. I would have to look up the records.

Mr. RICHARDSON. You were asked, as well as supplying this slip, to supply a cancelled check or verification that she was paid.

Mrs. JONES. We were asked to supply the canceled checks, and that is all.

Mr. RICHARDSON. We have a verification slip from Mrs. Edwards, of Tucson, here so you were asked to supply either.

That information as far as Mrs. Moore is concerned was not the information supplied to the subcommittee.

Mrs. JONES. I would have to check further to see if that is, as I say, may be recorded on the wrong field slip.

Mr. RICHARDSON. Mr. West, would you identify this letter?

Mr. WEST. Yes.

Mr. RICHARDSON. Is it your letter?

Mr. WEST. It certainly is.

Mr. RICHARDSON. Would you read it, please?

Mr. WEST (reading):

As requested during your visit here—

this is December 1, 1961.

Mr. STUART C. ROSS,
*Room 315, George Washington Inn,
New Jersey Avenue and C Street SE., Washington, D.C.*

DEAR MR. ROSS: As requested during your visit here with us, I am attaching herewith canceled checks on field salaries; No. 2, copy of original sales contract; No. 3, fieldworkers' file slips; No. 4, fieldwork on Anniston, Ala.; No. 5, fieldwork on Athens, Ga.

Additional photostats of canceled checks and receipts for cash payment are forthcoming, as well as the Conlan over-40 tax returns. I am also in the process of gathering correspondence, etc., which will act as proof that we do not make stations first place because they request it or because they buy our service. I believe that this is the information which you requested. In the event that I have overlooked anything, please let me know.

Thanking you for your cooperation and assuring you of ours at all times, I am,
Sincerely,

Mr. RICHARDSON. Mr. West, after that, you supplied us certain pieces of information like the one here. However, never did the committee receive any information on an A. S. Moore or any other woman from the market of Tampa and/or St. Petersburg, Fla.

Mr. WEST. That is right.

Mr. RICHARDSON. When Mr. Ross was in your office, he asked you for interviewing slips on all interviewers you had records on for Tampa/St. Petersburg; is that correct?

Mr. WEST. No, sir; he looked them up himself.

Mrs. JONES. That is right.

Mr. WEST. He did not ask us for them.

Mr. RICHARDSON. Would you identify these two slips?

Mr. JONES. Yes; I would say—

Mr. RICHARDSON. Those are two other interviewers?

The CHAIRMAN. What are they, if you identified them?

Mrs. JONES. They are a copy of our field slips, which we file, we have in a file.

The CHAIRMAN. What is on them?

Mr. JONES. The person's name, their telephone number, their address.

The CHAIRMAN. What is the person's name?

Mrs. JONES. Patricia F. Hasty and Dorothy B. Payne.

The CHAIRMAN. Who are they?

Mrs. JONES. They live in Tampa, Fla.

The CHAIRMAN. What does it mean?

Mrs. JONES. That means they are available for this work and do this type of work, telephone work or research work.

The CHAIRMAN. Did they work for you?

Mrs. JONES. According to the back of these sheets, no; they have not.

Mr. RICHARDSON. Thank you, Mr. Chairman. Mrs. Jones, would it surprise you to learn that the staff checked with these three women and many other interviewing women who do this type of work in Tampa and St. Petersburg and have never found a woman who has done work for your organization?

Mr. WEST. You have never found a woman who has done a survey—

Mr. RICHARDSON. In Tampa and St. Petersburg, Fla.

Mrs. JONES. It could be. As far as you contacting people, I don't doubt your word. But I know we have had people do work in Tampa/St. Petersburg.

Mr. RICHARDSON. Clearwater is a separate market, is it not?

Mrs. JONES. Yes.

Mr. RICHARDSON. We did find people who had done work in Clearwater.

Mr. WEST. I thought that was a separate market.

Mrs. JONES. It all depends on the station's request whether it is a separate market or included in Tampa/St. Petersburg.

Mr. RICHARDSON. Would you identify this information?

Mrs. JONES. Do you want me to state what it is?

Mr. RICHARDSON. Yes.

Mrs. JONES. It is a letter to the State employment service at Clearwater, Fla.

Mr. RICHARDSON. Would you indicate where the survey was to be conducted?

Mrs. JONES. This particular operator was to use a Clearwater telephone directory.

Mr. WEST. Be sure of it.

Mr. RICHARDSON. Would you sell a survey for Tampa/St. Petersburg when a woman had done interviewing only in Clearwater, Fla.? Would you sell from this interviewing a Tampa or St. Petersburg survey?

Mrs. JONES. Not unless the station particularly requested they wanted Clearwater done in a survey. They have a right to ask for what city they want surveyed.

Mr. RICHARDSON. Would it bear the title of the Tampa survey?

Mrs. JONES. If it did, the forwarding of the thing should bear the words that it was done in Clearwater.

Mr. RICHARDSON. I mean if all the calling was done in Clearwater?

Mrs. JONES. No.

Mr. WEST. Possibly, Tampa and St. Petersburg could be called from Clearwater without a toll charge.

Mr. RICHARDSON. Could you tell me whether any toll calls are made by your interviewers?

Mrs. JONES. No; they are instructed to make calls from a nontoll telephone.

Mr. RICHARDSON. Your company does not make toll calls?

Mrs. JONES. That is right.

Mr. RICHARDSON. Let's leave Florida and move on to Tucson, Ariz.

In Tucson, according to your list, Conlan made surveys—tell me if I am correct—in July of 1960.

Mrs. JONES. According to that statement right there, which I have taken from the books, I would say it is right. I cannot remember from memory.

Mr. RICHARDSON. August 1960?

Mrs. JONES. If it is on there, I would say "Yes."

Mr. RICHARDSON. October 1960?

Mrs. JONES. Yes.

Mr. RICHARDSON. November 1960?

Mrs. JONES. Yes.

Mr. RICHARDSON. December 1960?

Mrs. JONES. That is right.

Mr. RICHARDSON. January 1961? Is that correct?

Mrs. JONES. Yes; as I say.

Mr. RICHARDSON. For Verifak, according to these records, in May of 1960, a survey was made?

Mrs. JONES. Yes.

Mr. RICHARDSON. In February of 1961, a Verifak survey was made?

Mrs. JONES. Yes.

Mr. RICHARDSON. Let us look briefly at this survey which we went over yesterday, and I will go back since you weren't here—we went over a Tucson survey ostensibly done in January of 1960 by Mrs. Broad. A question was asked of Mr. West as to whether he would be surprised if Mrs. Broad had said she had only made one survey for your company and had a very difficult time getting paid. The records show you have only one canceled check for Mrs. Broad. She is down there for two surveys; is that correct?

Mrs. JONES. That is what it says; yes.

Mr. RICHARDSON. In relation to Mrs. Edwards, you sent us and I furnish you a copy of a verification for a survey she said she did in July 1960. This is the only record you have sent on Mrs. Edwards to the subcommittee. Would you tell us how many surveys Mrs. Edwards did in that market?

Mrs. JONES. According to that, there are two there.

Mr. RICHARDSON. Would you be surprised if Mrs. Edwards said she had only done one survey for Tucson?

Mrs. JONES. No; I beg to differ there.

Mr. RICHARDSON. Do you have verification which you have supplied to the subcommittee where she did more than one?

Mrs. JONES. No; but I would see what I could do about getting it, because I know better than that.

Mr. RICHARDSON. Did you not see what you could do about getting it by writing these letters in 1962?

Mrs. JONES. Yes; but we asked for that particular one, that particular survey, which is that one.

You should have had a canceled check for the other one.

Mr. RICHARDSON. Would you check and see if Mr. West supplied us with a canceled check for the other one? If he did, it must have been lost in the mails.

Mrs. JONES. It is my assumption that the check is for one survey and this case deal is the other one.

Mr. RICHARDSON. I am asking where the canceled check is. This is to Mrs. Gertin. This is not to Mrs. Edwards.

Mr. WEST. Could I ask a question?

Mr. RICHARDSON. Ask it for the record.

Mr. WEST. I think yesterday when we were talking about this subject, I think Mr. Richardson said that we had only sent them photostatic copies of two cash receipts slips on this particular list, and I—if we did send them only two, then there are several here that they did not get a photostatic copy for.

Mr. RICHARDSON. Would not the answer have been only two from these particular markets, being Tucson, Ariz., and Tampa-St. Petersburg, Fla.?

Mr. WEST. That is possibly—

Mr. RICHARDSON. Oh, yes; we have the copies from the other markets.

Mr. WEST. I just wanted to be sure you had them.

Mr. RICHARDSON. Now, then, Mrs. Jones, your interviewers listed on this Tucson Verifak survey for 1961, February of 1961, were Mrs. Billie Armstrong and Mrs. Rosalind Hulnick; is that correct?

Mrs. JONES. That is correct; yes.

Mr. RICHARDSON. In relation to these women, would you identify that letter which you wrote for the record?

(Mrs. Jones nods.)

Mr. RICHARDSON. Was a receipt returned to you by Mrs. Armstrong?

Mrs. JONES. Well, I really do not know. I can't say.

Mr. RICHARDSON. It is pretty obvious it wasn't if that is a copy of it; isn't it?

Mrs. JONES. Is this what we sent to her?

This particular letter?

Mr. RICHARDSON. You just identified it as such.

Mr. WEST. Why was not this letter signed? That is my question.

Mr. RICHARDSON. Would you read the letter for the record?

Mrs. JONES (reading):

Our field records indicate that you conducted a survey for us in 1961 for the amount of \$22.50. However, we cannot find a canceled check for payment; therefore, we assume payment was made in cash. Therefore, we would appreciate it if you would sign the attached payment verification for our records. A stamped return envelope is enclosed for your convenience.

Mr. RICHARDSON. Mrs. Armstrong gave the copy of your letter to the subcommittee.

Now, in relation to this, Mrs. Hulnick was also another woman on this survey. Our records show, unless it was lost in the mails again, that you supplied no information about either one of the women who

did this survey insofar as canceled checks or verifications are concerned. Could you verify that?

Mrs. JONES. No; I—

Mr. RICHARDSON. If you have a record on this, we would be glad to see it.

(Mr. West points to interviewer list.)

Mr. RICHARDSON. This is Mrs. Huckaber. That is not the same as Mrs. Hulnick. That is not Tucson, either, is it, Mr. West?

Mr. WEST. No.

Mr. RICHARDSON. Would you be surprised, Mrs. Jones, to learn that both of these women have signed sworn statements to the effect that they have not done that survey? And would you be surprised to learn Mrs. Hulnick was in traction that month and could not move from the bed?

Mrs. JONES. I would have to look up the record. I could not state that from memory.

Mr. RICHARDSON. This list came from your records.

Mr. West has furnished to this committee verification for the following surveys.

In Tucson, Ariz.—the survey done in July of 1960—you have verification for both of these women, either by check or by statement. A statement from Mrs. Edwards and a canceled check from Mrs. Bruckner. In August 1960—and we have a copy of that survey which was sold to KAIR—Mrs. Edwards has stated to the committee staff that she did not do this survey and you have no records stating that she did it.

Moving to the next survey, the one for October 1960, no information has been supplied for the records as far as Mrs. Girten's having done this survey. Only the survey done by Mrs. Girten in December of 1960, which is this canceled check, paid in January 1962, was supplied to the committee. So we have no record for the Conlan October survey which was done in Tucson.

We have a copy of that survey which was sold in interstate commerce.

Mr. WEST. This reflects—this is for the record, sir—this Tucson, Ariz., states, according to this list, and I assume that it is correct, that they requested information on 1, 2, 3, 4, 5, 6, surveys—

Mr. RICHARDSON. Seven.

Mr. WEST. Seven—six.

Mr. RICHARDSON. Right. On this one. And two here.

Mr. WEST. And two here—eight.

Now, how many of these did—I don't know. That is why I am asking you. How many of these did we produce checks on, and receipts, or how many didn't we?

Mr. RICHARDSON. That is what I am explaining to you. We explained to you that we had a check and a receipt for the July survey.

August, the woman said she didn't do it. You have furnished us no information on it.

October, the woman said she didn't do it, you have furnished us no information.

November 1960, Mrs. Broad said she did this survey.

December 1960—this is an interesting situation. First Mrs. Girten informed us she did not do this. Then later when you mailed her a

check in January 1962 and she received it and signed it, she decided she would take the \$22.

Mrs. JONES. She decided she did.

Mr. RICHARDSON. Then in January 1961, Mrs. Broad definitely states she could not have done a survey. So out of these six, we have three surveys the women definitely say they did not do. We have checked with all the other surveyors you gave us for this market and none of them did these surveys.

Let's look at the Tucson Verifak surveys.

You have furnished information for Mrs. Girten having done this 1960 survey for KTKT in Tucson, Ariz.

Concerning the February 1961 Verifak survey, Mrs. Hulnick stated she did only a survey in 1959, and did not do this one.

Mrs. Armstrong signed a sworn statement that she did not do this Verifak survey. Both of the women stated they did not do it and Mrs. Hulnick was in traction in the hospital when the work was supposedly done.

So we have eight surveys, four of them definitely, at least, from the staff investigation and from what records you can show us, were not done. And only half of the interviewing for another one was done.

Mr. WEST. Just a second, sir; I wish to dispute that.

Mr. RICHARDSON. Fine.

Mr. WEST. You were furnished a receipt on this survey.

Mr. RICHARDSON. Were we furnished a receipt on the survey?

Mr. WEST. Yes; you said you were, by Mrs. Girten.

Mr. ROGERS of Florida. Which survey?

Mr. WEST. This is Tucson, Ariz., sir, May 1960.

Mr. RICHARDSON. We did not receive from you any information. Mrs. Girten said she had done some surveys in the past. This could possibly be one of them. But none were done after this time.

Mr. WEST. That is one.

Mr. RICHARDSON. That is a half of one.

Mr. WEST. We did field work on this survey, did we not?

Mr. RICHARDSON. Possibly for half of it. Mrs. Hulnick said no, Mrs. Girten didn't know.

Mr. WEST. I think it is confirmed it is right, is it not?

Mr. RICHARDSON. It is not confirmed; we have no records you have sent to us.

Mr. WEST. That is two.

Mr. RICHARDSON. That is one.

Mr. WEST. I will let you handle this.

Mr. RICHARDSON. How many of these have you furnished us receipts for?

Mr. WEST. I don't know.

Mr. RICHARDSON. Mrs. Girten stated that she has done some in the past; she could have done this one.

Now, I have stated to you, and we certainly will be glad to produce these women to testify, if need be, that these two women very definitely stated they did not do these surveys. You have never been able to supply to the committee to date any information where these surveys were done.

The same situation goes with Mrs. Phyllis Broad for the January 1961, survey; for the October 1960 survey by Mrs. Girten and for the August survey by Mrs. Edwards.

Now, the same situation existed in Tampa/St. Petersburg, Fla. We have nine surveys. Out of these nine surveys, we have a situation where three and a half of them were done by women you have supplied us records for.

Mr. WEST. I wish, for the record, if he could make a tabulation on each one of these and show where a receipt—I am probably out of order, sir.

Mr. MOSS. Mr. West, a tabulation for the record has been made. Whether or not you have grasped it, it is very clear for the record.

Mr. WEST. It is not clear to me.

Mr. MOSS. The committee is interested in having clarity for the purposes of the record.

Mr. RICHARDSON. Did we not go through these yesterday except for Mrs. Armstrong?

Mr. WEST. No, sir; we did not. We went through Tucson, Ariz., and Tampa, Fla.

Mr. RICHARDSON. That is all we are going through now. Did we not go through these and the cancelled checks and did I not show you your interviewing sheets?

Mr. WEST. No, sir; we did not.

Mr. RICHARDSON. The ones you furnished to the committee, did we not?

Mr. WEST. I don't remember.

Mr. RICHARDSON. The record will show.

Mr. MOSS. Mr. West, the records the committee staff is working from are the records you gave in response to demands from their committee.

They are correct to the extent that your records are correct. They can reflect nothing else.

Mr. WEST. Then that is all that matters, sir.

Mr. RICHARDSON. Then out of the surveys in only two markets checked by the subcommittee; from all the interviewers we could find for those markets that you could give us; from your canceled checks, what-have-you; less than half of the surveys were actually done, from anything supplied by your company.

Mr. WEST. If that is what your records show and what we supplied you show, yes.

Mr. RICHARDSON. Mr. West, isn't it true that on many occasions—half the time—these surveys were made up in the office at Kansas City and no actual field work was done? I ask you to consult with your attorney before you answer that question.

Mr. WEST. Would you repeat your question?

Mr. RICHARDSON. Since your records show and since these women have told the staff they didn't do the work, were not in fact these surveys produced by writing figures in a book in Kansas City?

I ask you to consult with your attorney and have him inform you of the seriousness of your answer to this question.

You had better explain to him what he is faced with, Counsel.

(Off the record discussion.)

Mr. WEST. In reply to that, not to my recollection or to the best of my knowledge, yes, sir.

Mr. RICHARDSON. May he go ahead, then, and answer this question?

Mr. WEST. I said not to the best of my recollection and knowledge.

Mr. RICHARDSON. Would you state from your records and the information supplied here, a more clear answer than that?

Mr. WEST. Well, I assure you, sir, that this looks very incriminating. I realize that, and I will assure you we have done the very best we can to furnish you with this information. Certainly, we have. And I think what you have produced here is evidence that we have tried our best to furnish this to you.

Mr. RICHARDSON. Wouldn't you say, Mr. West, that what we have produced here in checking only two markets is the fact that we can't find, even from checking all the women in the field or from you, that you have done over half of the surveys? Would you answer the question yes or no, as to whether or not you do all the surveys you sell, or whether or not some of them are produced in the office in Kansas City and no field work is done?

The CHAIRMAN. Mr. West, the question is very simple. You may attempt to answer it or not.

Mr. WEST. I wish to answer, sure.

The CHAIRMAN. The question is, Are any part of these surveys made up in your office in Kansas City without having been made from surveys in the field?

Mr. COLLET. From any field notes. I take it that is your question, Mr. Chairman?

Mr. WEST. Well, sir, I explained yesterday, to the best of my knowledge, that this sample does not necessarily represent the—

The CHAIRMAN. That is not the question, Mr. West. We want the question from you and Mrs. Jones: Do you make up these surveys from the information you get in the field, or are they made up in your office?

Mr. WEST. I would say "No."

Mr. RICHARDSON. Mrs. Jones, you are in charge of the production of these surveys and you produce two a day and you do all the tabulating for them, you do all the field work checking—

Mrs. JONES. Not by myself.

Mr. RICHARDSON. Mr. West was wrong yesterday?

Mr. WEST. I did not say she did it herself.

Mr. RICHARDSON. Mrs. Jones, you are basically in charge of fieldwork. Conlan and Verifak have sold these surveys in interstate commerce. You have just heard the information presented as to what the interviewers stated and what your records show. Would you now state, and you may consult with your attorney, whether or not this fieldwork was actually done, on this or any other surveys you actually sold?

Mrs. JONES. No.

The question is, if I have made any surveys without fieldwork, and my answer is "No."

Is that clear?

Mr. Moss. Mr. Chairman, without any fieldwork—have you made any surveys—these surveys, because I am not interested in those we have not discussed—but the surveys that are included on the list you

supplied to the committee, were any of these made without the field survey work by the persons listed in the information you gave us?

Mrs. JONES. By those particular persons, I—he wants to know if we published any of those particular surveys without fieldwork from those particular people.

Mr. RICHARDSON. At this particular time.

Mrs. JONES. At that particular time.

I would say that we did not publish the surveys without fieldwork. If there is an error—

Mr. MOSS. That is not what I asked you. I want a specific answer to a very, very specific question. Remember that this question is based on the information supplied this committee by you, information reflecting the fact as contained in your records.

Mrs. JONES. Now, there, if I made a mistake in copying down one of those names, not intentionally, that is on that sheet of paper, that is what he wants me to say, definitely that those people, those particular people made that fieldwork.

Isn't that what it is?

Mr. COLLET. Do you want me to consult with her?

Mr. MOSS. Yes.

Mr. COLLET. May the reporter read the question?

Mr. MOSS. The reporter can read the question back.

(Question read.)

Mrs. JONES. I don't want to refuse to answer it, but I don't want to make the wrong answer.

The CHAIRMAN. Do you understand the question, Mrs. Jones?

Mrs. JONES. Yes; I understand.

Well, to the best of my knowledge, we had fieldwork on those particular surveys.

Mr. MOSS. Now, to the best of your knowledge—

Mrs. JONES. As to these particular people, I could have made a mistake.

Mr. MOSS. Did you supply this to the committee?

Mrs. JONES. I did, but I could very well make a mistake.

Mr. MOSS. Did you take these from the records, the contemporary records in your office?

Mrs. JONES. That is right.

Mr. MOSS. We are talking about surveys in Tucson, Ariz., from July 1960 to January 1961, a total of six surveys and a total of seven persons individually contended to have been employed to do those surveys.

Mrs. JONES. That is right.

Mr. MOSS. Then we have two, May 1960 and February 1961, on Verifak surveys, each listing two interviewers. Now, these come only from your records. The committee staff did not manufacture this.

You will stipulate that?

Mrs. JONES. That is right.

We have them on file.

Mr. MOSS. They have withheld nothing you gave them; you gave them nothing beyond this.

Mrs. JONES. That is right.

Mr. MOSS. Now, you have testified you keep correct records.

Mrs. JONES. To the best of my ability, yes; but I am liable to make mistakes like everyone else.

Mr. Moss. Five times out of nine?

Well, let's shorten this. Have you ever sold or offered for sale a survey where the fieldwork as represented, covering the specific period contained in the survey, was not in fact performed in the field by an identifiable person?

Mrs. JONES. I would say that we have never published a survey without fieldwork.

Now, then, my ability to identify the particular person—

Mr. Moss. Let's first go back. Fieldwork performed within the period contained in the survey by persons in your employ.

Mrs. JONES. Well, we have current fieldwork on every survey—

Mr. Moss. That is not what I asked you. I am asking you now for a specific yes-or-no answer.

It is not necessary at this point to be equivocal. You can answer that yes or no.

There is no other answer.

Mr. COLLET. Miss Reporter, would you read the question back?

(Question read.)

Mrs. JONES. In other words, I am supposed to put my finger on the particular person who did that work?

(Discussion off the record.)

Mrs. JONES. I would say in the majority of the times I could identify the individual who did the fieldwork on a particular time in a particular city.

Mr. Moss. That is not the question I asked you.

Mrs. JONES. Do you want me to answer yes or no to a question that has a couple of answers?

Mr. Moss. There is no other way you can answer it. You did or you did not.

Mrs. JONES. We did the fieldwork. Whether or not I can—

Mr. Moss. This is not what I asked you. You have heard the question. You have had it repeated to you.

Mrs. JONES. There could be times that we did surveys that I would not be able to identify the person who did it.

Mr. Moss. Why would you not?

Mrs. JONES. Just because of error in the records.

Mr. Moss. Five times out of nine?

Mrs. JONES. No, I would not say that.

Mr. Moss. The answer is "Yes," is it not?

Mrs. JONES. Using the word "identifiable," yes.

Mr. Moss. That is what I think is necessary, if you are offering something for sale based upon a personal service, that to establish the fact that the service was ever rendered, you must be able to reasonably identify the person, and in five times out of nine here, we find that that is not the case. So you have sold without being able to identify.

And how quickly do you destroy the fieldwork received from these surveyors?

Mrs. JONES. Well, it varies, I would say, from a month, maybe 2 months. The actual fieldwork, actual field sheets.

Mr. Moss. I don't know whether they are sheets or summaries or how they come to you, whether they give you a recording disc where they have dictated it, or how they do it. But the record.

Mrs. JONES. The actual fieldwork is destroyed, I would say, in a month, between 1 and 3 months, probably, but the figures are kept on an individual sheet, year to year.

Mr. MOSS. The figures of the surveys are kept on a sheet?

Mrs. JONES. Well, yes, it is what we call an——

Mr. MOSS. The fieldwork, the basic work from the interviewer, is not kept?

Mrs. JONES. No.

Mr. MOSS. Do you have a policy controlling the length of time the basic fieldwork is retained in your file?

Mrs. JONES. We have no particular policy; no.

Mr. MOSS. Now we have a divergence of opinion between you and your partner, because yesterday Mr. West indicated that some of the fieldwork might be destroyed; today, it is kept.

Mrs. JONES. I said we have no policy on how long we keep it.

Mr. MOSS. You said a month, 3 months.

Mrs. JONES. It could be from a month to 3 months; it varies.

Mr. MOSS. Could it be from a few hours to a few days?

Mrs. JONES. Well, no.

Mr. MOSS. Mr. West said it might be destroyed the same day.

Mrs. JONES. Well, yes; it could.

Mr. MOSS. Then it could be a matter of a few hours, a few days, or a month or 3 months, whenever fancy dictates?

Mrs. JONES. That is right. We have no——

Mr. MOSS. There is no policy?

Mrs. JONES. No.

Mr. RICHARDSON. Thank you, Congressman Moss. Mr. Chairman, I have one more thing for the record.

Mr. West, would you identify that letter? Say whether or not it is your letter?

Mr. WEST. I am sure it is; yes.

Mr. RICHARDSON. Give the date the letter was written and read it.

Mr. WEST. June 19, 1961. It is addressed to Thomas J. Wallace, Jr., Station KAIR, Tucson, Ariz.

DEAR MR. WALLACE: Attached herewith is the requested verification of the surveys made for Mr. Barrington in behalf of KAIR. Had we known that you needed this certification, we would have been glad to have sent it long ago.

Looking forward to receipt of payment on these surveys and assuring you and your station of our cooperation at all times.

I am,
Cordially,

Mr. RICHARDSON. Would you look at the attachment to it? Would you read everything on the page, other than the title, into the record?

Mr. WEST (reading):

STATE OF MISSOURI

County of Jackson

Before me, the undersigned notary, whose commission is valid and bonded, personally appeared Robert E. West, president, known to be a duly elected officer of Robert S. Conlan Associates, Inc., having been duly sworn by me, deposes and says that the following Tucson, Ariz. radio surveys, dated October 1960, December 1960, February 1961, were duly conducted under the prescribed standards procedure by coincidental telephone and of the number of calls shown and published in each of the above-dated reports, and that radio station KAIR was subscriber by order of their manager, Mr. Ron Barrington, and that all of

the above surveys were delivered to the said manager, and invoices rendered as shown by the attached duplicate invoices, herewith attached.

Witness my hand and seal, this 28th day of June 1961.

HARRY E. JONES,

Notary Public in and for the County of Johnson, State of Kansas.

My commission expires February 1, 1964.

Mr. RICHARDSON. Is it not interesting, Mr. West, that you swore to this in the State of Missouri, County of Jackson, and had it notarized by a notary from the State of Kansas, County of Johnson, in Missouri?

Mr. WEST. What was your question? Isn't it what, sir?

Mr. RICHARDSON. Would you consider this valid, since you swore to something in the State of Missouri under a notary not licensed in Missouri, but in the State of Kansas?

Mr. WEST. Could I ask my attorney if it is valid? I don't know if it is valid or not.

Mr. RICHARDSON. Yes.

(Discussion off the record.)

Mr. WEST. I live in Johnson County, sir, and apparently, I had it notarized in Johnson County.

Mr. RICHARDSON. Two of these surveys, the October survey and the February survey, actually the ones for which the fieldwork was done in January, are two of the surveys under discussion here today, correct?

Mr. WEST. That is correct.

Mr. RICHARDSON. Mr. Chairman, that is all the questions I have.

The CHAIRMAN. We have been over this and I do not want to belabor it, but I do want to pin it down for my own information.

Mrs. Jones, or you, Mr. West, or both of you, on Conlan surveys, Tucson, Ariz., on your record supplied to the committee, you show that in November 1960, a survey was made for KAIR, job No. 8039, by Phyllis F. Broad, 5118 East 26th Street.

Was that survey made?

Mrs. JONES. It was definitely made; yes.

The CHAIRMAN. And paid for?

Mrs. JONES. To the best of my knowledge; yes.

The CHAIRMAN. Now, that was on an S-17, according to the record.

Mrs. JONES. Yes.

The CHAIRMAN. You got a fee of \$145, is that right?

Mrs. JONES. If it is there.

The CHAIRMAN. You have 2,500 out—after S-17.

Mrs. JONES. We got 2,500 what? I did not understand you.

The CHAIRMAN. 2,500. What does that stand for?

Mrs. JONES. I don't know. That is not my notation.

Mr. WEST. Oh, I see, those are your notations.

Mr. ROSS. No; they are not. The figures are yours.

The CHAIRMAN. That means 2,500 calls?

Mrs. JONES. Yes.

The CHAIRMAN. That is provided by S-17, is it not, as I understand the procedure?

Mrs. JONES. Approximately.

The CHAIRMAN. Now, your records show in January 1961, for KAIR, job No. 8041, Phyllis F. Broad, 5118 East 26th Street—you say that is correct?

Mrs. JONES. Yes, that is what is on here.

The CHAIRMAN. Was that survey made by her?

Mrs. JONES. Yes, it was made. I could be mistaken that it was not made by her, but it was made by somebody.

The CHAIRMAN. You said this was made by her.

Mrs. JONES. According to our records, or if I didn't make the mistake of copying it out of our records.

The CHAIRMAN. Well, you only know, I don't. I am just trying to find out. Was it made or not?

Mrs. JONES. The survey was made, yes.

The CHAIRMAN. By Mrs. Broad?

Mrs. JONES. I would say according to this page, yes, but I would not swear that it is right. I could have made a mistake in putting that name down there.

The CHAIRMAN. Then if you would not swear that it is right, you would have, then, to admit that this entry was entered without its being correct?

Mrs. JONES. No, it could be erroneously entered. I would not say that I deliberately wrote down a wrong name.

The CHAIRMAN. It is there, isn't it?

Mrs. JONES. Yes.

The CHAIRMAN. And you or someone under your direction wrote it down?

Mrs. JONES. Yes.

The CHAIRMAN. Now, for that a fee was paid, \$145, right?

Mrs. JONES. That is what is written on here; yes.

The CHAIRMAN. That is for an S-17, a standard procedure, 2,500? True or not?

Mrs. JONES. Yes; that is what is written here.

The CHAIRMAN. Whether it was made or not, regardless of how it was entered, it was on that representation that you collected \$145 from KAIR. Is that true or not?

Mrs. JONES. Well, we were supposed to have collected. Whether we have collected or not, I don't know.

Mr. WEST. I think we did; yes, sir. I am pretty sure we collected.

The CHAIRMAN. Any questions?

Mr. Younger?

Mr. YOUNGER. Mr. West, how long has Conlan been in business?

Mr. WEST. I believe they have been in business since 1935, sir.

Mr. YOUNGER. How experienced are your interviewers?

Mr. WEST. I could not answer that, sir. That is in her department.

Mrs. JONES. Well, the interviewers which we have we have had and accumulated over the years. They not only work for us, they work for other research companies, too, or interviewing companies. I mean that is what their line of work is. They don't work for just us alone.

Mr. YOUNGER. Yesterday, I had one of your reports, which I don't find today. It had a statement in the front of it to the effect that your interviewers had from 5 years to 20 years experience.

Mrs. JONES. Well, we have discontinued that standard procedure. That was what came along with the business when we bought it. I do not think that is in the reports any more. But then our accumulation of fieldwork has been over the years, I would say, as long as the Conlans have been in business have these fieldworkers been accumulated.

Mr. YOUNGER. I was rather struck with that statement that appeared in one of the reports yesterday, and then at the same time, in the case of Mrs. Broad, you secured her employment through an employment agency.

Mrs. JONES. That happens at times, yes, as I say. If the people we have are not available for that particular time, then we have to go to other sources to hire fieldworkers.

Mr. YOUNGER. But you have discontinued the statement that all of your people have at least 5 years?

Mrs. JONES. Yes.

Mr. WEST. Pardon me, sir. I believe—I may be incorrect on this—but I think the statement you are referring to was that the tabulating department and so forth had that experience. I am not sure that it referred to fieldworkers. It may have.

Mr. YOUNGER. Yes, it did.

Mr. WEST. All right.

Mr. YOUNGER. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Mrs. Jones, I believe it was testified to yesterday that you are the bookkeeper for the business; is that correct?

Mrs. JONES. That is right, as far as entering the disbursements and—

Mr. ROGERS of Florida. As far as what?

Mrs. JONES. As a day-to-day bookkeeper, yes.

Mr. ROGERS of Florida. You get the field reports, and from these field reports, you make up the figures that are put in the survey.

Mrs. JONES. State that again? I didn't understand.

Mr. ROGERS of Florida. I said from the field reports, too, you get the data that is sent in by the field reports and then translate that into the survey reports?

Mrs. JONES. Well, I supervise it. I don't particularly do it all by myself.

Mr. ROGERS of Florida. Well, who helps you?

Mrs. JONES. We have three girls in the office.

Mr. ROGERS of Florida. What are their names?

Mrs. JONES. Reva Jean Peck, Myrna Shreve, and Sandra White.

Mr. ROGERS of Florida. And they are responsible for doing this?

Mrs. JONES. Yes, sir, under my supervision.

Mr. ROGERS of Florida. How closely do you supervise them?

Mrs. JONES. Well, I would say very close, because I look at the fieldwork when it is in, when it is brought in. It is edited and it is tabulated, and I check the tabulations, and then it is copied over to a penciled form which it is typed from. That is also checked. Then the report is typed and then that is checked before it is printed.

Mr. ROGERS of Florida. So you do all checking. You might actually let them transcribe figures, but you check it?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. Now, as I recall, too, you have five employees all together in the company?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. Does that include the president and you, as well?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. You have three other persons who help you?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. Now, in hiring employees, how often do you have to go just to an employment service to do fieldwork?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. Now, in hiring employees, how often do you have to go just to an employment service to do fieldwork?

Mrs. JONES. You mean in the fieldworkers?

Mr. ROGERS of Florida. Yes.

Mrs. JONES. Possibly 10 percent of the time, maybe. That is a guess.

Mr. ROGERS of Florida. And others, you have their names on file?

Mrs. JONES. On file, yes. I would say we have probably 3,000 to 4,000 people on file who do this type of work.

Mr. ROGERS of Florida. Now, do you as bookkeeper make out checks for payment of employees?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. Do you do it yourself, personally?

Mrs. JONES. The checks personally, yes.

Mr. ROGERS of Florida. Do you ever pay them by cash?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. What method do you have to show that they have received payment?

Mrs. JONES. We have a timesheet which is marked "paid in cash."

Mr. ROGERS of Florida. Do you get a receipt from the employee as such?

Mrs. JONES. No.

Mr. ROGERS of Florida. You never get a receipt?

Mrs. JONES. Well, once in a while.

Mr. ROGERS of Florida. Well, do you attempt to get receipts?

Mrs. JONES. We enclose a sheet, enclosed with the cash, which they are supposed to sign and return. But it is not always done.

Mr. ROGERS of Florida. Why don't you pay them by check?

Mrs. JONES. Because the people request to be paid by cash. They want to be paid by cash.

Mr. ROGERS of Florida. Do you have correspondence to that effect?

Mrs. JONES. Well, I don't save it, no.

Mr. ROGERS of Florida. How do you contact these people? Is it done by correspondence?

Mrs. JONES. That is right.

Mr. ROGERS of Florida. Do you have copies to show that they have asked you so that would bear out the fact that they have asked you to pay them in cash?

Mrs. JONES. I would have to see something that is just recent.

Mr. ROGERS of Florida. How often do you pay them in cash?

Mrs. JONES. Oh, 10 to 20 percent, probably.

Mr. ROGERS of Florida. Ten to twenty percent?

Mrs. JONES. Yes. Maybe not that high. I don't know; that is just guessing.

Mr. ROGERS of Florida. According to the figures you have given us on just these few surveys, apparently you have paid them over 50 percent in cash. Would that be true?

Mrs. JONES. Not 50 percent, no.

Mr. ROGERS of Florida. So the figures, then, do not jibe with those which you have given the committee, is that correct?

Mrs. JONES. Well, you are only citing one particular instance or one particular city.

Mr. ROGERS of Florida. Two, I believe.

Mrs. JONES. Yes.

Mr. ROGERS of Florida. But you say those facts are not correct on those particular two instances you have given us?

Mrs. JONES. I am not saying they are not correct, but I am saying I could have made a mistake, or whoever compiled that list could have made a mistake.

Mr. ROGERS of Florida. Now, let me ask you this: Did you make up this list for the committee?

Mrs. JONES. Not personally; no.

Mr. ROGERS of Florida. Who did it?

Mrs. JONES. I helped. One of the girls in the office.

Mr. ROGERS of Florida. What was her name?

Mrs. JONES. Sandra White. She would have copied it off the field sheets.

Mr. ROGERS of Florida. So Sandra White is responsible for this?

Mrs. JONES. No, not altogether, no. She helped me do it.

Mr. ROGERS of Florida. Did you actually see the names, yourself, on the field sheets?

Mrs. JONES. I would say particularly all of them; yes.

Mr. ROGERS of Florida. So then, of your own knowledge, from your records, this is correct, what you gave the committee?

Mrs. JONES. According to my records and to the best of my knowledge, it is correct; yes.

Mr. ROGERS of Florida. Now, you have been termed a supervisor, a calculator, and a verifier, I believe, in testimony by Mr. West. Now, can the committee assume that when you had a congressional inquiry, you did not check these very carefully?

Mrs. JONES. Well, I would not say that I doublechecked them, no. I just went through and made the list to the best of my knowledge, without dwelling—well, yes, it is not only these. All of these records which I have here I not only dug out once, I think I dug out three times for the committee and the Federal Trade Commission.

Mr. ROGERS of Florida. So that we can rely on these as a proper reflection of your records?

Mrs. JONES. That is right. But then, as I say, I am not guaranteeing they are right. I could make mistakes just like anybody else.

Mr. ROGERS of Florida. Are your surveys any more correct than the records you gave the committee?

Mrs. JONES. They are as correct as the fieldwork that we receive. Things are added up and transferred.

Mr. ROGERS of Florida. That is, according to your records, they are correct.

Mrs. JONES. Yes.

Mr. ROGERS of Florida. But you don't have any field notes, I believe, on these two instances, so we don't know whether they are correct or not: is that correct?

Mrs. JONES. Well, I would have a summary sheet. I don't have any particular field sheets.

Mr. ROGERS of Florida. Who makes up the summary sheets? Is that made in your central office?

Mrs. JONES. No, it is made by one of the girls, which is just the process of copying from the individual worksheet or sheets that we have. It is carried forward to another summary sheet, what we call a summary sheet.

Mr. ROGERS of Florida. Is that done in the field or in your central office?

Mrs. JONES. No, that is done in our office.

Mr. ROGERS of Florida. So the only records you keep are in your central office, is that what you are telling the committee?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. And for some reason, you destroy all the field records?

Mrs. JONES. Particularly a storage problem. If we kept all the fieldwork for a period of 6 months or a year—

Mr. ROGERS of Florida. You don't keep it for even 1 year?

Mrs. JONES. No, not the individual sheets.

Mr. ROGERS of Florida. How long do you keep your summary sheets?

Mrs. JONES. Oh, for years. I guess as long probably as they have been in business.

Mr. ROGERS of Florida. Do these summary sheets list the names of people who conducted your business?

Mrs. JONES. No, it only contains the answers that were gotten on the survey.

Mr. ROGERS of Florida. No one who did this?

Mrs. JONES. No.

Mr. ROGERS of Florida. Now, in making payments to all these field-workers, you say you make some in cash. Has Internal Revenue ever asked you to produce receipts for these?

Mrs. JONES. No, they have not.

Mr. ROGERS of Florida. Do you claim these payments as part of your business expense in your Internal Revenue returns?

Mrs. JONES. Sure. It is designated as field salaries.

Mr. ROGERS of Florida. And you have never been asked to show receipts for payment?

Mrs. JONES. No.

Mr. ROGERS of Florida. And yet you can go up as high, you say, as 50 percent?

Mrs. JONES. No, I don't say 50 percent.

Mr. ROGERS of Florida. From the records you have given us, one can draw that deduction.

Mrs. JONES. In this one particular instance.

Mr. ROGERS of Florida. Two instances.

Mrs. JONES. Two instances; yes.

Mr. ROGERS of Florida. Has the Internal Revenue ever looked at your returns?

Mrs. JONES. Yes.

Mr. ROGERS of Florida. And never made inquiries as to receipts of these payments?

Mrs. JONES. Not asking us to produce receipts; no.

Mr. ROGERS of Florida. Now, do you send requests to radio stations that they subscribe to your service?

Mr. WEST. I do that, sir.

Mr. ROGERS of Florida. Do you do that by mail?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Do you represent that this survey is a true representation of work done in the field?

Mr. WEST. Sir, I secure the order and from it——

Mr. ROGERS of Florida. What representation do you make to the station when you contact them by mail? That is what I am trying to ask.

Mr. WEST. Simply a letter notifying them that we have scheduled a survey for a certain date and we invite them to participate at a certain rate.

Mr. ROGERS of Florida. And do you tell them how the survey is done?

Mr. WEST. We send them a specification sheet with the survey; yes, sir.

Mr. ROGERS of Florida. Which says what?

Mr. WEST. Well, you had copies of it yesterday.

Mr. ROGERS of Florida. Well, you tell me. I don't have a copy of it here.

Mr. WEST. I could not give it to you verbatim from memory.

Mr. ROGERS of Florida. Could you furnish one for the committee?

Mr. WEST. We would be glad to; yes, sir.

Mr. ROGERS of Florida. Could you say the fieldwork is done and certain questions are asked?

Mr. WEST. The questions are not given on the specification sheet. What is done is given in the standard procedure of the report which is presented to them.

Mr. ROGERS of Florida. And you don't list for them how you do this when you ask them to subscribe to the service?

Mr. WEST. Oh, yes; we tell them it is coincidental telephone and recall; yes, sir.

Mr. ROGERS of Florida. And that it is done in the field?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And not in your central office?

Mr. WEST. The tabulation and so forth is done in the central office.

Mr. ROGERS of Florida. I realize that.

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Your summary sheets, all your conclusions are drawn in the central office?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And this is done through the mails?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And you bill through the mails?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. And receive payment through the mails?

Mr. WEST. Yes, sir.

Mr. ROGERS of Florida. Mrs. Jones, do any of the personnel that work under your supervision in your office ever go out and do fieldwork?

Mrs. JONES. No.

Mr. ROGERS of Florida. Do you ever do fieldwork?

Mrs. JONES. I have done fieldwork, yes, in my experience.

Mr. ROGERS of Florida. When have you done field work?

Mrs. JONES. A number of times.

Mr. ROGERS of Florida. Could you tell us the latest time you did it?

Mrs. JONES. I haven't done any, I would say, in the last 5 years.

Mr. ROGERS of Florida. Five years since you have actually been out in the field?

Mrs. JONES. Yes, sir.

Mr. ROGERS of Florida. I think that is all.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Brotzman.

Mr. BROTZMAN. Mr. West?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. When did you purchase what equity you have in Conlan and Verifak?

Mr. WEST. The purchase agreement was drawn up, I believe, on July 1, 1959.

Mr. BROTZMAN. And I think your testimony yesterday was to the effect that there has not been any stock transferred at this juncture?

Mr. WEST. I believe, sir, that the stock was signed over by blank or was put in escrow to be given to us when the full payments have been made. I believe that is what it was, sir.

Mr. BROTZMAN. You are paying under the terms of that agreement now; is that correct?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. And what was the seller's name again, please?

Mr. WEST. John L. Guyant.

Mr. BROTZMAN. How do you spell that?

Mr. WEST. G-u-y-a-n-t.

Mr. BROTZMAN. And what is his present association with your operation?

Mr. WEST. None whatsoever, sir.

Mr. BROTZMAN. Did you testify yesterday that he was in some consulting capacity?

Mr. WEST. He was up until, I believe, September of 1961.

Mr. BROTZMAN. Were you his employee prior to that time?

Mr. WEST. Yes, sir.

Mr. BROTZMAN. Are you following generally the same method of operation now as Mr. Guyant followed when he was the principal stockholder in the company?

Mr. WEST. We have made some changes and I can give you a number of instances. We always try to improve our service and if anything is wrong, why, we do the best we can to change it to satisfy. We know we are not going to satisfy everybody.

For instance, we were read a standard procedure sheet up here which went through all this fancy business about verifying, tabulating, calculating, and so forth. When I was asked what "verifying" meant, I honestly didn't know. I know what it is now because I have asked.

But we changed those specification sheets to be more explicit as to what we do. I don't recall exactly what that standard procedure page said, but I know that most of the ones in the past, when I was an employee, they were not very specific in outlining just exactly what is done. But our present one outlines what is done.

Mr. BROTZMAN. You were an employee for approximately 12 years, is that correct?

Mr. WEST. I would say yes, approximately 12 years.

Mr. BROTZMAN. Now, my question is this: During the period of time that you were either an employee or owner of equity in this company, how many times have you been investigated by any Federal agency?

Mr. WEST. We were investigated by Mr. Sparger and Mr. Richardson in December of 1961. In January of 1962, we were investigated by the Federal Trade Commission. To the best of my knowledge, that is the only instances that I know of. Of course, we have had Internal Revenue audits.

Mr. BROTZMAN. Focusing on the investigation in 1962 by the Federal Trade Commission—

Mr. WEST. Yes, sir.

Mr. BROTZMAN (continuing). Do you know how that particular investigation was initiated, what caused it to start?

Mr. WEST. No, sir.

Mr. BROTZMAN. At that time, the time of the investigation, did they go over your books, your procedures, your methodology, as we say?

Mr. WEST. Yes, sir; they did a very good job. In fact, I made the comment to the fellow who was there that he did a very good job of investigation, and he made the comment, "Tell it to my boss."

Mr. BROTZMAN. You said he did a very good job, is that right?

Mr. WEST. Yes, I assumed they did.

Mr. BROTZMAN. Let's analyze that for a moment. Did they go into the question of Mrs. Broad that we were talking about here this morning?

Mr. WEST. Not to my knowledge, they didn't.

Mr. BROTZMAN. Did they check up to see whether in fact you had done the fieldwork that you had represented you had done?

Mr. WEST. Oh, they took field slips, a little bit of everything.

Mr. BROTZMAN. Going to Tuscon, Ariz., did they take those named individuals there and check up to see if they had in fact done the work?

Mr. WEST. I don't know what they did, sir, after they left our offices—after he did. There was only one person.

Mr. BROTZMAN. Did you have any further correspondence or communication with them?

Mr. WEST. I believe approximately a month after the investigator left, he wrote and asked us if I would differentiate between what the Conlan survey provided and what the Verifak survey provided, and I gave him the information. We have heard nothing from him since.

Mr. BROTZMAN. So you say he did a very good job?

Mr. WEST. Well, he seemed very capable to me.

Mr. BROTZMAN. But your answer is he did not go into the material we are questioning you about here before this committee?

Mr. WEST. I don't know that he went into that specific material, sir. We furnished him with our files, and what he took out of them, I do not exactly know. So he may have investigated the particular instance which you are speaking of. But I could not say whether he did or not. In other words, he didn't tell me exactly what he was doing.

Mr. BROTZMAN. How many people do you have doing fieldwork for you?

Mr. WEST. How many people do we have doing fieldwork now?

Mr. BROTZMAN. On the different surveys, right as of this moment.

Mrs. JONES. In the field?

Mr. BROTZMAN. Yes.

Mrs. JONES. As I said before, we have a file of between 3,000 and 4,000 people who do this type of work all over the United States.

Mr. BROTZMAN. How much correspondence have you had with Phyllis F. Broad?

Mrs. JONES. Do you mean what do I have on file? We keep nothing, no files whatsoever on our fieldwork other than our field slips.

You mean as far as letters to her or from her?

Mr. BROTZMAN. Yes. Did you check out the authenticity of these records that you are providing us with here at the time of the FTC investigation?

Mrs. JONES. Do you mean did I doublecheck them?

Mr. BROTZMAN. Yes.

Mrs. JONES. No.

Mr. BROTZMAN. You realize this is serious not to provide information upon request, don't you?

Mrs. JONES. I realize that, but I did not doublecheck everything that was written down, no.

Mr. BROTZMAN. So actually, you have been investigated by the FTC and you have been over this same area before, isn't that correct?

Mrs. JONES. Yes, I produced for him approximately the same thing that I did for Mr. Ross and for Mr. Richardson when they were there, at two different times. That was the third time that I had brought out all of this information and these different records and files and so forth. When he was there, it was the third time.

Mr. BROTZMAN. Your name is Hallie A. Jones?

Mrs. JONES. That is right.

Mr. BROTZMAN. I have no further questions.

The CHAIRMAN. Mr. Moss, anything further?

Mr. MOSS. No further questions, Mr. Chairman.

The CHAIRMAN. Anything further from the staff?

Mr. RICHARDSON. No, Mr. Chairman.

The CHAIRMAN. Well, Mr. West and Mrs. Jones, you have given, finally, the information which the committee has asked for. We have had some difficulty in developing the facts, but I think the facts have finally been spread on the record. There are several hundred radio stations throughout the country that I figure should give some attention to the record that has been developed here. The committee will consider these facts that you have given about your own operations and of the service that you have held out to the broadcasting industry since 1935. It is not a very good picture, I must say. But nevertheless, the committee will consider this along with the information developed from other services in arriving at its decision as to what, if anything, should be done in this field.

So that is all, and you may be excused.

Mr. WEST. Thank you, sir.

The CHAIRMAN. Thank you very much.

It is 5 minutes to 12 and the House will be in session in a few minutes. I think that we should, in view of the fact that we have

been delayed, I think we should come back at 2 o'clock during general debate on the bill that we consider will be there, in order to get to some of these other witnesses.

Mr. Allan Jay, manager of Videodex, Inc., will be the witness at that time.

The committee will be in recess until 2 o'clock.

(Whereupon, at 12 noon, the committee was in recess, to reconvene at 2 p.m., the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

Mr. Allen Jay.

Mr. Jay, do you have anyone with you that you are going to want to consult or have to assist you in your testimony, or are you going to testify by yourself?

Mr. JAY. No I have no one with me; yes I am going to testify.

The CHAIRMAN. You are going to do it all yourself?

Mr. JAY. Yes, sir.

The CHAIRMAN. All right. Will you be sworn, please?

Do you solemnly swear that the testimony that you will give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JAY. I do, sir.

TESTIMONY OF ALLAN V. JAY, MANAGER, VIDEODEX, INC.

The CHAIRMAN. Have a seat. Will you identify yourself for the record, please, sir?

Mr. JAY. My name is Allan V. Jay. I am the manager of Videodex, Inc.

The CHAIRMAN. Will you give your address?

Mr. JAY. The address is 342 Madison Avenue, New York.

The CHAIRMAN. Will you give us something about what the Videodex, Inc., is?

Mr. JAY. Yes, sir. I have a prepared statement which I—

The CHAIRMAN. All right, you may present your statement.

Mr. JAY. This is the prepared statement suggested by—would you like these?

The CHAIRMAN. Well, you go ahead and present your own statement. We don't present it for you.

Mr. JAY. The statement is divided into two parts, at the suggestion of the subcommittee staff, which is a brief description of the Videodex, Inc., the type of service, and a brief description of the methodology, and the other part would be any comments we have to offer on the Madow report.

The first of those I would like to submit would be the comments on the Madow report. This was sent to Mr. Sparger under date of March 6.

This letter will follow your suggestion of sending along some comments on this Madow report. We have a number of observations on the entire report but will confine our comments here to some specific references affecting Videodex.

The report states:

Two of the three rating services, ARB and Nielsen, that use the diary itemize the individual time periods during the day and aid the respondent to that extent. The third company, Videodex, does not. (P. 39, par. 5.)

The CHAIRMAN. Well, Mr. Jay, I asked you to start with, though, to identify Videodex, what it is, what it does, and what service, if any, it performs, and before we go into all of this business of what you believe in and what your comments are. I would like to know something about your business.

Mr. JAY. I am sorry, sir. I will proceed with the second part of the prepared statement.

Videodex, as a television audience research service, specializes in and is primarily concerned with television schedule analysis of specific advertiser campaigns as opposed to pocketpieces reporting all television programs in a given area. These analyses are not mass distributed but rendered solely to the advertiser running the specific spot schedule being analyzed. Advertisers represent our primary market.

Typically, an advertiser identifies a spot TV schedule to Videodex that its advertising agency has already purchased largely based on the pocketpieces of other TV rating services popularly used at the time buying level. Videodex then renders to the advertiser an independent analysis of this schedule based on its viewer diary information.

This analysis will normally include the following information on the specific spots already bought by the advertiser: Listing of programs and time for his schedule of spots; the type of announcement; ratings; homes reached; viewers reached; audience composition reach; men, women, teens, children; spot cost and efficiency of segments reached listed above; total schedule home impressions; average reached per spot; weekly cumulative reach unduplication; audience frequency.

Much of this information is used at the test market stage, as opposed to regular campaign level, where the advertiser pilots the distribution of a new product with spot TV media support. At this stage he is also concerned with the spot TV of competing brands in the same area. Once monitoring services have identified the incidence of competitive brand spot TV, Videodex then reports a comparable spot television schedule analysis on those specific segments.

Videodex bases its audience analysis on viewer diary information. Samples are selected from TV set purchase records or warranty cards and diaries are mailed to respondents in markets where data are required. Historically, this has represented an efficient way to identify a known population of TV owning households over a broad geographic area through time systematically and comparably. The diary used reports a 7-day period in the months when a given market is studied. Diarykeeping homes are kept in the sample on a multiple term basis as opposed to one-time discontinuous samples. This procedure minimizes variations in results caused by different samples for each report period. A premium is awarded to the respondent homes for their cooperation in keeping the diary. Nonrespondent homes are reapproached in an attempt to obtain their cooperation in keeping a diary.

The CHAIRMAN. You may proceed then with your other part.

Mr. JAY. All right, sir.

This was under date of March 7:

Dear Mr. Sparger:

wait a minute, now—under date of March 6—

This letter will follow your suggestion of sending along some comments on the Madow report. We have a number of observations on the entire report but will confine our comments here to some specific references affecting Videodex.

The report states: "Two of the three rating services, ARB and Nielsen, that use the diary itemize the individual time periods during the day and aid the respondent to that extent. The third company, Videodex, does not." (P. 39, par. 5.)

Our comments are: The construction of the Videodex and ARB diary are the same insofar that they contain a semiclosed end "From" and "To" time designation column by day. Nielsen is the only service that itemizes the individual time periods on his diary, the same format that Hooper was using when Nielsen bought the national Hooper rights in 1950. Videodex was the first organization to use the diary on a continuing basis in television audience measurement.

The report states: "Videodex solicits from their diary keepers opinion on each program watched and on the corresponding commercial, these representing the pooled judgment or the consensus among family members. Their indexes are presented routinely in a periodic report." (P. 58, par. 2.)

Our comments are: The inclusion of the columns on program opinion and reaction to commercial on the Videodex diary is primarily to encourage respondents to keep the diary coincidental with their viewing and to make diarykeeping more efficient. These indexes are not published in any routine report and haven't been for the last 5 years.

The report states: "It is estimated by Videodex that 90 to 95 percent of all sets sold have warranty cards attached, but that 75 to 85 percent of all buyers send them to the manufacturers, and that this proportion is increasing." (Pp. 74-75, top.)

Our comments are: This should read: "It is estimated by Videodex that as high as 90 to 95 percent of all sets sold by given brands have warranty cards attached, that as high as 75 to 85 percent of all buyers for given brands send them to the manufacturers or distributors."

And there are just a few more here.

The report states: "* * * and that some 90 to 95 percent of all TV sets sold have the warranty card attached." (P. 137, par. 4.)

Our comments are: This should read: "* * * and that as high as 90 to 95 percent of all TV sets sold by given brands have the warranty card attached."

The report states: "* * * also, better sets have the higher percent of cards returned." (P. 137, par. 5.)

Our comments are: This estimate did not come from us.

The report states: "In addition, further supplementation occurs for the 28 markets that Videodex issues reports on monthly individually." (P. 137, par. 9.)

Our comments are: This should read, "In addition, further supplementation occurs for the 28 markets that Videodex is prepared to issue reports on monthly individually."

The report states: "Again no systematic study seems to exist." (P. 138, par. 9.)

Our comments are: This statement is inconsistent with their previous statement to the effect that no large systematic study of cooperative as compared to uncooperative households exists. They have inconsistently converted a relative statement into an absolute statement. Actually, the committee was shown data and schedules of the system used and the study of cooperative versus uncooperative homes.

Finally, we feel it was extremely unfortunate that of the three-man Madow Committee that one had become an employee of the second largest rating corporation under study while the committee's review was being made and that another member of the committee became a consultant to the largest rating corporation under study.

That is all.

The CHAIRMAN. Does that conclude any statement that you wish to make, to start with?

Mr. JAY. Yes, sir.

The CHAIRMAN. Well, I think, before we let the staff proceed with developing the information, then we are to understand that Videodex is a corporation?

Mr. JAY. Correct.

The CHAIRMAN. With offices and headquarters in New York?

Mr. JAY. Correct.

The CHAIRMAN. It is incorporated under the laws of New York?

Mr. JAY. No; it is not. It is an Illinois corporation under the date of June 1949.

The CHAIRMAN. You are the manager?

Mr. JAY. Right, sir.

The CHAIRMAN. Do you own any part of it?

Mr. JAY. Yes, I do, sir.

In this case the term "manager" or "director" has often been used in professional survey organizations. When we were a partnership, why, we had directors and managers. When we became a corporation, we came with the same working group relationship.

So I am president as well, but the term "manager" or "director" is continually used in such survey work.

The CHAIRMAN. How many own an interest in your business?

Mr. JAY. There are less than 10 shareholders in the corporation, and they are composed, if you wish to know—

The CHAIRMAN. Well, what does that mean, less than 10? That means eight or two?

Mr. JAY. No, there are a total of five.

The CHAIRMAN. Well, why didn't you say five, then?

Mr. JAY. Well, I am not a lawyer, but for certain types of corporations there are certain classifications for those 10 or less, and I have always thought of it in terms of that.

The CHAIRMAN. Now, there are five shareholders?

Mr. JAY. Correct, sir.

The CHAIRMAN. How big an organization do you have?

Mr. JAY. We have seven people, several dozen people during the report production periods of the month—

The CHAIRMAN. Now, wait a minute. You have seven people?

Mr. JAY. Right.

The CHAIRMAN. Well, let's stop on those seven—

Mr. JAY. Right, sir.

The CHAIRMAN (continuing). Before you get along so fast.

Mr. JAY. Right, sir.

The CHAIRMAN. Are these seven people in your offices?

Mr. JAY. Yes, they are.

The CHAIRMAN. In New York?

Mr. JAY. Two are in New York and the remainder are in Chicago.

The CHAIRMAN. Oh, you have an office in Chicago, too?

Mr. JAY. Yes, sir.

The CHAIRMAN. Then you merely have your headquarters in New York?

Mr. JAY. Yes, sir.

The CHAIRMAN. And your operating office is in Chicago?

Mr. JAY. Well, if I understand your term "operating," relatively more and more is being done in New York. We are trying to transfer our entire operation to New York. There is still some of it done in Chicago.

The CHAIRMAN. You have two people in your New York office?

Mr. JAY. Right.

The CHAIRMAN. And you have five people in your Chicago office?

Mr. JAY. Those are people that could be called "staff." As I started to say, during our report production periods of the month we have other people come in which do do work repeatedly for us. However, they are not there full time.

The CHAIRMAN. They are part-time employees?

Mr. JAY. That is correct, sir.

The CHAIRMAN. Well, do they come into the New York office or into the Chicago office?

Mr. JAY. They have in—these particular people have in the past come into the Chicago office, and we now have more and more of them coming into the New York office since we are transferring—

The CHAIRMAN. Well, where do you keep your tabulating records?

Mr. JAY. Some are kept in both offices, depending on the markets and the type of report.

The CHAIRMAN. Where do you operate from?

Mr. JAY. From New York.

The CHAIRMAN. Who manages the Chicago office?

Mr. JAY. The supervisor there is Mrs. Biedron.

The CHAIRMAN. Are you familiar with the records in the Chicago office?

Mr. JAY. Yes, I am, sir.

The CHAIRMAN. Well, I don't want to get in another round there—

Mr. JAY. No, I don't intend to.

The CHAIRMAN (continuing). As we did the last couple of days.

Mr. JAY. I don't intend that.

The CHAIRMAN. How many people come into your office to do part-time work?

I believe you said each month.

Mr. JAY. On the average, there would be about a dozen or a dozen and a half.

The CHAIRMAN. Then you are engaged in research?

Mr. JAY. Correct.

The CHAIRMAN. And the type of research you do, it is pertaining to reports for broadcasting purposes?

Mr. JAY. Broadcast and within broadcasting, solely to TV.

We do no work in radio.

The CHAIRMAN. You do nothing in the field of radio?

Mr. JAY. Nothing.

The CHAIRMAN. Your research program is for audiences; is it?

Mr. JAY. Audiences; yes.

The CHAIRMAN. And program ratings, and so forth?

Mr. JAY. That is the general description of the field.

We regard our own work as television-audience schedule analysis.

The CHAIRMAN. How many television facilities do you serve in the country?

Mr. JAY. If you could explain the term "facilities" I would attempt to answer that.

The CHAIRMAN. How many television broadcasting companies do you serve?

Mr. JAY. In terms of unit broadcasters currently there are two markets where we issue any kind of audience information for broadcasters and such.

In my statement, as you may recall, our primary markets are advertisers and about, I would say, upward of 85 percent of our work is for advertisers.

The CHAIRMAN. Do you furnish the advertisers these reports and not the stations?

Mr. JAY. In the case of our television schedule analysis work; yes, sir.

They go solely to one advertiser and are not distributed to multiple advertisers as such.

In other words, if I could just cite a specific, an advertiser would have his agency buy so many dollars' worth of television spot announcements in market X.

Once the agency had bought that, and this purchase by the agency at that time is largely through other pocketpiece services other than Videodex services, they are more primarily used at the time level than by Videodex, and the advertiser will get the identity of that schedule that has been purchased for him, the station daytime and channel, and a type of spot announcement, whether it was a 10-second spot announcement or a 20-second or a minute or program unit, as such.

And he will then deliver that to us and ask us for an independent analysis of that schedule placed.

And we will, in turn, from our diary information, return solely to him the analysis on that specific schedule of spots.

That analysis goes to no one else but him.

The CHAIRMAN. Then how many such advertisers do you have as clients?

Mr. JAY. Our data have been rendered during the past—I think the period that the committee asked for, to a total of about 34 or 35.

The CHAIRMAN. Thirty-four or thirty-five?

Mr. JAY. About three dozen.

The CHAIRMAN. How many markets are involved, then, in the kind of service you perform?

Mr. JAY. Those markets—first of all, we have selected a sample.

In other words, set aside homes from the warranty card records for all multichannel markets, markets where there is a competitive time-buying situation, where an advertiser can buy on channel A or B, which we are prepared to report on.

In other words, we have selected our sample in that many markets. Then within that brace of markets that we have selected homes for the advertisers that are just cited ordered during the past period about a dozen and a half of those markets; about two dozen of the markets would be the outside number during the past year that we have reported on this television audience schedule analysis.

The CHAIRMAN. And then the advertiser uses this information that you send to him to determine whether or not the particular spot announcements will be sent to that particular market?

Mr. JAY. No. The spot announcements have already been purchased and are running by the time we get our order from the advertiser.

In other words, the advertiser typically doesn't know the spot announcement is bought until the agency confirms to him that certain such spot announcements have been bought, and these spots, bought by the advertising agency, are bought through other services than Videodex, other services using pocketpieces at the time-buying level at the medium depth of the agency.

By the time the advertiser gets the identity of the schedule and by the time we get it the sponsors are running actually on the station.

The CHAIRMAN. Then what service do you perform?

Mr. JAY. Then we take the identity of that schedule, for example.

There may be—well, here, I have some copies here that I would like to show you if I may.

The CHAIRMAN. Well, I wanted to get just a general picture. I am going to let the staff see this.

Mr. JAY. Well, in terms of the exhibit that I have just handed you, the information to the far left—and the per spot cost is what we get from the advertiser.

In other words, the station that it is on, the time period and the type of spot, and then, going over to the fourth column from the end on the left side, they will give us the per spot cost as well.

That is all we get from the advertiser.

The CHAIRMAN. Well, this isn't exactly what I am getting at. I am trying to find out what you sell him.

What good does he get out of what you do for him?

Mr. JAY. Well, when we render a schedule, such as you have, then there, where we take your schedule and examine our diaries to tabulate out those segments comprising his schedule, he gets a homes-reached figure, a viewers reached, and an audience composition reached, and then at the very bottom of the schedule there he gets the total home impressions which is derived by adding up the individual program homes reached to give him a total, so-called unduplicated cumulative audience of how many home impressions is reached.

Then we divide that by the number of spots to get the average per spot.

So if he had a six-spot schedule that total would be divided by six. And then from our viewer diary information we find out how many different homes were reached by that spot.

In other words, just the simple addition of one program to another contains some duplication of audience. So our third level of information there is to find out how many different homes are reached at least once, and that is the third column, the cumulative rating.

And then the fourth column on that summary is accomplished by taking that unduplicated rating and dividing that into the total home impressions to get a frequency.

In other words, of the homes reached at least once; how often were they reached.

So he has what is known as a reach and frequency measure. And this is primarily what our schedule consists of to the advertiser.

To complete your question, when you asked what he does with it, we, of course, don't prescribe just how he should go from there.

He may go back to the agency and say, "We would like to reach more homes more frequently" or "We may be reaching too many homes but not with the frequency that we want. Do you have additional recommendations as to other spots we might buy?"

This is said to the advertising agency.

Or he may say, as a result of the schedule we have submitted, "We are spending too much in this market and not enough in another because we are reaching more homes than we thought we should be reaching in this market for television to carry its proportionate weight, and we are under-audienced in another market" again primarily based on these concepts of unduplicated reach and frequency.

What we are trying to do in our schedule analysis is go beyond the delivery of a pocketpiece.

In other words, Videodex is not competitive with the larger firms in the field at the pocketpiece level.

They have more of a market than we will be able to compete with and we have recognized that.

So that, with a given situation, we have tried to anticipate what does an advertiser do with pocketpiece information when he wants to get further information.

In other words, what happens from the time a pocketpiece might be delivered and this schedule analysis concept has evolved from that.

In other words, in addition to ratings, as such, he would want to know how many men were reached or women were reached. In addition to ratings, he would want to know how many homes were reached at least once or how many were reached with what degree of frequency.

The CHAIRMAN. In other words, from the information you supply to the advertiser, he determines what course of action he will take regarding the spot announcements?

Mr. JAY. It is usually used at two levels: One, in his agency relations, we will say, in a general way. He will very rarely say "This spot should be dropped and this one added."

He will say, "We should add to our schedule in this market" or "We seem to be reaching a circulation objective here" or "We should delete spots from this schedule."

He doesn't specify which ones necessarily but uses this as a guide to audience objectives.

Another way in which he uses it is within his own organization, as far as planning or budgeting for his television support of a given campaign.

I don't know too much about the determination of budgets by an advertiser, but normally they will allocate so much money, based on the distribution of their product or the population range or some such thing as that.

Once that amount of money has been allocated this should be proportionate with the sales experience or objectives in the market, but oftentimes the audience may not be commensurate with that market, with what the same amount of money has bought in another market.

So on his multiple market comparisons or on his predetermined objectives he may have to rebudget for that market, and this is another use of our television schedule analysis by the advertiser.

Another use is at the dealer or distributor level, within his own marketing organization.

In other words, in talking to them about the support he is giving this product for their particular trading area or market zone, as such, he will cite that we are reaching so many male adults or we are reaching so many homes.

And this is one way of showing the sales organization just what support he is giving the product.

The CHAIRMAN. Well, I am just trying to see if I cannot save some time by getting all of this on the record so we won't have to drag it out by questioning you as we go along in order to find out just what service you perform and how it is used.

The committee will recess until we can go answer the rollcall.

We will probably be back in about 20 minutes.

(Short recess.)

The CHAIRMAN. Mr. Jay, you have given the committee a general outline of your organization.

I believe you said there were five members of your corporation, shareholders.

Mr. JAY. Yes, sir.

The CHAIRMAN. Are they in the same family or—

Mr. JAY. No, they are not.

The CHAIRMAN. You started to give the names of those five.

Did you give them?

Mr. JAY. No, I didn't give the names.

The CHAIRMAN. Do you have those names?

Mr. JAY. Yes, I do.

The CHAIRMAN. Will you supply them for the record or can you just give them to the reporter now?

Mr. JAY. I can give them to the reporter or whatever you wish.

The CHAIRMAN. Well, if it will take just a moment, give them to the reporter.

Suppose you do that.

Mr. JAY. All right.

The CHAIRMAN. And if they are officers, state what position they hold in the corporation.

Mr. JAY. All right.

Myself, of course, Allan V. Jay; my wife, Mr. Edward Graham, and Mr. Victor O'Brien, and Mrs. Biedron.

The latter two have stock pledged to them. They have not taken title on it yet, but this stock is set aside for them.

The CHAIRMAN. And your main office, where you are, as the manager or president of the operation, is in New York City at the address you gave earlier?

Mr. JAY. Yes, sir.

The CHAIRMAN. Your other office is in Chicago?

Mr. JAY. Right, sir.

The CHAIRMAN. And I believe—did you give the address in Chicago?

Mr. JAY. Not in the record. It is 26th and Seminary.

The CHAIRMAN. And you said you were not incorporated in New York.

Mr. JAY. No, we are not.

The CHAIRMAN. Are you incorporated?

Mr. JAY. We are as an Illinois corporation. We pay a franchise tax in New York.

The CHAIRMAN. You are now an Illinois corporation?

Mr. JAY. And have been.

The CHAIRMAN. Pardon?

Mr. JAY. And have been.

The CHAIRMAN. How long have you been?

Mr. JAY. Since June of 1949.

The CHAIRMAN. Since June of 1949?

Mr. JAY. Right, sir.

The CHAIRMAN. You became a corporation, Videodex, Inc.—

Mr. JAY. No, it was Jay & Graham, Research, Inc., at that time and it became Videodex, Inc., in 1952, which was the successor corporation.

The CHAIRMAN. Oh, I see, Videodex, Inc., is the successor corporation of the original corporation—

Mr. JAY. Right.

The CHAIRMAN. In 1949?

Mr. JAY. Right, and the original corporation was the result of a partnership organization which used Videodex prior to that.

The CHAIRMAN. And you have been incorporated and have been operating as an active corporation under the State of Illinois under the name of Videodex since 1952?

Mr. JAY. Under the name of Videodex, Inc., correct.

The CHAIRMAN. And you are today?

Mr. JAY. Yes, we are.

The CHAIRMAN. And you make your reports, as required, under the Illinois laws?

Mr. JAY. To the best of our knowledge, yes, sir.

The CHAIRMAN. Mr. Richardson, you may proceed.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. Jay, Mr. Sparger will give you a copy of a publication entitled "Television Inquiry," hearings before the Committee on Interstate and Foreign Commerce, U.S. Senate, second session, June 26, 1958, entitled "Part VII, the Television Rating Services."

Do you have a copy of that document?

Mr. JAY. Right before me now, yes, sir.

Mr. RICHARDSON. Would you first turn to page 4497?

Mr. JAY. I have.

Mr. RICHARDSON. On this page there is a statement under the heading, "Statement of Allan V. Jay, Videodex, Inc."

Mr. JAY. Right.

Mr. RICHARDSON. Let us go to the fourth paragraph on this page.

Mr. JAY. Right.

Mr. RICHARDSON. Will you read that, please?

Mr. JAY (reading):

In August of 1950 we began to issue a national report which we have issued each month since then. This breaks down the sets in use by quarter-hour periods, the ratings, the homes reached, the confirmed number of cities that carry the telecast.

Mr. RICHARDSON. Did you make that statement to the committee at that time?

Mr. JAY. Yes, we did.

Mr. RICHARDSON. Next I would ask you to turn to page 4499 and go to the third paragraph. This was an answer to a question that was put to you by Mr. Cox, counsel for the committee.

Would you read what your answer was at that time?

Mr. JAY (reading):

There is a premium brochure sent which gives that two dozen times from which they have a range of selection for the multiple-time cooperation. This had been a matter of our effort to minimize the nonresponse factor at first, and it later developed into a productive avenue of research for us, to the extent that many advertisers, in testing self-liquidating premium items, would have us take certain items from them and print them up in our premium brochures and then return to them a tabulation of the frequency with which certain items were selected by given groups of homes, which they could cross-tabulate against the types of homes.

One of the advantages, again, getting back to the use of the diary itself in a multiple-time sample, is the opportunity to break up the viewing as against certain of the so-called economic types of classification data which other services have cited.

This is particularly important with us because our service was the first service to use a diary technique on a syndicated continuing service.

Mr. RICHARDSON. Was that also part of your statement at that time?

Mr. JAY. At that time it was, yes.

Mr. RICHARDSON. Would you now turn to page 4500?

Mr. JAY. Right.

Mr. RICHARDSON. In response to a question which was asked by Mr. Cox: the question by Mr. Cox:

Is this national service that you maintain—that is based on a sample of 9200?

Would you read your answer?

Mr. JAY (reading):

That is correct, and here is the type of report (indicating) and the list of the markets, which I will leave with you.

Mr. RICHARDSON. Now, after this we have included and, Mr. Chairman, I would like this page to be included in the record, the markets on which Videodex does report.

The CHAIRMAN. Identify this.

(Mr. Richardson and the chairman conferred.)

Mr. RICHARDSON. This list would include approximately 225 markets. Is that not correct?

Mr. JAY. I recall that as being the approximate amount, yes.

Mr. RICHARDSON. Now, Mr. Jay, would you turn to page 4354? That is over to the front of the publication.

Mr. JAY. All right.

Mr. RICHARDSON. On this page under "Television Rating Services: A Comparative Analysis of the National Significant Ratings," the name of your company, Videodex, Inc., is listed. Is that correct?

Mr. JAY. Right.

Mr. RICHARDSON. Under: "Size of sampling viewing hour survey," will you read what it says in relation to your company?

Mr. JAY. "9,200 tabulated diaries with each diary recording 1 full week of viewing."

Mr. RICHARDSON. Mr. Jay, Mr. Sparger will now give you a copy of a document entitled "Evaluation of Statistical Methods Used in Obtaining Broadcast Ratings: Report of the Committee on Interstate and Foreign Commerce: U.S. House of Representatives," dated March 23, 1961.

Do you have that document before you?

Mr. JAY. I do, yes.

Mr. RICHARDSON. Would you please turn to page 137?

Mr. JAY. I have that now.

Mr. RICHARDSON. Would you go to the fourth paragraph under the information supplied in relation to your corporation, Videodex, and read those next two paragraphs?

Mr. JAY (reading):

Videodex has arrangements with certain companies manufacturing TV sets to go to those companies quarterly and pick a sample consisting of three-sevenths of the total Videodex sample.

The sample is selected separately for each of the 292 markets in the country. The total size selected for the sample per market ranges from 250 to 600 homes.

The number of elements selected is more than 30 percent larger than the market requirements to allow for unwillingness to keep a diary and for dropping out of the sample after agreeing to keep the diary.

Mr. RICHARDSON. Would you read the first sentence of the next paragraph?

Mr. JAY (reading) :

In addition, further supplementation occurs for the 28 markets that Videodex issues reports on monthly individually.

Mr. RICHARDSON. And you added an amendment to that statement here today?

Mr. JAY. To that one—let's see—yes.

Mr. RICHARDSON. Is that a correct representation of your company or was it at the time that the Madow Committee visited you?

Mr. JAY. At the time they visited us, yes.

Mr. RICHARDSON. Now, I will ask you to turn to page 3 of this document.

Mr. JAY. Right.

Mr. RICHARDSON. This is under No. 2, "The examination conducted by the committee."

Mr. JAY. Right.

Mr. RICHARDSON. Would you read the first two paragraphs of this information?

Mr. JAY (reading) :

This inspection was accomplished for six of the seven services, the seventh reporting that its production facilities were highly decentralized.

It was not feasible for the committee to arrange to visit the several sites in which this company is located.

Mr. RICHARDSON. Thank you.

Did the Madow Committee visit your different field operations?

Mr. JAY. They just visited our New York office.

Mr. RICHARDSON. In this report it states in the second paragraph, on page 3, and I quote:

Our visit was met with pleasant and ungrudging cooperation, and our questions were answered in what appeared to be a thorough and frank manner.

Would you say, in relation to your company, that this is the way you treated the Madow Committee?

Mr. JAY. Yes.

Mr. RICHARDSON. Mr. Jay, has the Federal Trade Commission visited with your corporation in the last few years?

Mr. JAY. Yes, they have.

Mr. RICHARDSON. In New York City?

Mr. JAY. Yes.

Mr. RICHARDSON. Did they visit any of your field plant operations?

Mr. JAY. No, they did not.

Mr. RICHARDSON. Mr. Jay, during the prior year Videodex did a special analysis for the D'Arcy Advertising Co. of New York City in relation to the television show "Mr. Ed." Is that correct?

Mr. JAY. Right, sir.

Mr. RICHARDSON. This was done for the advertiser of "Mr. Ed," which is the Studebaker Corp. Is that correct?

Mr. JAY. Right.

Mr. RICHARDSON. This analysis was made by the Videodex, and was taken from a subsample of your national 9,200 television sample. Is that correct?

Mr. JAY. No, that is not correct.

Mr. RICHARDSON. Did you not inform the D'Arcy Agency that it was taken from your national sample of 9,200?

Mr. JAY. We told them that we would determine it from our multiple market sample since we have not issued a national report since the end of 1958.

Mr. RICHARDSON. I didn't say "report." I said "sample."

Mr. JAY. We have not had an active national sample since then.

Mr. RICHARDSON. In 1958, you discontinued your active national sample?

Mr. JAY. The last active national sample was November 1958. We didn't have any national subscribers beyond that month and we stopped reporting the national report.

Mr. RICHARDSON. Anyway, you at least told D'Arcy Advertising Agency and, of course, there must have been a misunderstanding between the two of you, but you told them, in your interpretation of it, that you would produce for them a subsample of your multiple-market information?

Mr. JAY. Multiple information, yes. We would take from our multiple-market sample homes that would be used to interview for special information, correct.

Mr. RICHARDSON. Now, according to testimony which was given here before this committee last week by Mr. Julius Barnathan, vice president of the American Broadcasting Co., Television Division, you had within the last couple of years or so done some work for American Broadcasting Co.

Is that correct?

Mr. JAY. That hasn't been done. I think there were some studies in 1958, and the last one, I believe, is the early part of 1959.

Mr. RICHARDSON. And, according to Mr. Barnathan, this was from your national sample of 9,200.

Mr. JAY. The 1958 data was, yes.

If there was any data in 1959, and I am not clear whether there was in the early part of 1959, it was taken from multiple market reports.

But we did serve notice to everyone using any of our national information in the past, and did not solicit any national accounts beyond the end of 1958.

We were not competitive with National Services who at that point were predominantly using a network agency level, and we just weren't competitive. So we just stopped reporting a national service.

Mr. RICHARDSON. I have, and I ask you to identify, a copy entitled "Videodex Network TV Ratings, 1958." Is this a publication of your company?

Mr. JAY. It was a publication of our company and this was the last network publication we produced.

Mr. RICHARDSON. The basic reason for this work for D'Arcy for Studebaker was that they wanted to see whether or not they should renew the contract for the television show, "Mr. Ed."

Is that correct?

Mr. JAY. That objective was not disclosed to us; no.

Mr. RICHARDSON. All right. Did they not want to discover whether or not it would be advisable to change the presentation of this program and change the time period from a Sunday night to a Thursday night?

Mr. JAY. That objective was not disclosed to us.

Mr. RICHARDSON. Did they ask you to check "Mr. Ed" in relation to "Hazel" and other such shows, sponsored by competitors and by that I mean automobile manufacturers?

Mr. JAY. Not other automobile manufacturing-sponsored programs, as such.

The survey objective there was to get "Mr. Ed" viewers and within that group to interrogate them with respect to these two programs that you cite, but not to specifically recruit viewers to those other two programs.

Mr. RICHARDSON. Concerning this study that you made, you had the assistance of Dr. Sorenson and a Mr. Von Hines of the D'Arcy: is that correct?

Mr. JAY. They were our prime contacts: yes.

Mr. RICHARDSON. Actually the three of you drew up a comprehensive questionnaire which was sent to a subsample of your then-current sample.

Is that correct?

Mr. JAY. Both our current information and homes that we recruited beyond our current information, in order to be able to interrogate so many homes.

Mr. RICHARDSON. Now, Mr. Jay, Mr. Sparger and I of the subcommittee staff have visited you on different occasions during the past year and a half; is that not correct?

Mr. JAY. That is correct.

Mr. RICHARDSON. We visited you both in your office in New York and in the city of Chicago; is that correct?

Mr. JAY. Correct.

Mr. RICHARDSON. I am going to ask you several questions about what went on during our visits with you and the information supplied to the staff of this committee.

Mr. JAY. All right.

Mr. RICHARDSON. I would also point out that both of us were present at all times: is that not correct?

Mr. JAY. I believe so, yes, as I recall.

Mr. RICHARDSON. I would also point out for your information that every day after a visit, we drew a memorandum on that visit?

Mr. JAY. Uh, huh.

Mr. RICHARDSON. I ask you the following questions:

What other television network have you done research for in the last 2 or 3 years? Let's take 1958 on.

Mr. JAY. You are talking now about television networks?

Mr. RICHARDSON. Networks.

Mr. JAY. All right. The ABC tabulation, which I think you have already cited.

Mr. RICHARDSON. Yes.

Mr. JAY. During August of 1959, there was a copy of a Miami study that was ordered by NBC. That was just a one-time study.

Mr. RICHARDSON. Yes.

Mr. JAY. In 1960—I haven't the date here. 1961 or 1962, within the last few years, as you cite, there was a one-time study ordered by CBS.

Mr. RICHARDSON. So basically, within the last few years, anyway, you have done research for all three of the television networks; is that correct?

Mr. JAY. In terms of doing research as such, I might cite this, that the so-called study for NBC was a copy of a Miami study which was done, I believe, in July or August of 1959, and they paid us a total

of \$5, for an additional copy of it. So this was no study in the sense of that and I don't want to represent—

Mr. RICHARDSON. So basically you have done work for two networks, really, this one for NBC being—

Mr. JAY. Well, in the case of CBS, it was a study based on several months' average for a Georgia market and it was for one time period, for one quarter hour, as I recall it. There was no special study and this was the sum and substance of any data we did for them. Even though there is a listing for CBS and NBC, the total amount of money involved was, I think, \$5 in the case of NBC and under \$50 in the case of CBS. In the case of ABC, one of the billings, I think, was for \$120 and the other for slightly more than that. That again was conducted in 1958.

So taking the progression of time and networks, they were non-continuing users of relatively small amounts of our information and we do not regard them, really, as accounts or subscribers or the like.

Mr. RICHARDSON. Of course, you basically have said that your prior—

Mr. JAY. Are advertisers.

Mr. RICHARDSON. Subscribers are advertisers?

Mr. JAY. Right.

Mr. RICHARDSON. Mr. Jay, Mr. Sparger and I first visited you on September 27, 1961, correct?

Mr. JAY. That, as I recall, is about the date, yes.

Mr. RICHARDSON. During the interview held between you and Mr. Sparger and me, you explained that Videodex did audience measurements in local and—

Mr. JAY. I said that Videodex did measurements on local programs and network programs. This would mean network programs that appeared locally where we would make a market-by-market analysis of them. But at that point, we have no report, as I believe I showed you in the exhibit there, during the time of your visit or for several years preceding it.

Mr. RICHARDSON. You were not producing, at least, a national pocketpiece?

Mr. JAY. That is right; and we were not soliciting any multiple market composite type of information, as I said before. We are not competitive in this and we just have been forced to not regard that as a primary amount of our work.

Mr. RICHARDSON. You also explained that Videodex did qualitative surveys as ordered, is that correct?

Mr. JAY. Qualitative as opposed to rating projections as such.

Mr. RICHARDSON. Yes.

Mr. JAY. Yes; we would do studies on opinions from time to time. We would hold our services open for doing studies to the advertiser, where they may want to know how recently a product was bought and how bought and how frequently it was bought, where it was bought and in what amounts.

So this would be in the nature of qualitative data as a complement to our work primarily in television.

Mr. RICHARDSON. You further informed Mr. Sparger and me that in gathering your information, you used an open-end diary technique; is that correct?

Mr. JAY. No; and this is one of the points I made in the Madow comments. There are three forms of diary construction. One is the completely open end, where you have time. The other is the completely closed end or block system, originally used by Hooper as a supplement to his telephone coincidental and his duplex coincidental. This had preprinted time periods on it, so you would get a little book that said 8 to 8:14, et cetera. This is a completely closed end.

The Videodex diary does not have printed time on it. It has a "from" column and a "to" column. So if the viewing home is viewed from 8 to 8:15, they would record 8 and close out at 8:15.

So ours would be semiclosed or semiopened. It is not open end in the qualified sense.

We had used open end back in 1948 and 1949, and the difficulty with that is the respondent would put down 8 o'clock for Milton Berle.

Maybe the next program they would view would be 9:30. Does that mean they viewed that channel from 8 to 9:30?

We had no way of closing out the viewing of that home for that time or that channel. So the "from-to" designation arrived for that, but not before we had pretested the so-called block system, which is currently being used by Nielsen and as a supplement to Hooper's work.

We rejected that because in pretesting, we found it encouraged respondents to lapse in their recording. In other words, the time between the time they viewed and entered on the diary was over a broader span of time when we had the preprinted time than we had when we had the semiopen end.

Furthermore, on multiple 15-minute segment shows, we found on a feature film or sporting event that may run an hour and a half or so, there was no evidence of tune-in and tuneout.

There was more of this tendency to do down to program completion than there was more sensitive reporting on tune-in and tuneouts than we received on "from-to." I don't want to belabor this point, but I think in the American Statistical Association proceedings of December 1961, Mr. Shearock of Kenyon & Eckhardt who was the purchaser of some \$75,000 worth of broadcast research in that particular year, stated that he wished Madow had devoted more time to the construction of the diary.

We shared all this information with Madow and Jensen and Hyman when they visited us.

It is an important part of our work and there is no monopoly on statistical technique and we can use the block system or completely open end as we do the semiopen end.

I hope I have not taken too much time on this, but it is very important to us, the construction of the diary. So we have used the semiopen end.

Mr. RICHARDSON. Thank you, Mr. Jay.

It is a semiopen end.

Under your system, you have explained you have used a home for 7 months; is that correct?

Mr. JAY. We have in the past used homes for 7 months. In terms of our reporting for the past period of years, they are used seven times. This may not be continuous monthly reporting, because as far as our work on this television broadcast schedule analysis, an advertiser may say that he is going to have a schedule in January and then in March, but not in February.

If we were commissioned to measure that schedule for him, we would be using January and March information. If we had no orders for data during February, we would not field a sample, then.

So that home which would serve on January-March would have served twice in this seven-time term and that need not be consecutive calendar months under present definition.

Mr. RICHARDSON. Mr. Jay, in your future answers—I realize you have a right to explain any answers, but would you try to limit the explanation?

Mr. JAY. I am sorry.

Mr. RICHARDSON. You explained that you did not use the diary for the first month that it was sent to the field in your tabulations; is that correct?

Mr. JAY. The first time.

Mr. RICHARDSON. The first time?

Mr. JAY. The first time. But just a minute. If home 102 were recruited in the beginning of month 1, that home could again report by the end of month 1 and they would have served that dry run purpose so that the month is not always identical to the unit of time over which they are again used.

Mr. RICHARDSON. You discussed with us in Chicago the situation wherein a packet of diaries, would be mailed to a specific premium house after you satisfactorily received this first diary back and the family indicated what premium they desired. Is that correct?

Mr. JAY. That had been the—

Mr. RICHARDSON. Just tell us whether you told Mr. Sparger and me that.

Mr. JAY. I don't recall whether I said those specific words, because in some markets we have been experimenting and now more fully use a diary, a premium sent right with the diary.

The idea of a preprinted brochure has since been disbanded. In fact, it was disbanded with the cessation of our national report in 1958.

What we do now is have lower unit cost items which we offer them more frequently. In other words, rather than have a preprinted brochure saying "Here are several different items you select from as a reward for keeping the diary so many times," this would be a higher unit cost item.

Now what we have done is revert to lower unit cost items such as nail files, combs, plastic rain hats, which go with each diary. So each time they report, they have an evidence of appreciation which dollarwise may still be on a parity with a larger item which previously had been awarded with their earlier term.

Mr. RICHARDSON. Once again, Mr. Jay, try to limit your answer.

Did you not in the basement of a house at 2626 Seminary Road in Chicago explain to Mr. Sparger and me that you had seven premium houses; that after the first diary had come back (you explained this with Mrs. Biedron present), you would send a packet of six diaries to the premium house, and it would mail out a diary once a month and that at the end of this period if there had been a satisfactory job done, the premium house would mail the premium?

Mr. JAY. That had been our practice in the past. At this point of time, we were now sending out premiums with each diary and the

premium houses were less and less involved, because they did not want to take on the burden of the mailing function because we were not ordering as many items directly from them.

We were now going to the manufacturer directly for the items which we got at a lower unit cost. In the past, premium houses had undertaken some of this for us because we were buying higher unit cost items from them and they would feel it would be more productive for them.

Mr. RICHARDSON. Did you not in your office in New York City in September of 1961 and in Chicago, at 2626 Seminary Road, on the 3d day of November 1961, tell Mr. Sparger and me that you still had a national sample of 9,200 and that these 9,200 diaries came into a post office box in the Merchandise Mart?

Mr. JAY. No; I did not say we still had an active sample of 9,200 homes.

Mr. RICHARDSON. Did you not further explain that each month after these diaries came in, they would be taken to a certain warehouse in Chicago, called Anderson Bros. warehouse?

Mr. JAY. No; we mentioned Anderson Bros. as one of the places where diaries were stored. The diaries stored at Anderson Brothers, and this location was picked because it was near Mrs. Biedron. They had diaries from a good part of the 1950's up to about 1956 and there were even some entries more recently than that.

Another warehouse, the NU Way Express Co. on Morgan Street, had other diaries and the Manhattan Storage in New York had others and we had others on our own premises. But in the past, we have used warehouses to store additional diary information.

The reason we have not been going to them as often is because the in-and-out costs of gaining access and so forth began to mount up and we waited for a longer interval to deposit the work.

Mr. RICHARDSON. Mr. Jay, you have informed the Senate Commerce Committee, it is obvious you have informed the Madow committee from what you read to this committee today from this report and you informed Mr. Sparger and me that you had different field plants located around the city of Chicago; is that correct?

Mr. JAY. Not field plants as such. We have suppliers on whose premises we worked for part of our work, since some of our operation lent itself to people coming in part time and either working on our premises or on premises of outside places.

In response to the question of the Senate committee, the reference to that as far as our national work is concerned, that hearing is in June of 1958 and we stopped reporting a national report in November of 1958, so we did not state to either Madow or yourselves that this report would still actively produce part of your work.

Mr. RICHARDSON. My question was about field plant operations, not your national sample.

Mr. JAY. Well, field plant operations as such, if you construe that to mean our suppliers and we take our own personnel to work in their premises, this is, I guess, a field plant operation.

Mr. RICHARDSON. Then basically, the Madow committee did not understand what you told them, is that correct?

Mr. JAY. Well, I have cited some comments in answer to their various points. I don't believe they understood. They had told us or they have in the report here that we were the only service to use an open-

end diary, which is incorrect, and I submit that if they misunderstood that part, there was every opportunity for them to misunderstand some more parts as well.

Mr. RICHARDSON. Mr. Jay, in a telephone conversation in October of 1961, between you and myself, which was monitored by Mr. Sparger, I asked you where your plants were located around Chicago.

You named several and specifically named one in Joliet, Ill.; is that correct?

Mr. JAY. The reference to Joliet, Ill., was where two employees of a tabulation house had moved to, on occasion had done some of our work, but had no longer done it and they were part of our operation. I cited that because they had, subsequent to leaving, a tab house that had done some of our work, taken it upon themselves to do some more.

But our work was not primarily done there.

Mr. RICHARDSON. Mr. Jay, upon arriving in Chicago in October of 1961, Mr. Sparger and I contacted you by telephone and told you that we wanted to visit your field plant; is that correct?

Mr. JAY. Yes, you did.

Mr. RICHARDSON. We then received this letter from you. Would you identify this letter?

Did you write it?

Mr. JAY. Yes, I did.

Mr. RICHARDSON. Would you give us the date and read the letter into the record?

Mr. JAY. This is October 27, 1961, Mr. Robert Richardson, Morrison Hotel, 79 West Madison, Chicago, Ill.

DEAR MR. RICHARDSON: We very much appreciate your interest in including our service in your review of the television audience research firms.

Due to the fact that our processing is done at present largely on various suppliers' premises decentralized both in the Midwest and the East, and further, due to the fact that we are in the process of trying to consolidate our operations from these points to New York, we would like to suggest that for the time being any visit pertaining to processing be made to our New York office as in the past where we will be able to present to you and discuss with you exhibits and materials relevant to further questions you may have on our procedures.

We trust this suggested approach will be acceptable to you under the circumstances described above as now prevailing with respect to Videodex.

Mr. RICHARDSON. Upon receipt of that letter, we sent out a telegram reading as follows:

OCTOBER 28, 1961.

ALLAN V. JAY,
Vidocdex, Inc., 342 Madison Avenue, New York, N.Y.:

Received your letter of October 27. Want to visit operations here Wednesday, November 1. Confirm time and place.

SPARGER & RICHARDSON,
Hotel Morrison.

Did you not receive such a telegram from us?

Mr. JAY. Yes, I did.

Mr. RICHARDSON. Would you identify this telegram?

Mr. JAY. This is to Mr. Rex Sparger, Morrison Hotel, room 3442, 79 West Madison Street, Chicago, Ill.

November 2, 1961, 9:37 a.m.

Will pick up 2:30 p.m. Friday, November 3, at Morrison Hotel lobby for visit of operation with supervisor. Thank you for rescheduling so I can be on hand.

Mr. RICHARDSON. Now, at that time, on Friday, November 3, we went to your field plant operation, correct?

Mr. JAY. Correct.

Mr. RICHARDSON. We met Mrs. Biedron and two other persons?

Mr. JAY. Right.

Mr. RICHARDSON. Mrs. Biedron showed us how the reports came in from various markets throughout the United States?

Mr. JAY. I recall that, yes.

Mr. RICHARDSON. You explained in detail, did you not, how you would take 350 homes from Miami; 270 from Charlotte; the different areas of the country, put those together, weight them properly and make a national report of 9,200; is that not correct?

Mr. JAY. No; it is not correct. We had shown you our procedures used when we had issued a national report. We had identified at that time but did not issue a national report, had no national report subscribers since 1958 or when we had national reports or were composing any series of products, this was the procedure used. But we emphasized throughout that our work was solely concerned with local TV.

Mr. RICHARDSON. At that time you further explained to Mr. Sparger and me that you had about 35 subcontractors who did work for you and that you had 7 premium houses which did a large amount of mailing for you, is that correct?

Mr. JAY. We didn't say they did currently a large amount of mailing for us. We had that many premium houses supply premiums to us in the past and some of them have undertaken to mail work for us.

What was the other figure?

Mr. RICHARDSON. Thirty-five subcontractors that did work for you.

Mr. JAY. I don't recall 35 subcontractors. Perhaps there was some reference there to interviewers or people in the field. But I don't recall 35 subcontractors as such.

Mr. RICHARDSON. During this visit at the basement in Mr. Biedron's home in Chicago, Mrs. Biedron explained to the staff that when these diaries came in, she would take them to the Anderson Bros. warehouse each time because she was afraid of fire because her house had burned once; is that not correct?

Mr. JAY. Not exactly. The Anderson Bros. warehouse was nearby to Mrs. Biedron's home. For this reason, Anderson Bros. has been used on occasion in the past. There hadn't been current entries made there for some time. There have been more current entries made at warehouses more remote from her.

One was the Nu Way Express Co. on Morgan Street and the other was the Manhattan Storage on 7th Avenue in New York.

Subsequently, we have not had any storage of materials there because we just began to build up past inventory of information which was not called for, which was costing us money and was too bulky to store in our premises. So we stopped the Nu Way and the Manhattan, and the lessening of the number of markets reported and the fact that we did not have to store them as often, if at all, caused them to keep more and more of them on our premises.

Mrs. Biedron had stored some above the garage in the back and some in the attic, where the fire was, which you saw the results of. That plus the diaries which are now on our premises in New York would constitute the repositories for our information.

Mr. RICHARDSON. Did she not at that time show us the receipts for payments made to Anderson Bros. warehouse?

Mr. JAY. I recall her showing you some information from Anderson Bros., but I don't know what it was because I was not in that part of the room.

Mr. RICHARDSON. You then explained that when the diaries were stored and you got a special order for tabulation on past diaries, you would at that time get the diaries from the warehouse and/or, since you say warehouses, have it sent to New York and tabulate the material? Is that not correct?

Mr. JAY. It is not always. I don't mean to be indirect, but there were various types of assignments. First of all, we have not gone to Anderson Bros. for quite a period of time and as far as the principle of going to them as assignments came up, I would say that none of our work has been for a period of time in past information.

Our work would involve an advertiser saying that, say, "We have a schedule going into this market at some future point and we would like you to provide an independent analysis of this" would involve future information.

We have, during the past period of years that I can recall, received no assignment for going back through time. For this reason, the emphasis on warehousing or this number of warehouses has been lessened and that would typically not be the procedure any longer and would not have been since about 1958 or the early part of 1959.

Mr. RICHARDSON. Mr. Jay, under Illinois corporation law, you are required to file annual reports by your corporation; is that correct?

Mr. JAY. Yes; I believe so.

Mr. RICHARDSON. Have you done so?

Mr. JAY. I believe so; yes.

Mr. RICHARDSON. Do you know whether or not you have done so?

Mr. JAY. When you say annual reports, do you mean to the State?

Mr. RICHARDSON. To the secretary of state, State of Illinois.

Mr. JAY. I don't recall that we have; no.

Mr. RICHARDSON. Illinois law does require it. So you don't know, whether you have done such or not?

Mr. JAY. Well, if I understand your term, filing a report, we do not, to my knowledge.

Mr. RICHARDSON. Mr. Jay, on November 9, 1961, the staff sent you a letter. I give you a copy of it.

Mr. JAY. Right.

Mr. RICHARDSON. Did you receive that letter?

Mr. JAY. Yes; I did.

Mr. RICHARDSON. Would you give the date and read the information from the letter into the record?

Mr. Jay (reading):

Mr. ALLAN V. JAY,
Manager,

Videocex, 342 Midson Avenue, New York.

NOVEMBER 9, 1961.

DEAR MR. JAY: Please send us a complete list of all marketing research groups or any other groups to which you are, or have been during the past year subcontracting your survey work. This list should include the name of the firm, the complete address, and the officer with whom you deal.

Also please send us a complete list of all the premium houses with which you presently are affiliated or have been affiliated during the past year, such list to include the name, address, and person with whom you deal.

Mr. RICHARDSON. Mr. Jay, would you identify this letter?

Mr. JAY. This was the next month, December 11, addressed to me.

We have not received the list of research firms which handle your local work throughout the country. We would like to have this list provided for the subcommittee as soon as possible.

Mr. RICHARDSON. Who signed that letter?

Mr. JAY. Mr. Sparger.

Mr. RICHARDSON. Did you not answer that letter on March 5?

Mr. JAY. Yes; I did.

Mr. RICHARDSON. Pardon me, I gave you the wrong letter.

Would you identify this letter?

Mr. Jay (reading) :

DECEMBER 19, 1961.

DEAR MR. SPARGER: This will acknowledge the recent letters requesting list of Videodex survey subcontractors handling local work for us.

This material is being prepared for you. You should have it after my return to New York early next month.

Mr. RICHARDSON. Would you read the next letter?

Identify it first.

Mr. JAY. January 8, 1962, again to Mr. Sparger:

In accordance with your request, we have attached a list of subcontractors handling work for us. A list of subcontract mailing facilities has also been appended.

Mr. RICHARDSON. Did you send that list attached to this correspondence from you?

Mr. JAY. This was the list I sent, I recall.

Mr. RICHARDSON. Would you read the names of your mailing house premium source "Facilities for Mail Distribution of Diaries," as you have entitled it?

Mr. JAY (reading) :

Letter U.S.A., Inc., Mrs. E. Massa, 1166 Sixth Avenue, New York.

Clearview Graphics and Mailing, Mr. Robert Fink, 20 Nassau Street, Princeton.

Alfred Winston, Suite 1426, 342 Madison Avenue, New York.

Joseph Russakof, Suite 1409, Standard Financial Building, 2 West 45th Street, New York. M. H. Lamston Co., 45th and Lexington, New York.

SBD Advertising Services.

L. Breslin, 1140 Broadway, New York.

The Cole Co., J. Douglas, Walker Drive, Chicago.

And Premium Promotions, Inc., at 1556 Fifth Avenue, New York.

I footnoted that :

Our crew working on their premises and facilities.

Also :

Some of above sources have been terminated.

And also :

In previous years, premium houses have been used as mailing houses. More recently this function has been taken over by mailing houses who do not necessarily handle premiums or where premiums have been discontinued.

Mr. RICHARDSON. Mr. Jay, on October 10, 1961, you sent this letter to the staff. Would you identify that letter?

Mr. JAY. Right.

Mr. RICHARDSON. Would you read it, please.

Mr. JAY. Right. This is dated October 10, to Messrs. Sparger and Richardson.

As you have requested we have attached a market list of local markets in which Videodex reports local television ratings.

The survey dates for the immediately past broadcast year has also been appended.

We will continue our file search for any station correspondence bearing the types and situations you have discussed during our meeting the other week and forward any we find to your Washington, D.C. address.

Mr. RICHARDSON. On the top of the list, you have 28 cities in which you state you do local monthly reports; correct?

Mr. JAY. We have a list of 28 markets which were prepared to report on a local basis each month.

Mr. RICHARDSON. Is that the way you represented them to Mr. Sparger and me when we called earlier?

Mr. JAY. That is the way I had stated these markets were handled, that we did not issue or publish local reports for these markets, that we were prepared to as assignments came up or as we had these television schedule analysis.

Mr. RICHARDSON. It is strange that our memories and our memorandums don't agree with you at all, Mr. Jay.

Mr. JAY. I am sorry, but I did not intend to cite these as being physically issued local reports, because during the last year, I think we had five local markets, and this year currently there are about two or three in which there is actual local reports in the sense of pocketpiece.

Mr. RICHARDSON. Would you read the first paragraph you have just read into the record again?

Mr. JAY [reading]:

As you have requested, we have attached a market list of local markets in which Videodex reports local ratings.

Mr. RICHARDSON. It is rather obvious what you meant by that.

Mr. JAY. My thought and the fact of the matter is these are the markets where we were prepared to issue local reports. We did not actually publish a local report, and we did not represent ourselves to any of our solicitations that we had actual physical pocketpiece studies of these markets, because we identified our services as being television schedule analysis on specific advertiser schedules at a point ahead.

In other words, they would tell us on month 1 that they were going to run these schedules, and we would schedule these diaries in order to report it for month 2 or any month they would commission us to.

Mr. RICHARDSON. Now, Mr. Jay, you have a red check before each one of these, which indicates it is the ones in which market reports were done. One of these was Washington?

Mr. JAY. Washington was one of the markets where we had a sample setup.

Mr. RICHARDSON. I believe each member has a copy of the Washington 1961 report. You gave the same type of indication for each one of these markets. Your letter states:

As you have requested, we have attached a market list of local markets in which Videodex reports local television ratings.

Mr. JAY. As a supplement to this letter, when I understood you wanted the physical pocketpieces, I then sent a letter which you probably have—

Mr. RICHARDSON. That was a letter of disclaimer you sent in March?

Mr. JAY. It was not intended as a disclaimer. It was intended, once

I understood you wanted pocketpieces, to tell those markets in which we did have pocketpieces.

Mr. RICHARDSON. These are markets which—

Mr. JAY. Those are markets which had been sampled, and we were prepared to report if we had an assignment for them.

Mr. RICHARDSON. The staff visited you in April of 1962 and at that time asked you for fieldwork for a report prior to October of 1961, because we did not want to get the addresses of any of the homes still being used in your survey?

Mr. JAY. Right.

Mr. RICHARDSON. We asked you for a certain report?

Mr. JAY. I didn't recall the reports you asked for until you subsequently wrote us.

Mr. RICHARDSON. We asked you for the report of Dallas, Tex., is that not correct?

Mr. JAY. I don't recall your asking for it at that date. I know one of the subsequent letters asked for Dallas.

Mr. RICHARDSON. Shortly after that, Mr. Sparger wrote you asking for a list of your subscribers; correct?

Mr. JAY. That is correct.

Mr. RICHARDSON. You answered him and said you would prefer not to supply this list, but would if you had to; is that correct?

Mr. JAY. That is correct. The reason for that, if I could cite it, is that we do not depend on interviewers for basically deriving our information.

They are used on occasion in order to introduce, either do special studies or try to get nonresponding homes to reply. I had not anticipated when I supplied that list to you that you would have sent registered official letters to them to find out various things, because this caused many of them to no longer do work for us. My thought on this list of accounts was if the same type of interrogation was done, we would be faced with attrition there because of the fact that they are apprehensive of any investigations or officialdom, if that is the right word to use.

Mr. RICHARDSON. Mr. Jay, on July 27, of 1962, the following letter was sent to you, for which you signed. It was a registered letter, is that correct?

Mr. JAY. I believe so; yes.

Mr. RICHARDSON. Is that your signature?

Mr. JAY. Yes; it is.

Mr. RICHARDSON. What is the date?

Mr. JAY. July 30, 1962.

Mr. RICHARDSON. Would you read that letter into the record?

Mr. JAY (reading):

JULY 27, 1962.

DEAR MR. JAY: In February, Mr. Sparger wrote you asking for a list of your subscribers. You answered on March 1 stating that you were prepared to supply us with such, but hope we would not contact them individually.

Would you please send us a list of all the subscribers Videodex has had for the past 2 years—that is, from July 6 to date?

When Mr. Sparger and I were in New York the first part of April, we asked you to supply us with the fieldwork from one of the two local market reports. As of this date we have not heard from you on this request.

As you will remember, we stated we did not desire to take any of your recent surveys, because we realize you use your diarykeepers for 6 months. For that reason we asked you for a separate 1961 report.

I am enclosing a copy of your letter of October 1961 with attachments concerning your local market reports. From this it is noted you do a monthly report in all of the markets listed at the top of the second page of the enclosures. Send us your fieldwork for September 1961 for Dallas, as was requested of you in April. If for some reason you do not have the fieldwork for the Dallas September survey, please explain why you do not have it and send us in lieu thereof the Los Angeles September 1961 fieldwork.

I am enclosing two self-addressed franks so that you may mail us these diaries without cost to you.

It is realized that you may have to have Mrs. Biedron secure this information from your warehouse in Chicago. However, we would like to have it as soon as possible, as we are finishing most of the work on our study of the broadcast measurement companies.

Mr. RICHARDSON. Now, Mr. Jay, that fieldwork we requested, and also the list of subscribers which I again requested at that time were never sent to the subcommittee: is that right?

Mr. JAY. There was a March 15 letter which bore on the request for fieldwork, which I wonder if I could read. I have copies here.

Mr. RICHARDSON. You may read it. It is this disclaimer letter.

Mr. JAY. I don't know what the legal terminology of trying to set information straight is. It was not a disclaimer letter in the sense that I understand it.

This was dated March 5, 1962; addressed to Mr. Sparger.

DEAR MR. SPARGER: This will reply to your last letter requesting additional information on Videodex reporting.

As requested, we have attached a local market list of diary studies. Reports sample sizes on monthly markets without an asterisk ranged from 200 to over 450. These represented published pocketpiece studies.

Markets with asterisks were those where Videodex was prepared to report on requested programs and time segments. This means that samples were drawn, but no report was necessarily published or released as a complete market report to any subscriber.

Then the rest of it—

Mr. RICHARDSON. However, in the list you gave us, there were no asterisks on them.

Mr. JAY. The list sent March 5 did have asterisks on it, once I understood from subsequent correspondence what you wanted.

Mr. RICHARDSON. Once we wanted specific reports, asterisks were provided—

Mr. JAY. No; when you called for lists before, the two we had we sent at the end of 1961, I believe, which was Charlotte and Washington, which you had asked for, which we had as pocketpieces at that time, and previous to that time. We sent those and as a matter of information we have not published Charlotte or Washington for over a year.

This is again an example of a lack of market that Videodex has had for the pocketpiece type of service.

Mr. RICHARDSON. Now, Mr. Jay, the next communication we had from your company was March 4, 1963, just prior to these hearings.

Mr. JAY. Right.

Mr. RICHARDSON. Would you identify the letter I have just handed you?

Mr. JAY. This is March 4 to Mr. Richardson.

* * * This will provide some of the information. In connection with your last request for local market data, please refer to our letter of March 5, 1962, once again, paragraph 3. This supplemented the letter of October 10 and the subject of markets as follows: Markets with asterisks were those markets

where Videodex was prepared to report requested programs in time segments. This means that samples were drawn but no report was necessarily published or released as a complete market report to any subscriber. In the case of the markets you requested, if you refer to the list, you will see they fall in this category and were not reported as local market studies in the indicated periods—that is to say, asterisk markets.

* * * from a composite of markets as explained to yourself and Mr. Sparger during your last visit. Since these may be referred to during the course of our regular operation as trend analyses, it is difficult at this point to insure that we can send them on.

* * * it is because of a semicontinued relationship with the sample and since these same affect our procedures, etc.

Another of your questions concerned policy and tabulations. On our standard audience surveys, our policy has been to do all fieldwork tabulations. Years ago, advertiser-subscribers had had us undertake surveys beyond our standard audience reports and we have rendered fieldwork on such premise.

* * * or released by advertisers. These types of studies were never done for broadcasters. It is our present plan to send on some comments on the Meadow report, as well as a brief summary of our services and methodology, as you suggested we might do, in our last letter to reach you by March 8.

Mr. RICHARDSON. Mr. Jay, Mr. Sparger and I, after receiving the last list of premium houses sent by you to the subcommittee, did a tour of these different companies.

Mr. JAY. Right.

Mr. RICHARDSON. We found at Letters U.S.A., Inc., 1166 Sixth Avenue, New York City, a manager by the name of Mrs. E. Massa. She informed Mr. Sparger and me that she prepared diaries for mailing for the Videodex Corp.

Mr. JAY. Right. This is consistent with our intent and attempt to have work done from New York.

Mr. RICHARDSON. She also said she had done this only since November of 1961 and the diaries did not exceed 1,000 per month.

Mr. JAY. She had done some work prior to that, but on a volume basis, consistent with this transfer from Chicago—

Mr. RICHARDSON. Letters U.S.A. is not a premium house as such?

Mr. JAY. They will mail premiums for us but they will not supply premiums as such.

Mr. RICHARDSON. Clearview Graphics was the second premium company at 9 Bank Street, Princeton, N.J.

Mr. JAY. 20 Nassau Street, Princeton.

Mr. RICHARDSON. Their address has changed. It is 9 Bank Street now?

Mr. JAY. That is one of the two street sites. It has entrances on two streets.

Mr. RICHARDSON. Is Mr. Fink part owner of Clearview Graphics?

Mr. JAY. Yes, he is.

Mr. RICHARDSON. He stated all he did was to put the letters sent from you into a post office box and—

Mr. JAY. Right. This is to their homes. There was a lot of research activity in Princeton and we wanted to find out if the Princeton post mark would enhance response rates among the homes.

Mr. RICHARDSON. Now, Clearview Graphics is not a premium house, then, is it?

Mr. JAY. No; they do not supply premiums.

Mr. RICHARDSON. The next listing is for Alfred Winston, suite 1426, 346 Madison Avenue, New York. Mr. Winston simply informed Mr. Sparger and me that he gave you the right to use his office after hours and that he did not see you use it.

Mr. JAY. I believe he saw us use it. We would bring in part-time people who were working for us.

Mr. RICHARDSON. This is not a premium house?

Mr. JAY. Not a premium house.

Mr. RICHARDSON. Joseph Russakof is the fourth name you gave us as a premium house?

Mr. JAY. I didn't say these were premium houses as such. We have mailing house, premium sources, mail distribution for diaries.

Mr. RICHARDSON. But you had represented to Mr. Sparger and me on several occasions in the past, in looking at the Madow report, you represented that you had in the past used premium houses for mailing; is that correct?

Mr. JAY. We had in the past used premium houses for mailing; yes. Since we have now offered lower unit cost items—

Mr. RICHARDSON. You explained all that.

Mr. MOSS. Mr. Chairman, may I ask that the witness not impose interminably upon the time of this committee in unnecessarily lengthy responses. We have heard that explanation no less than four times in the last hour.

Mr. RICHARDSON. Thank you, Congressman Moss.

The next company is the M. H. Lamston Co.?

Mr. JAY. Right.

Mr. RICHARDSON. Would it surprise you to find out that Mr. Sparger and I visited with Mr. Franklin F. Marks of this corporation and that he had never even heard of Videodex?

Mr. JAY. Well, as far as the Lamston Co., it is tantamount to being a 5- and 10-cent store.

Mr. RICHARDSON. That is what we found out.

Mr. JAY. Right. Well, we have bought a considerable number of premium items from them which we have put into the diary mailings ourselves on Mr. Winston's and Mr. Russakof's premises that we found we could get less expensively from them than from premium houses. So because they were nearby and because they did sell premium items as such, we used them as a source of supply.

Mr. RICHARDSON. You just bought these retail, then, from a five-and-ten-cent store and not from the corporation as such?

Mr. JAY. We got a special quantity discount on them because we would order maybe 400 or 500 items at a time.

Mr. RICHARDSON. Where would you place these orders?

Mr. JAY. We would come right to the store and talk to whoever was at the floor manager's point.

Mr. RICHARDSON. Would it surprise you that the manager of the store at 46 Lexington for M. H. Lamston Co. had never even heard of the Videodex Co. or you?

Mr. JAY. As far as hearing of Videodex as such or me, these were cash purchases. We would go in and pick out an item and ask if we bought so many, what kind of a discount could we get, and pay for them right there.

Mr. RICHARDSON. Is SBD Advertising Services a premium house?

Mr. JAY. They are no longer in business and they refer to this note we have here.

Mr. RICHARDSON. We also found out they had not been in business for quite a while.

Mr. JAY. That is the last address we had done business with them at.

Mr. RICHARDSON. Premium Promotions, Inc., is the seventh company.

Mr. JAY. Right. That gentleman there has since gone out of business himself and joined another one.

Mr. RICHARDSON. That is what we found out.

Now, the Cole Co., Mr. J. Douglass. This is one Mr. Sparger and I recall very vividly because we walked all up and down Wacker Drive in Chicago at 5° below zero, looking for a Cole Co. We checked every address on that street. We could not find where it is located. Could you tell us?

Mr. JAY. I believe since we have done business with them Mr. Cole or Mr. Douglass has died. The firm has been absorbed by another premium company in total. They were a large supplier at one time, we having spent many thousands of dollars with them on premium items when we had the higher unit cost items.

Mr. RICHARDSON. We did find a J. Douglass at one of the addresses. She was the owner of the building and had been in Florida for the last 20 years.

Mr. JAY. No, this was a man, with the Cole Co., in our last contract with them.

Mr. RICHARDSON. Then, Mr. Jay, in the large list of what once appeared to be premium houses and then became mailing houses and premium houses and different companies, none of them were premium houses, is that correct?

Mr. JAY. Well, they were sources of premium supply.

Mr. RICHARDSON. But not within recent years, because they were out of business in many cases, is that correct?

Mr. JAY. I don't mean if it is years, plural, but in recent points of time.

What I would like to say is that in correspondence from the committee dated November 9, the question was asked, the request was for subcontractors and premium houses with which you are presently affiliated or have affiliated during the past years.

Mr. RICHARDSON. You just testified that this Mr. Cole or J. Douglass, had died some time back.

Mr. JAY. But within the last year, we had some transaction or had done some premium work with them. That is why they were listed.

Mr. RICHARDSON. Need I point out that Mr. Sparger and I checked with the telephone company back through the last 4 years on these names and there was no listing for Mr. Cole or Mr. Douglass on Wacker Drive.

Mr. JAY. That is a surprise, because we had done a considerable amount of business with them in past years.

Mr. RICHARDSON. At this point, Mr. Chairman, we shall turn the situation over to you for questioning if you would like.

The CHAIRMAN. Well, Mr. Jay, in view of the questions that have been asked and the answers you have given, and in view of the fact that you said you were a corporation organized and operating under

the laws of the State of Illinois, why did you not say, in order to get the facts completely, that your corporation was involuntarily dissolved on January 4, 1954?

Mr. JAY. Well, I didn't know exact dates, or I didn't know that that official action had been taken.

The CHAIRMAN. You men that—you have been with the company how many years?

Mr. JAY. Thirteen.

The CHAIRMAN. Thirteen years?

Mr. JAY. Right.

The CHAIRMAN. You have been in its offices in New York and Chicago, and you gave all this explanation of business around the lot, which is pretty hard for anybody to follow and ascertain any information from. Apparently from what has happened, you know of its being incorporated and its action as a corporation, that it served a clientele in the country, and you are aware of the fact that Jay & Graham Research, Inc., was incorporated June 14, 1949, which you testified to earlier. Then you testified the charter was amended: that the name was changed to Videodex, Inc., on May 14, 1952. And it presently, today, has been since operating as a national corporation under the laws of Illinois. The records at the Secretary of State's office show that the first part is true, but that the corporation was involuntarily dissolved January 4, 1954.

You didn't know that?

Mr. JAY. I didn't know. I would be interested in knowing just what principals caused that or just what their names were. I honestly don't know.

The CHAIRMAN. Well, it is a rather interesting thing that a business that has been as active as you have indicated during these years, and that this record, from the office in the State of Illinois, which keeps all such records—of course, we have no way of knowing what brought it all about. We only know what the records show.

Mr. JAY. Well, that was done without my knowledge.

The CHAIRMAN. You mean that you, yourself, did not know that this action occurred?

Mr. JAY. That there was any official action to that effect. I do recall circumstances at that time as far as suppliers who wanted to acquire stock in the firm, about suppliers who were at that time a part of a committee to enable me to free my time to go to New York when we began to open up a New York office about then, and to concentrate on the work there. Now, if this happened back there, I don't know who the specifics were who caused it to come about, because it was done without my specific knowledge.

The CHAIRMAN. Well, what puzzles me is you have been engaging in business as a corporation since that time, and been doing business all along, and you, yourself, don't know what has happened to the corporation. Yet you are engaged in business with the television industry, as you have explained here.

Do you have an attorney?

Mr. JAY. Well, the treasurer of our firm and secretary is an attorney; yes.

The CHAIRMAN. Doesn't he look after your legal matters?

Mr. JAY. He may be aware of it, but I am not.

The CHAIRMAN. You say you are president of the organization?

Mr. JAY. Yes, I am.

The CHAIRMAN. And you were doing business all these years as an Illinois corporation.

Mr. JAY. As far as I recall; yes. That is where we were originally incorporated, and I have every reason to believe that is where we are still incorporated.

The CHAIRMAN. Any questions, Mr. Moss?

Mr. Moss. Yes, Mr. Chairman. I think this is all very interesting, but I don't have the slightest idea what you do. You sell local television surveys to advertisers, is that correct?

Mr. JAY. Local television schedule analyses, as composed of the—

Mr. Moss. What is an analysis? Is that a survey?

Mr. JAY. That would be a larger term for it, although a survey—

Mr. Moss. Let's start out with the process of putting it together. What do you do? You make a survey as the basis for an analysis, because you must analyze something?

Mr. JAY. Right.

Mr. Moss. You make a survey?

Mr. JAY. Right.

Mr. Moss. How do you make it?

Mr. JAY. We make a diary form which was submitted to the committee.

Mr. Moss. Is this it right here?

Mr. JAY. Right.

Mr. Moss. How do you get it in the hands of the person making the survey?

Mr. JAY. It is mailed to them.

Mr. Moss. Where do you get the names of the persons to whom to mail this survey?

Mr. JAY. We get them from TV purchase records and warranty cards.

Mr. Moss. How do you know they are going to make these surveys for you?

Mr. JAY. We don't.

Mr. Moss. Now, what is one of the markets where you are currently surveying, or where you have surveyed in the last 6 months?

Mr. JAY. Well, Philadelphia would be one.

Mr. Moss. All right. Now, you get a list of recent purchasers of television sets in Philadelphia?

Mr. JAY. Not recent purchasers, no. These would be purchasers extending back into time. In other words, it would not be composed of just recent purchasers.

Mr. Moss. Then you have a cumulative file of people who have purchased television sets in Philadelphia?

Mr. JAY. We would have both an accumulated file plus the opportunity of sampling at the manufacturer or factory level back through time. In other words, they would have a file—

Mr. Moss. Let's take the Philadelphia survey. How did you proceed in this instance?

Mr. JAY. Well, in the instance of Philadelphia, we would, as in the case of other markets—

Mr. Moss. What did you do, not what would you do.

Mr. JAY. We would make a random selection of homes——

Mr. Moss. I said what did you do?

Mr. JAY. We made a random selection of homes from TV purchase records. We made a diary and sent those out with a premium attached.

Mr. Moss. How many did you send out?

Mr. JAY. In Philadelphia, we would have a selected sample of about 400 that we would send out.

Mr. Moss. All right, you send out 400 diaries?

Mr. JAY. Right.

Mr. Moss. And these are sent to the names of persons who at some point in time purchased a television set?

Mr. JAY. Correct.

Mr. Moss. And how do you know that that sampling is representative of anything excepting that they own a television set?

Mr. JAY. Well, in terms of information to compare it with, we would, for the Philadelphia market, take every tenth home and find out where they live, of course. Looking at a map, we have plotted just where those homes are on a per county basis. We have taken such issuances as the Census of Housing Data, which reports the ownership of television, to find out for the multiple counties around Philadelphia what proportion of sets might be in one county as opposed to another, and have compared that proportioning with the distribution of homes that are selected through the warranty card process.

Mr. Moss. Let's start back, because you start with warranty card lists. This is your list of 400?

Mr. JAY. Right.

Mr. Moss. Then you take a map and you locate these 400 on the map?

Mr. JAY. They are plotted on the map to find out just where they cluster.

Mr. Moss. That is important in the method here, to know whether you select the 400 first and plot them on the map, or whether you go to the map and make determinations of the area you should cover and then go back and try to pick out random cards that would fit your requirements to get comprehensive coverage.

Mr. JAY. The area studied within which the cards would be selected would represent a range of counties common to the multiple channels originating their signal from a given transmitter site, whether that site be the city or the home county.

Mr. Moss. Then you have 400 homes that you have selected on the basis of placing them geographically on a map of the Philadelphia metropolitan area?

Mr. JAY. Well, metropolitan is not an exact description. Metropolitan could be the home county of Philadelphia. In our case, if you use metropolitan, it would not be exactly the case, because in our Philadelphia sample, we would go as far as Mercer County, N.J., containing Trenton, because the majority——

Mr. Moss. Is that within normal viewing range of the stations you are going to survey?

Mr. JAY. In terms of linear distances and a line of sight from the transmitter location, yes. Then going further west, why, we would go as far as Berks County, containing Reading.

Mr. Moss. Then you determine the viewing area?

Mr. JAY. Right

Mr. Moss. And you fit your 400 people into this area?

Mr. JAY. Within the viewing area.

Mr. Moss. And all you know about these people is that they own a set and they live within this area?

Mr. JAY. And they have been randomly selected.

Mr. Moss. Yes, randomly selected, but that is all you know about them?

Mr. JAY. At that point, yes, sir. We know where they are, we know their names, we know how long they have owned a set.

Mr. Moss. Now, you have 400 of them. You mail out this with the premium: is that right?

Mr. JAY. Right.

Mr. Moss. What do you do, put it all on the package?

Mr. JAY. Right. We have dealt with flat items that will ride with little or no additional postage, such as plastic rainhats or combs or fingernail files, and I am not being facetious now, but this [indicating] is the most recent one, which is a plastic clothesline thing. It is small and fits—

Mr. Moss. Whoever runs for office has received all those things from advertising agencies for us to give to our constituents.

Mr. JAY. That is the type of premium that is attached.

Mr. Moss. That is attached to this. Is there a cover letter that goes along with it?

Mr. JAY. There is a cover letter that goes with it, yes.

Mr. Moss. Do you have a copy of the cover letter, Mr. Jay?

Mr. JAY. I believe we submitted some. If we didn't, we are certainly prepared to.

Mr. Moss. Do you have one with you?

Mr. JAY. I don't know. Let me see. I think I have one in my coat.

While we have used different contents, this is the one that we have been using and have had most success with in terms of measured response rates.

Mr. Moss. Will you read that in the record?

Mr. JAY. Yes, sir.

DEAR TV SET OWNER: You may have heard the following comments on television surveys or even have said it yourself: "No one ever contacted me in any survey."

Well, we are contacting you to be a part of a television survey at this time. We would appreciate your help in completing the attached diary as a record of your normal television viewing for a week. There is nothing to buy and no one to bother you. This can be done in the privacy of your own home. That is the reason our television research is based on a diary form obtaining the information on television viewing habits. The instructions on the diary are self-explanatory and by leaving the diary on top of your TV set during the report period, it will enable you to keep an accurate record of all viewing with no outside interruption to you or your family.

Thank you for your cooperation in this effort in discovering the TV viewing habits.

In addition to this, currently we have made mention of the attached premium item, asking them—we hope they will accept it.

Mr. Moss. How many of these do you get back?

Mr. JAY. Well, our experience has been—

Mr. Moss. Take Philadelphia.

Mr. JAY. Philadelphia—we would be getting about 60 percent back.

Mr. MOSS. About 240.

Mr. JAY. About that, yes.

Mr. MOSS. How many of them were complete?

Mr. JAY. Well, in terms of completions as such we would have entries of some viewing on them all which would presumably be a record of their viewing for that period. Some would send them back and say, "Our set was out of the home for repairs," or there was illness in the family and there was no viewing done this week, or "We were away on vacation." This might be true for given days or for the entire period.

Some included in that 240 would be diaries such as that which is significant to our work because this would represent a home that could have viewed, that didn't for some reason or another, and to the extent that they didn't, their proportion of homes presumably did the same thing, so that the 240 would include the actual viewing done by those who viewed as well as footnotes such as I just cited to you now.

Mr. MOSS. What happens if you get them back incomplete? Without any notations?

Mr. JAY. Well, since we don't depend on the first diary that comes back in a newly recruited home, since this is just a dry run so the newly—so the newly recruited home can demonstrate their comprehension of keeping a diary and grasp the whole concept of it, we would send a followup to that home before we used them again to either return the diary and say we would like to have an explanation as to what viewing was done on these other days or to find out if there was no viewing done at all if it was left blank.

Mr. MOSS. Well, now, you sent out 400 in Philadelphia?

Mr. JAY. Right.

Mr. MOSS. This was on the random sampling taken from the files of television set sales?

Mr. JAY. Right.

Mr. MOSS. And you got 240 of them back. Were they all the first time out?

Mr. JAY. Well, this would be after each one had sent in at least one.

Mr. MOSS. Well, I see. How many of these do you send out in fact?

Mr. JAY. Well, we would start with 400.

Mr. MOSS. Yes, I know. But you wouldn't send the 400 to each of the homes as repeats?

Mr. JAY. Oh, no. You mean how many times would I give each home—

Mr. MOSS. Yes. How many of these do you send out the first time to a home?

Mr. JAY. One. For one 7-day period.

Mr. MOSS. And you get 240 back?

Mr. JAY. Right.

Mr. MOSS. And you had to send out the 240—how many on the second?

Mr. JAY. Well, we would resample the nonresponding homes the second time as well as trying to get them to respond. We would

send them an additional premium item and encourage them to participate in the study and find out just why——

Mr. Moss. How many of them do you pick up of that nonresponding 160 homes?

Mr. JAY. Well, we would add and have the experience of having added in a market such as Philadelphia another 10 percent, perhaps.

Mr. Moss. You would get 16. When do you complete this survey? You start a survey there in response to an order from an advertiser in Philadelphia. You have sent out 400. Then you have sent out just one log and it is filled in or it is not.

Mr. JAY. Yes.

Mr. Moss. And then it is returned to you. Now, when do you start sampling in earnest for the purpose of compiling the survey?

Mr. JAY. Within about 2 weeks after the first one has been returned.

Mr. Moss. And you send out the second group——

Mr. JAY. Right.

Mr. Moss (continuing). To the 240 homes plus, you hope, 16 others.

Mr. JAY. Right.

Mr. Moss. You have got 256 homes now. How many do you send on the second try?

Mr. JAY. Let me get the number straight that you are talking about. The 240 go out the second time that responded the first time, the additional, the 160 homes that were not responsive the first time were remailed and we get an additional approximately 10 percent out of that.

Mr. Moss. Sixteen, so you now have approximately 256 that were participating.

Mr. JAY. Right.

Mr. Moss. What did you send them then?

Mr. JAY. In terms of a premium item?

Mr. Moss. No, I am not interested——

Mr. JAY. What we do is send them another form exactly like this. For one 7-day period.

Mr. Moss. And you tabulate that when it comes back.

Mr. JAY. We use that one; yes.

Mr. Moss. You use that one.

Mr. JAY. That is right.

Mr. Moss. Then your sampling is based on 1 week.

Mr. JAY. One 7-day period, right.

Mr. Moss. One 7-day period.

Mr. JAY. Right.

Mr. Moss. And this first one is a dry run and you take nothing off this for purpose of tabulating.

Mr. JAY. As far as our published records; no. We have done studies for our own edification to determine average hours viewed for the first time versus second time and things like that but as far as our report procedures the second time——

Mr. Moss. This one is the basic sampling and you incorporate in the analysis made for your client 240 homes plus the pickup of 16.

Mr. JAY. Right.

Mr. Moss. What does this do to your distribution map?

Mr. JAY. We have studied that to see if there is any significant difference in those homes that did not respond as against those that do, and to date we haven't found any significant difference with respect to a disproportionate rural farm or nonfarm or village and town versus metropolitan segments of the market that are among those that do respond or among those that do not respond.

Stated another way, the nonrespondents appeared to be randomly distributed. And—

Mr. Moss. They don't fall into economic groups?

Mr. JAY. They fall into a general pattern. As far as the economic groups, it is measured by—well, such things as size of family or whether they own or rent their home or whether it is a single dwelling unit or multiple dwelling unit. All things we have attempted to determine by followup studies. We have not found a significant difference to exist in any of the major socioeconomic characteristics. In other words, we wouldn't get a disproportionate number of class D homes as opposed to A homes in the socioeconomic sense.

Mr. Moss. This comes into your Chicago office or New York office?

Mr. JAY. They now come into our New York office.

Mr. Moss. And you have a crew, then, to tabulate them?

Mr. JAY. Well, once we receive those back and if we have a given advertiser's schedule to analyze, we will tabulate from those diaries only those segments containing spots where the advertiser is running his schedule.

Mr. Moss. Now, you have two regular employees in your New York office.

Mr. JAY. That is right.

Mr. Moss. Does that include yourself?

Mr. JAY. It does.

Mr. Moss. And what, a secretary?

Mr. JAY. An assistant; yes.

Mr. Moss. Well, what is he?

Mr. JAY. Well, without trying to be facetious, it would be a counterpart to Mrs. Jones, but—

Mr. Moss. After having heard of Mrs. Jones, I can believe almost anything.

Mr. JAY. Well, there isn't the magnitude of burden on her as with the previous case.

Mr. Moss. Now, what does she do?

Mr. JAY. She would assist me on work for a period of time, whether it would be the identity of an advertiser's schedule, whether it would be setting aside the warranty cards or whether it would be bringing things over to the mailing house or just what. I mean, she would be—

Mr. Moss. I am only interested now in what she does when this comes into the office. She is going to get busy and take off this and undertake an analysis.

Mr. JAY. Right.

Mr. Moss. Is she the analyst? Are you?

Mr. JAY. No.

Mr. Moss. Are you the analyst?

Mr. JAY. I am the one who analyzes the end results before they are presented to the advertiser which is part of my reason for us using

the word "analysis" because we don't just submit the report as you see it but we deliver it and sit down with them and help them analyze and interpret it.

Mr. MOSS. How many people help you in the compilation of the—

Mr. JAY. Well, in the case of the Philadelphia market and in the case that we have, say, several advertisers with a total of maybe 2 dozen spots on their given schedules, we could make a tabulation of that within a day.

Mr. MOSS. Well, then, these 12 to 18 temporary persons that you employ in New York, what are they used for?

Mr. JAY. Not all of those are in New York and they are called in if we should get maybe "N" number of markets with a considerable number of spots at a given point in time.

Mr. MOSS. Let us go back because I have very carefully taken notes as we have gone along and I don't want to have the confusion which you apparently had with Mr. Richardson. I might add it has been my observation that they have remarkably good memories when they come to relating contemporary contracts, but you said that you employed a dozen to a dozen and a half temporary people in the New York office and you also employ temporary help in the Chicago office and you presently had in the Chicago office employees and two in New York.

Mr. JAY. That dozen to a dozen and a half, that would be a total amount between both Chicago and New York.

Mr. MOSS. All right. Let us go back to New York. That is where you do your work. How many temporary employees do you have there?

Mr. JAY. Well, at various times we have as many as six to eight, as high as a dozen, depending on the load factor.

Mr. MOSS. Six to twelve depending on the load factor. What do they do?

Mr. JAY. Well, they would either read the tabulations if we posted it from the diary itself. They would go through all the—suppose there is a spot on Monday. We would turn the diaries to the Monday page and make a transcription from the diaries themselves of the total number of different homes that viewed the particular segment containing the advertiser's spot on a Monday.

Mr. MOSS. Now, are these mailed directly to you in New York?

Mr. JAY. They are now; yes, sir.

Mr. MOSS. And how long have they been mailed directly to you in New York?

Mr. JAY. Well, some of them have been mailed to us in New York—well, during the last year or so and practically all of them are being mailed now.

Mr. MOSS. And the others were mailed to Chicago?

Mr. JAY. Previously they were; yes.

Mr. MOSS. Were they tabulated in Chicago?

Mr. JAY. Some of them were and some of the diaries were sent to New York.

Mr. MOSS. Do you have a business license in Chicago? 2626 North Seminary?

Mr. JAY. I don't know. Mrs. Biedron would know that. I am sure she is complying with whatever she has to. I myself don't know.

Mr. Moss. That is a residence?

Mr. JAY. It was a house that was bought with the understanding that we would take over one floor for our work and have privileges to store in the apartment in the back. This was——

Mr. Moss. Is it zoned so that business could be conducted there?

Mr. JAY. I don't know about the zoning particularly. No; I am not aware of that.

Mr. Moss. Well then, these come into New York and you and your Miss Jones then undertake the tabulation?

Mr. JAY. Well, we would either undertake it or if it were a considerable load factor, we would bring in part-time people to assist us.

Mr. Moss. This is a survey of 256 returns?

Mr. JAY. Right.

Mr. Moss. In Philadelphia.

Mr. JAY. Right.

Mr. Moss. Did you bring people in on that one?

Mr. JAY. Depending on how many spots were to be analyzed and the due date to the advertiser of the analysis.

Mr. Moss. What type of people do you employ to assist in this?

Mr. JAY. To assist in this? People that would be able to read off entries on a diary and someone else who could post them.

Mr. Moss. Is this all by hand or do you use machines?

Mr. JAY. If there is a large assignment in the market, we have farmed the work out to be punched up, but if it were just a series of a half dozen to a dozen——

Mr. Moss. Punched up? What do you mean, key punched?

Mr. JAY. Key punched. Yes. This is just when there are very large amounts of studies.

Mr. Moss. What about Philadelphia?

Mr. JAY. Well, Philadelphia at a given point in time may have had a considerable number of users who ordered material from us.

Mr. Moss. This one in Philadelphia——

Mr. JAY. This one. If this particular flight of diaries were sent out for a specific advertiser or, say it was several advertisers where their schedules weren't the same time.

Mr. Moss. Let us not talk about what might happen. Let us talk about what did happen. We are talking about the Philadelphia survey which has been made within the last 6 months. It is the one you selected to discuss and I want to know how that was handled.

Mr. JAY. Well, for the assignments that we have had there, there have been——

Mr. Moss. This assignment. Not the assignments that you have had there. But this assignment we are discussing.

Mr. JAY. Two of us did it.

Mr. Moss. Two of you; all right.

Now, you supplied the committee with a list of subcontractors. This was under date of January 8, 1962, a letter already read into the record.

We have attached a list of survey subcontractors for handling local work for us.

What do these people do?

Mr. JAY. Those people have been used at various points in time whenever we have had a special study such as brands used by certain homes, studies beyond the diary itself, or in some cases they have been used to contact nonresponding homes to find out why they didn't respond and if they would cooperate with us.

Mr. Moss. This is January 1962. Is this current list your subcontractors?

Mr. JAY. Not all of them; no, because we just don't report that.

Mr. Moss. Was it current as to all of them in January of 1962 when it was supplied to the committee?

Mr. JAY. As far as those under the request letter of December 9 which we received from the committee saying that those who had done subcontract work for us during the last year, that is all that we could find; yes.

Mr. Moss. Then it was current at that time?

Mr. JAY. Yes; to the best of our knowledge.

Mr. Moss. Well now, I don't know, you people—I say you people because we have had witnesses—I think you heard this morning and yesterday—

Mr. JAY. Yes, I did.

Mr. Moss. Who keep talking about the "best of your knowledge." You are dealing in a business where you reduce things to 1.7, so I expect that you have a fair knowledge and that you have considerable accuracy. So let us go back.

Was this a current list?

Mr. JAY. Yes; it was.

Mr. Moss. All right. Now, how were they given the status of subcontractors? Do you have contracts on file covering each of these persons?

Mr. JAY. No; we don't because—

Mr. Moss. Do you have any letters of agreement with them?

Mr. JAY. No, we don't.

Mr. Moss. You do not?

Mr. JAY. They, I might say, if I could, since it is pertinent to this, those are people that have identified their services to us as being available for interviewing or local research work, and during the period of the committee's letter, we had called on for some—one study or another. I mean, they are not people that work fully for us. They are generally interviewers or field people that are available to all services.

Mr. Moss. Subcontractors—they are occasional employees, aren't they?

Mr. JAY. Not employees. They are service units.

Mr. Moss. Individuals who will take a job from you when you want to hire them. You have no contract with them. You have no letter of agreement of any kind with them?

Mr. JAY. That is correct. But again, we don't use the—we don't use interviewers in the sense of deriving our basic data. This is done by the diary.

Mr. Moss. You sent these people sometimes a supply of diaries.

Mr. JAY. Sometimes we have, yes, to some of them.

Mr. Moss. And they may or may not put them out?

Mr. JAY. This could have been the case, yes. Some of them don't put them out. They are either returned to us or in some cases they go astray, and in some cases—

Mr. Moss. How do you pay those people?

Mr. JAY. Well, it depends on the assignment involved. In other words, if it were a placement of a diary as such, we would pay them so much for each diary placed that was returned.

Mr. Moss. Do you have this list before you?

Mr. JAY. The list you have?

Mr. Moss. Yes.

Mr. JAY. I believe so, yes. Just a minute.

Mr. Moss. Any of these people you recognize?

Mr. JAY. People we recognize?

Mr. Moss. Any of the names here you recognize that you recall you have worked with?

Mr. JAY. Well, working with has just been a mail contact to them. I mean, I have not seen these people nor do I know them.

Mr. Moss. I didn't ask you if you had seen them. I asked you if you can recognize them. Can you recall them in connection with a survey?

Mr. JAY. Well, let me just go down the list here. I know that a good many of these, and Mrs. Colvin in Pittsburg was one—

Mr. Moss. Where is she?

Mr. JAY. She is on the first page, about the 20th name.

Mr. Moss. Katherine Colvin.

Mr. JAY. Right. One assignment that we had to her was placing diaries immediately around her so that we could determine from the homes that she would successfully place the diaries with whether or not they had filled out a warranty card at the time the Madow committee, they had asked us if we had done any experimental research to find out if the warranty card names were broad enough in order to get a large enough or representative enough sampling. Had we done any experimental work.

Mr. Moss. Do you know you picked out by some strange coincidence the only person there listing themselves as an independent contractor and owner of Colvin Interview Service?

Anyone else you recognize in this?

Mr. JAY. Well, I am just trying to locate them in terms of the work.

Mr. Moss. Go back just a moment.

Mr. JAY. There is a—

Mr. Moss. I want to be very clear on what we are discussing. This is the list of people with whom you had done business in the year prior to January 1962 because that was the request of the committee and this was your response.

Mr. JAY. Right.

Mr. Moss. These were the people with whom you had done business in the year prior to the date of your letter.

Mr. JAY. Right.

Mr. Moss. Which was January 8, 1962. While I am getting the rest of this information, see if you can identify the other names.

Mr. JAY. Well, there is one—there is a Mrs. Baker in Allentown, Pa.

Mr. Moss. Where is she?

Mr. JAY. That is page 2.

Mr. Moss. 2131 Allen Street.

Mr. JAY. Right.

Mr. Moss. She has worked with you quite a bit?

Mr. JAY. No. None of these have worked with us to any considerable extent. They are people that we have done some work with during the period of the letter period. Many of these people were involved in this experimental study we did as a result of the Madow committee suggestion.

Mr. Moss. I notice that there are a number of these who have surveyed only in January of 1962. We sent a questionnaire to each of these 125 persons.

Mr. JAY. Well, that is what we subsequently—

Mr. Moss. There are quite a number of them that have only surveyed in the January 1962 survey. How do you account for that?

Mr. JAY. Well, as I cited previously, when the Madow committee visited us, they asked us if we had done any experimental work to determine just what type of homes would or would not return the warranty card. Now, many of these were used in placing diaries in their own neighborhood and then we would have queried those homes to find out if they had returned a warranty card with their set and have a chance to study the viewing from these diaries that these people would have placed. That is all we used many of these for.

Mr. Moss. These people were then used for placement of diaries.

Mr. JAY. For this experimental study.

Mr. Moss. Not for any survey.

Mr. JAY. Some of them were used for regular studies. We did not have studies published.

Mr. Moss. When did you start the experimental study?

Mr. JAY. Well, we had done some previous to the Madow visit which was in the last part of 1960, I believe, and they had asked us had we ever thought of expanding that type of study to include homes within a given cluster to find out if homes nearby would differ one from the other that much, and one experimental design was to take a cluster of homes in given markets, but this information that these people obtained was not used in any published report or in any sale of material as far as some of those that just did it once. But they were people who had identified their field services to us that we had either on file or had used before.

Mr. Moss. How did you get their names originally?

Mr. JAY. Originally, one source would have been that they had written us to offer their services. Another source would have been that we had put recruitment ads in the classified sections of local newspapers. Another source would have been larger interviewing services in central cities saying that we have interviewers in so many markets and if you ever need them, this is where they can be contacted.

Mr. Moss. Did some of these people keep diaries for you themselves?

Mr. JAY. Some of them did because we used an experimental form and since we found out that they were in this given location, and since we wanted to find out if the diary form would communicate, in other words, if it had understanding, we used this to get their comments as well, and so they would be in a position to answer any questions from those around them with whom they placed it.

Mr. Moss. None of this went into the surveys.

Mr. JAY. None of this went to a published report. This was an experimental design used to find out about the diary form and to find out if there were significant viewing differences for clusters of homes in different markets.

Mr. Moss. I only have a couple of more questions at this point. One, I would like to find out why the subcommittee staff who visited you and Mrs. Biedron and discussed this matter of where diaries are stored, that they were given at that time only the name of the ABC Storage-Moving Co., Anderson Brothers, Chicago, Ill., and not the additional two names that you gave the committee today.

Mr. JAY. Well, she was placing them out there because it was a nearby warehousing unit. The one on Morgan Street which has since been discontinued was also used.

Mr. Moss. Well, of course, there was only one placement, the Anderson Brothers, and that was in 1956. And there were no withdrawals from Anderson Brothers since 1956.

Mr. JAY. Well, there has been at least one, but I know they were older diaries there, according to Mrs. Biedron telling me.

Mr. Moss. Well, I have a letter addressed to Mr. Richardson from the ABC Storage & Moving Co., Anderson Brothers, and signed by Mr. Roessel, vice president. He identifies the goods as consisting of 55 cartons and contents, 7 small file cases, 9 regular file cases, for a total of 71 items in Storage Lot No. 15993.

The concluding paragraph, and I will ask that the letter be placed in the record in its entirety, he states:

"All the above goods came into storage at the same time, on February 28, 1956, and since that time, no removals have been made. In other words, this has been a dormant account since its inception."

Mr. JAY. Well, I have a receipt here showing some removal, but as I stated previously—

Mr. Moss. November 17, 1961. This followed the visit of the staff members to you where they were told that this warehouse was the one where the records were stored. They were not told of the others or they would have checked them.

Mr. JAY. Well, the others at that time had no active diaries stored there. Also they have been used since. There is no policy on how long the diaries would be kept and since the Nu Way Express and the Manhattan Storage were no longer containing any of the—

Mr. Moss. You told the subcommittee staff this is where the records were stored. The fact is that any records of any currency whatsoever were not stored. At that time the records there stored were 5½ years old at a minimum because they had been in virtually dead storage since the time they were first placed in storage. You did not tell the subcommittee staff where current records were stored in any other warehouses or the staff would have undertaken by investigation to determine the facts, as they did in the case of Anderson.

Mr. JAY. In the case of Nu Way and the case of Manhattan, they were no longer stored there, although they had been stored since the Anderson Brothers' deposit had been made. They had been since—

Mr. Moss. You did not respond to the committee for the information it had requested. And not until today did you even mention the other firms.

Mr. JAY. Well, our understanding was actively containing the diaries, and since these forms were no—

Mr. Moss. Actively contained diaries that are at least sufficiently current to be of any interest to anyone.

Mr. JAY. You see, since the NuWay and Manhattan contain diary information subsequent to the Anderson deposit—

Mr. Moss. It is older?

Mr. JAY. It is later. The other ones—

Mr. Moss. What did you think the committee was looking for? Stuff prior to 1956?

Mr. JAY. When the committee came there they said they wanted to talk to our supervisor and to some of the people who worked on the reports, and this is—

Mr. Moss. They asked you where they could find records. There was considerable difficulty—

Mr. JAY. We had some diaries for their inspection there.

Mr. Moss. As a matter of fact, you did not make it clear to the committee on the Joliet employees that it was just a case of two employees, because the committee checked to see if there were any business license, checked the telephone company as to whether there was any listing for your firm.

You indicated an operational office there. The committee exhaustively investigated.

Mr. JAY. I am sorry if that was the impression. I didn't intend it as constituting a so-called operation office.

Mr. Moss. You seem to be able to express yourself very clearly and precisely here today when you want us to understand you. I don't know why you had such great difficulty on all of the contacts the committee staff had with you and the contemporary memorandum of the staff contacts indicates an absolute minimum of cooperation and an absolute minimum of information of any kind, much of its misleading, certainly most of it—you have in my judgment considerably complicated the work of the committee. I don't know that you have done yourself any great good by doing so.

That is all the questions I have, Mr. Chairman, at this time. I would like to ask that this letter be incorporated in the record.

The CHAIRMAN. Without objection, it will be received.

(The letter referred to follows:)

ABC STORAGE & MOVING Co.,
ANDERSON BROS. STORAGE & MOVING Co.,
Chicago, Ill., November 17, 1961.

Mr. ROBERT E. L. RICHARDSON,
Special Subcommittee on Regulatory Agencies,
House of Representatives, Washington, D.C.

DEAR MR. RICHARDSON: Replying to your letter of November 14, you were right in assuming that the goods of Videodex, Inc., are stored under the name of Mrs. B. Biedron, storage lot No. 15993.

Herein I will try to answer all of the questions asked by Mr. Howze in his letter of November 9.

Relative to the amount of storage space being used by this account, it amounts to approximately 400 cubic feet of storage space. As to the type of material being stored, we have no way of knowing the contents of any items, however, I will list the goods as they are shown on our warehouse receipt: 55 cartons and contents, 7 small file cases, 9 regular file cases, for a total of 71 items in storage lot No. 15993.

Regarding procedure necessary to remove from storage any or all of these goods, owner must return original warehouse receipt along with written authorization for removal signed by owner only; namely, Mrs. B. Biedron. No one else has authorization to have access to or delivery of these goods.

All of the above goods came into storage at the same time, on February 28, 1956, and since that time, no removals have been made. In other words, this has been a dormant account since its inception.

If any other information is required, please advise.

Sincerely,

ANDERSON BROS. STORAGE & MOVING CO.,
RICHARD E. ROESSEL, *Vice President.*

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

If I understand your work, Mr. Jay, a broadcaster who has some time available, which station has been rated by some rating bureau, goes to an advertiser and he sells that time to an advertiser on the rated basis and the advertiser buys it. Then the advertiser comes to you afterward, after his program is on the air, requesting you to survey to see whether he got what he thought he was getting when he first bought the advertising which was rated by some bureau.

Now, is that correct?

Mr. JAY. Just for one point of an intermediary. The advertising agency would have bought the time for him and the spots for him. Then they would have identified the spots themselves to the advertiser. At that point the advertiser would send those spot times on to us and ask us for an independent analysis for his schedule that was scheduled to begin at a certain time.

Mr. YOUNGER. Was that done as a check on the agency or a check on the original rating bureau, rating organization, or for what purpose?

Mr. JAY. Well, it could be some of each of that, although much of our work with the advertiser is done at the test market level.

In other words, if an advertiser is served by several agencies and he has different products at each one of those, he might wish to test market a certain product and the agency, of course, would know the identity of the product itself, but they would not know all of his marketing plans. In addition to television he may have certain points of sale information, he may have certain magazine or newspaper insertions. In other words, he will have a total test going, and this will be more information known to the advertiser than to the agency and certainly not disclosed to the station, so that—

Mr. YOUNGER. Well, all right. Let us cut it off there. Let us take the Philadelphia survey.

Mr. JAY. Right.

Mr. YOUNGER. Who was that made for?

Mr. JAY. Well, the Philadelphia studies, one was—

Mr. YOUNGER. Just the one we are talking about.

Mr. JAY. Well, there were several accounts at the time of the study. One was a brewing company, one was a petroleum company.

Mr. YOUNGER. In other words, when you make the study you don't make it for one particular advertiser. You may be making it for several advertisers. That is new. That hasn't come into the picture before.

Mr. JAY. It wouldn't be the same study, though. The information could be taken from the same diaries in that market. One advertiser

may have bought six spots on channel 6. Another one may have bought 10 spots on channel 10. Different spots. Both of those analyses could be obtained from the diaries from Philadelphia.

Mr. YOUNGER. All right. Let's take the beer people. You say you made it for one of the breweries.

Mr. JAY. Right, sir.

Mr. YOUNGER. Did they investigate you at all or did anybody from that concern come to your office or make any inquiry or in any way delve into the method by which you reached your conclusions?

Mr. JAY. They have been in the office. They have seen the diaries and they have asked questions. We have gone over those questions with them prior to their usage of that information.

Mr. YOUNGER. What did the brewery company pay you for their survey?

Mr. JAY. In the Philadelphia market, this particular study was \$90.

Mr. YOUNGER. \$90?

Mr. JAY. Right. It was on about 10 spots.

Mr. YOUNGER. You made this survey with 200 some-odd names and gathered that information and you only got \$90 for it?

Mr. JAY. No. There was another—the petroleum company who needed other information from that market at the same time.

Mr. YOUNGER. What did the petroleum company pay?

Mr. JAY. The petroleum company study was approximately the same, \$90.

Mr. YOUNGER. \$180.

Mr. JAY. Right, sir.

Mr. YOUNGER. For that entire study.

Mr. JAY. Well, for that particular time, yes. You see, what we are doing is just taking from the diaries the information—

Mr. YOUNGER. You cause me to say that I think they paid about what the survey was worth.

Mr. JAY. If you understand the fact that we are not making a complete market report in this case, what we are doing is just making an analysis of their specific spots.

Mr. YOUNGER. I don't care what kind of analysis. If they wanted to make a study or find out any information about what they were doing—how much were they spending in advertising?

Mr. JAY. I don't know what their total expenditure was. I think—

Mr. YOUNGER. Pretty heavy.

Mr. JAY. Well, I know a lot of it was—in some months they would be heavy in the market and in some months they would be light, but a number of these accounts would have maybe two or three or even four spots because in some cases they were using radio or other media and television may just be based on a residual budget or some such thing as that. It wouldn't necessarily be an extensive campaign.

Mr. YOUNGER. How do you know you are president of your company?

Mr. JAY. I know you mean that seriously. I am. I mean—

Mr. YOUNGER. How do you know it?

Mr. JAY. Well, because the stockholders have elected me.

Mr. YOUNGER. Did you have a stockholders' meeting?

Mr. JAY. Yes.

Mr. YOUNGER. How long ago?

Mr. JAY. Each year.

Mr. YOUNGER. This year. When did you hold a stockholders' meeting?

Mr. JAY. We held it in January, as I recall.

Mr. YOUNGER. In January.

Mr. JAY. Right.

Mr. YOUNGER. And how many shares of stock do you have outstanding?

Mr. JAY. 12,000.

Mr. YOUNGER. 12,000. How much stock was represented at the annual meeting?

Mr. JAY. About 10,500 shares.

Mr. YOUNGER. Is your stock registered under the laws of Illinois?

Mr. JAY. As far as my knowledge of the situation is concerned; yes.

Mr. YOUNGER. It is not registered with the SEC.

Mr. JAY. No; it is not registered with the SEC.

Mr. YOUNGER. But you did have a regular stockholders' meeting in January of this year?

Mr. JAY. That is right.

Mr. YOUNGER. And you were elected president.

Mr. JAY. I was reelected.

Mr. YOUNGER. You don't know whether your corporation was alive or dead.

Mr. JAY. I know from your side of the table it may seem confusing but I didn't, I mean as far as this experience of 1954. I mean, as far as a new developing firm at that time, we had a number of things happen to us, among which was suppliers that had tried to acquire stock in the firm and had a committee at that time to produce our reports and to more or less free me to go out and do work in New York.

Mr. YOUNGER. What were the earnings of your corporation last year?

Mr. JAY. Our gross revenues covered our gross cost of operations as far as the whole year. We didn't operate at a profit.

Mr. YOUNGER. You know, you have a most interesting method of answering questions.

Mr. JAY. Well, I am not trying to be evasive.

Mr. YOUNGER. I asked you a question on earnings and you start talking about revenue. As president of a company, you know the difference between earnings and revenue; don't you?

Mr. JAY. Right. Well, if I could answer this way, as far as net profit for the year with all charges, we did not have a net profit.

Mr. YOUNGER. You didn't have it.

Mr. JAY. As far as the cost of goods sold being covered by the revenues, we did have an operating margin of gross profit.

Mr. YOUNGER. But you ate it all up.

Mr. JAY. I don't know if—some of these—it was all put—

Mr. YOUNGER. Paid out in salaries and expenses, and so forth. You didn't have to pay any tax.

Mr. JAY. That is right. This experimental type of study was one use of funds.

Mr. YOUNGER. Well, what in dollars approximately, what was your gross income, revenue for the year 1962?

Mr. JAY. Well, when we had our materials from the staff, they said that wouldn't be a matter of public record since we were——

Mr. YOUNGER. That is all right. I thought that that would be an interesting thing to see because if you only charge \$90 for a survey of Philadelphia, or \$180 for the survey, for two advertisers, I can't see that your revenue would be too high. And——

Mr. JAY. Well——

Mr. YOUNGER. Probably it is all right.

Mr. JAY. May I say this, sir, that if you take the cost of the envelopes to mail out the diaries, the cost of printing the diaries, the premium item itself which on a quantity basis can be 1 or 2 cents as far as these combs or plastic items are concerned, to send those out and get them back and have them on hand, it doesn't cost that much. If we were to tabulate out a complete report, pocketpiece form; yes, that is where real expense would come into it but since we are making these TV schedule analyses for specific spots, we are not inviting those larger costs.

Mr. YOUNGER. But \$180 to make a survey of that kind, with even 240 people returning, postage, et cetera, and you say that you spent a day of your own time and your assistant a day in tabulating the diaries, with your rent, postage, overhead, altogether, telephone calls, and all——

Mr. JAY. Well, that is partly spread over other——

Mr. YOUNGER. I can well understand you didn't have any profit.

Mr. JAY. Well, I would like to say this, that that \$180 you talk about would enable us, if totally spent that way, to send out several thousand diaries. I mean as far as getting the diaries out and getting them back.

Mr. YOUNGER. Well——

Mr. JAY. The diary technique is one of the most economical to use in the measurement of broadcasting.

Mr. YOUNGER. Oh, I am rather convinced that it is the most economical. But what we are trying to get at isn't what is most economical but what is the most reliable.

Mr. JAY. Well——

Mr. YOUNGER. And the most accurate.

Mr. JAY. Right, sir.

Mr. YOUNGER. That is all, Mr. Chairman.

The CHAIRMAN. Since Mr. Younger brought it up again, Videodex, Inc., had a certificate of incorporation in the State of New York filed October 31, 1950. Was that yours?

Mr. JAY. I can remember what happened that time. And this was done by a lawyer. I don't know—he is no longer known to us or identified with the firm. We wanted to get listed in the phone book as Videodex, Inc., and at that time we were still Jay & Graham Research, Inc., as far as the corporation, and we did that in order to be listed in the phone book as Videodex, Inc. So this relates to that point in time. I do recall that being done, yes.

The CHAIRMAN. Then you were operating in the State of New York as is recorded in the Department of State, Division of Corporations, at Albany, N.Y., as a corporation under the name Videodex, Inc.

Mr. JAY. Well, as I understand it, on our Federal returns it is an Illinois corporation and we have an expense of a New York State

franchise tax each year. So I think that this is the way—I mean, the Videodex, Inc., as far as the New York corporation, was never a functional corporation in the sense of superseding either the Illinois corporation under Videodex, Inc., or Jay & Graham Research, Inc.

The CHAIRMAN. Then, did you know that you were voluntarily dissolved on June 14, 1954 in New York?

Mr. JAY. I believe that was done after we had reincorporated under Videodex, Inc., and could be listed in the phone book under Videodex, Inc. The New York corporation was set up solely to get in the phone book under the name we were better known by. This is why we changed this Jay & Graham to Videodex because that became better known and we began to concentrate on television and Videodex described that better than any names of personalities.

The Chairman. Then you were operating under the authority of a corporation in both the State of New York and the State of Illinois from 1952 until 1954.

Mr. JAY. Well, our operation under the New York corporation was not a fact. In other words, the only reason that, as I understand it—and I am not a lawyer—

The CHAIRMAN. Well, here is a memorandum addressed to this committee by Kenneth Sullivan, head clerk, searches unit, under the name of Caroline K. Simon, secretary of state, department of state, division of corporations, 164 State Street, Albany, N. Y.

This office is in receipt of your letter of December 29 and we have had Videodex, Inc., under certificate of incorporation which was filed on October 31, 1950, location, New York County, and which filed a certificate of voluntary dissolution on June 16, 1954.

Mr. JAY. Was that the New York corporation?

The CHAIRMAN. I read you the letter.

Mr. JAY. I'm sorry. I didn't retain it all.

Well, the only thing I can say is that we never used the New York incorporation and that once we had reincorporated under Videodex, Inc., we were able to get in the phone book under that name. Prior to that, before we reincorporated under Videodex, Inc., we were not allowed in the phone book under the term of Videodex. It was Jay & Graham Research which was our corporation name.

I hope I haven't been confusing because I haven't intended to be and a lot of this was done by lawyers connected with the firm while I was devoting myself to analysis and traveling around, and I didn't mean to be remiss in my duties then but I wasn't president of the firm at that time. But I was chief officer and I was a principal. But the New York corporation was never an operational concept. It was taken out solely to get in the phone book under Videodex, Inc. In fact, I remember the discussion with the phone company. They had asked us do we list Lever Bros. under Lux or do we list P. & G. under Dash, and we had to say no. They said, well—

The CHAIRMAN. Mr. Jay, it is an interesting thing that your corporation, according to the secretary of state's office in the State of Illinois, was involuntarily dissolved January 4, 1954, and you voluntarily dissolved in the State of New York June 16, 1954.

I don't know that I am confused about it. I just don't understand it.

Mr. Long?

Mr. LONG. Mr. Chairman, thank you.

Mr. Jay, is the Illinois corporation now qualified to do business in the State of New York?

Mr. JAY. Yes, it is.

Mr. LONG. Are you sure of this?

Mr. JAY. Well, we paid this New York tax which is billed to us and I believe that is our sole contact with the State capital in New York.

Mr. LONG. Is the operation of this company and your serving as president your full-time occupation?

Mr. JAY. It is, yes.

Mr. LONG. You have not other occupation?

Mr. JAY. I do not.

Mr. LONG. You have one other full-time employee in the New York office?

Mr. JAY. Right.

Mr. LONG. Do you have any full-time employees in the Chicago office?

Mr. JAY. Yes, I do.

Mr. LONG. How many?

Mr. JAY. Three.

Mr. LONG. Do you file the necessary forms with the State of Illinois to keep your corporation in existence and pay withholding tax in the State of Illinois?

Mr. JAY. Yes. This is done now in Chicago by Mrs. Biedron.

Mr. LONG. Therefore it would appear that your corporation should be in existence under the laws of the State of Illinois?

Mr. JAY. It should be; yes.

Mr. LONG. And it surprises you to hear the information coming to this committee that it was dissolved involuntarily a number of years ago?

Mr. JAY. It must be because it is to me.

Mr. LONG. In answer to the question Mr. Younger asked you, what is the gross volume of business done by Videodex last year?

Mr. JAY. Well, as I told Mr. Younger, when the committee told us to—

Mr. LONG. All I want to know is how many dollars it took in last year.

Mr. JAY. Well, according to the information we have gotten from the committee, that wouldn't be a matter of public record.

Mr. LONG. Then you are declining to answer the question?

Mr. JAY. I don't have the information here and I was told it wouldn't be a part of any public record; no.

Mr. LONG. Are you saying you do not know or are you declining to answer?

Mr. JAY. I don't know as of this point.

Mr. LONG. I am not speaking specifically but as the president of this company you would know whether it did a million dollars of business.

Mr. JAY. I know that; yes.

Mr. LONG. Or you would know whether you did \$50,000.

Mr. JAY. Right.

Mr. LONG. Did it do nearer the million or nearer the \$50,000?

Mr. JAY. Nearer the \$50,000.

Mr. LONG. Do you withhold taxes on yourself as an employee of the corporation and also the other gentleman, the full-time employee in New York?

Mr. JAY. Yes.

Mr. LONG. Does the State of New York have a withholding tax?

Mr. JAY. I believe so; yes; they do.

Mr. LONG. You file these returns on your employees in the State of New York?

Mr. JAY. As far as myself is concerned, since I travel a good period of time, I am away from the office enough to not have to pay that.

Mr. LONG. New York is your legal residence?

Mr. JAY. No. I don't live in New York.

Mr. LONG. Where is your legal residence?

Mr. JAY. In Connecticut.

Mr. LONG. Connecticut?

Mr. JAY. Right.

Mr. LONG. Do you file a New York income tax return?

Mr. JAY. I do not; no.

Mr. LONG. In Connecticut?

Mr. JAY. Connecticut doesn't have one.

Mr. LONG. The three employees that you have in your Illinois office, do you file withholding tax returns on them?

Mr. JAY. It is filed for them; yes.

Mr. Moss. Mr. Long, would you yield for a moment?

Mr. LONG. Yes, Mr. Moss.

Mr. Moss. I am confused. You told us that you had seven people employed, two in New York and five in Chicago. Now they have shrunk to three. What happened to the other two?

Mr. JAY. He had stated their sole occupation was Videodex and in answer to that question, their sole occupation was not. These others worked for us as—they don't work full-time for Videodex. Videodex is their sole occupation.

Mr. Moss. I can understand the confusion the staff has had with you because you said you had 7 employees, 2 in New York, 5 in Chicago, and that you employed from a dozen to a dozen and a half temporarily in New York, and then you amended that to show you employ from 6 to 12 in New York, and the balance on a temporary basis in Chicago. And I don't want to belabor the point. But what you have told me is not the truth. Now, what is the truth?

Mr. JAY. The two additional ones in Chicago, their sole work is with Videodex but they are not full-time. These other people that are brought in do work for other companies.

Mr. Moss. But you have withholding taxes on them if you pay them part-time?

Mr. JAY. That is done in Chicago.

Mr. Moss. So in response to the question of the gentleman from Louisiana, your answer would have been differently if you—

Mr. JAY. I am sorry if I confused the two. It hasn't been intentional.

Mr. Moss. Thank you very much for yielding.

Mr. LONG. When the staff members went with you to 2625 Seminary in Chicago on November 3, 1961, to inspect the premises, the field office of Videodex—

Mr. JAY. Right.

Mr. LONG. And they went through the basement and into the house of Mrs. Biedron—

Mr. JAY. This is the ground floor that we had taken over, yes.

Mr. LONG. My understanding is that you had taken this over and you were paying part of the payments that were due on her house in exchange—

Mr. JAY. She bought this house with the understanding—

Mr. LONG. In exchange for the use of part of her house as the office at the time.

Mr. JAY. That is correct. For purposes of doing our work.

Mr. LONG. Had you in fact maintained an office there prior to this time or was this a setup deal to impress the investigators of this committee?

Mr. JAY. No. We had done our work there before. We had done it there. We were at 64 East Jackson Boulevard. Prior to that we were at 2 East Walton Place, and prior to that, or subsequent to that, we were at 100 East Ohio Street. This was not anything that was done for the sake of what you have just cited. No. This is where the work had been done subsequent to the 100 East Ohio Street address.

Mr. LONG. Do you have a certified accounting firm that handles your books?

Mr. JAY. No, we don't.

Mr. LONG. Do you have a public accountant that handles them?

Mr. JAY. We have a public accountant that consults with us, and our treasurer is a lawyer.

Mr. LONG. Was your lawyer who serves as the treasurer of your company present at the annual meeting of your stockholders in January?

Mr. JAY. He was there by proxy; yes.

Mr. LONG. He was not there in person?

Mr. JAY. No, he was not.

Mr. LONG. Is he a stockholder in the company also?

Mr. JAY. Stock is optionally available to him. He doesn't have title to it.

Mr. LONG. Why would he be given a proxy if he is not a stockholder?

Mr. JAY. I didn't say he had.

Mr. LONG. I understood you to say he had been there by proxy.

Mr. JAY. I didn't understand that as your question. No; he was not there at the meeting.

Mr. LONG. Not there either personally or by proxy, then.

Mr. JAY. We made a report to him.

Mr. LONG. Was he present?

Mr. JAY. He—

Mr. LONG. Was he there or not there either in person or by proxy?

Mr. JAY. He wasn't there physically and since he doesn't have title to the stock, he couldn't be there as a proxy.

Mr. LONG. That is what I thought. But you answered that he had been there by proxy.

Have you conferred with him recently about the affairs of the corporation, whether or not the corporation in existence is in good standing or whether or not you are qualified to do business in the various States where you purportedly do do business?

Mr. JAY. Not recently, within—within the last year, yes. I mean we are not under the illusion that we are not doing business.

Mr. LONG. And he has advised you that you are in good standing?

Mr. JAY. I haven't asked him that specific question but he has not offered anything to the contrary.

Mr. LONG. Did you file any reports with the State of Illinois on an annual report of the corporation for 1962?

Mr. JAY. No.

Mr. LONG. Did you for 1961?

Mr. JAY. Not to my knowledge, I didn't, no. Not to my recollection yet. I remember we didn't for 1962. I don't know if we did for 1961.

Mr. LONG. No more.

The CHAIRMAN. Have you filed any since 1954?

Mr. JAY. I don't remember. I myself, I don't recall having done it; no.

The CHAIRMAN. How long have you been president?

Mr. JAY. I was president of the Jay & Graham Research and I was vice president of the first stages of Videodex, Inc., and I became president again in 19—I think it was 1959; 1958 or 1959.

The CHAIRMAN. You don't even know whether you have ever filed a report or not; do you?

Mr. JAY. Well, the use of the word "president" to me, and again we still regard this as a partnership, has been to aid me in my work with advertisers and my presentations, and so forth, which is commonly done in this field.

The CHAIRMAN. Then a partnership is what you have been if this information is all correct, since 1954, what you have been operating.

Any questions?

Mr. BROTZMAN. Yes.

Mr. JAY, who paid the postage for the return of diaries to you?

Mr. JAY. We either put a stamp on it to have it returned, in which case we pay it, or there is a postage reply form which we pay the postman when he comes. There are two forms used. One is the licking of the stamp, putting it on, and the other is the postage reply envelope.

Mr. BROTZMAN. Business reply envelope?

Mr. JAY. The one that is a business reply; yes.

Mr. BROTZMAN. In other words, I hold in my hand a diary—

Mr. JAY. Right.

Mr. BROTZMAN. And if I understand your answer correctly, the diary keeper would affix a stamp to this and mail it back to you?

Mr. JAY. No, not physically to the diary itself. We would have a No. 9 envelope within the original No. 10 which would have a stamp affixed to it. We found that the presence of a stamp as opposed to the postage permit has helped response rates. They feel more responsibility to return it.

Mr. BROTZMAN. Or in the alternative, they would use—

Mr. JAY. Something like this.

Mr. BROTZMAN (continuing). The business reply envelope. This one happens to have TV Diary Panel, with an address. Would that be correct?

Mr. JAY. That would be one form in which we have received them; yes. We found that the affixing of a stamp has been an aid to response

rates. Since they—I think they know when they don't return that we incur no cost until it is delivered to us, whereas with the stamp we have already incurred the 5 cents or 4 cents.

Mr. BROTZMAN. Right. Now, as to the chronology of your business operation, I would like to go back over your testimony just for the moment. Listening to the questions and answers that you have responded to, I assume that there was a change in the focal point of this operation. Would that be a fair statement?

Mr. JAY. Yes.

Mr. BROTZMAN. All right. Now, what was the change?

Mr. JAY. Well, tracing the sequence of events as a background to it, we were a partnership.

Mr. BROTZMAN. No. More particularly the locale of where you were conducting the business. You were operating basically in Chicago and New York.

Mr. JAY. We were operating in both markets, right, and now it is in terms of the work now, it is practically all in New York.

Mr. BROTZMAN. It was prior to that time in Chicago.

Mr. JAY. At these various addresses given: yes.

Mr. BROTZMAN. I assume that there was a lot of mail that would come back into Chicago at that juncture, anyway.

Mr. JAY. In the past, yes, both to the box on the prestamped basis and—on the postage reply, and the box with the stamps affixed on the return. They would have come in there.

Mr. BROTZMAN. Now, I think you said you transferred the bulk of the operation from Chicago to New York about a year ago?

Mr. JAY. It has been going on for a little more than a year but it is being accomplished more currently than it has in the past.

Mr. BROTZMAN. Now, the mechanics of the mail, Mr. Jay, was there a delivery to an office in Chicago or did that come to a specific substation where you can pick it up?

Mr. JAY. No, that came directly to our office.

Mr. BROTZMAN. The mail came directly to your office.

Mr. JAY. Right.

Mr. BROTZMAN. You did not have any of it picked up at a substation?

Mr. JAY. No, we do not.

Mr. BROTZMAN. Did you ever have a box at the Merchandise Mart?

Mr. JAY. Yes.

Mr. BROTZMAN. Substation?

Mr. JAY. Yes. We still do. Box 3515.

Mr. BROTZMAN. And none of these were returned to you through that particular mail drop?

Mr. JAY. In the past some have been, yes.

Mr. BROTZMAN. Now, you must have had a method of operation here. Let us get down to the specifics of mailing. Where did you tell these people to return the mail to?

Mr. JAY. Well, at the time it was coming into Chicago we had the Merchandise Mart box. To New York it was to our office in New York. In fact, it wouldn't be told. It would be printed on the return. I mean it would be a regular return envelope supplied with that designation on it.

Mr. BROTZMAN. So while you were operating in the Chicago area, these returns from the diary keepers came back into the Merchandise Mart substation, is that correct?

Mr. JAY. In the most recent past, yes. Prior to that it came into the 100 East Ohio Street or 64 East Jackson Boulevard or to East Walton Place where we were occupying those various offices. It came in direct. That box 3515 may have been used.

Mr. BROTZMAN. Just a minute. What percentage of the mail came into the Merchandise Mart substation?

Mr. JAY. I don't know.

Mr. BROTZMAN. Can you estimate?

Mr. JAY. In the past since we have been at 100 East Ohio Street, all of it has. In the case of—

Mr. BROTZMAN. I want to pin this down. Stay right there. In the past. When you say "in the past," are you talking about up to a certain point in time? Up to a certain period?

Mr. JAY. Until it has begun coming to New York, yes.

Mr. BROTZMAN. All right. Now let's fix that date. What date?

Mr. JAY. This has been taking place over the last 2 years, that we transferred more and more to New York. It hasn't been—

Mr. BROTZMAN. Just a moment ago you testified about the amount of mail that came into the Chicago operation and you said in your previous testimony, and again now, that you had moved this operation from Chicago to New York about a year ago, if I recall your testimony.

Mr. JAY. Well, it started to be moved a couple of years ago. I mean it has been a slow gradual process. We stand to lose key people if we transfer totally to New York and we are prepared for this and Chicago has always been a central location geographically, so there are certain advantages, but there are more advantages to moving to New York, and this is what I have been trying to accomplish over the last 2 years.

Mr. BROTZMAN. Now, I want to go back to specifics again. What percentage of the mail was coming into the Merchandise Mart substation that was returned to you from the diary keepers?

Mr. JAY. What percentage of mail to the box at the Merchandise Mart? I don't know what proportion because there was other mail that came in there.

Mr. BROTZMAN. Well, would you say it was substantial?

Mr. JAY. I would say that commensurate with the markets we had on order at a given point in time it would vary. At various times it would be whatever you consider substantial, I mean, if we had, for example, had four or five markets as of a given moment, this could stand to be up to a thousand pieces. It could be as low as 600 or 700 pieces, depending on the market size and the number of diaries for the market.

So it would vary by market by month.

Mr. BROTZMAN. In other words, the mail—I am just taking your figures now—would run as heavily as 1,000 pieces of mail to that particular place, is that right?

Mr. JAY. At various points in time in the past it could have and has, yes.

Mr. BROTZMAN. That would be until you started to move the office to New York, and was there a lessening of the mail at that time?

Mr. JAY. Yes, there was.

Mr. BROTZMAN. To the Chicago office?

Mr. JAY. Lessening of the mail to the Merchandise Mart box, right.

Mr. BROTZMAN. All right. Now, I would say, I realize the word "substantial" is a relative term, but that would be quite a bit of mail, easily recognized. Now, who picked the mail up down there at the box?

Mr. JAY. Either someone in our office or Mrs. Biedron herself.

Mr. BROTZMAN. Mrs. Who?

Mr. JAY. Biedron, the supervisor in Chicago.

Mr. BROTZMAN. Either you, Mr. Jay, or—how do you pronounce the lady's name?

Mr. JAY. Biedron.

Mr. BROTZMAN. Mrs. Biedron, too, or someone in your office?

Mr. JAY. I myself, no. I have never picked up any mail at the Merchandise Mart box.

Mr. BROTZMAN. All right. Mrs. Biedron. Now, who else might have picked the mail up?

Mr. JAY. Mrs. Onasaga, I believe, was one.

Mr. BROTZMAN. Mrs. Who?

Mr. JAY. Onasaga.

Mr. BROTZMAN. How do you spell her name?

Mr. JAY. I don't know.

Mr. BROTZMAN. Say it again.

Mr. JAY. Onasaga. I think that the committee met with her. She was one of the people there at the time of your visit.

Mr. BROTZMAN. Okay. Who else would have picked the mail up?

Mr. JAY. Mrs. Biedron's son would have picked it up at various times, too.

Mr. BROTZMAN. What is his name?

Mr. JAY. Dennis

Mr. BROTZMAN. Dennis Biedron.

Mr. JAY. Yes.

Mr. BROTZMAN. How old is Dennis?

Mr. JAY. I don't know.

Mr. BROTZMAN. Well, a teenager or 5 or what?

Mr. JAY. No. He is about 21.

Mr. BROTZMAN. He has attained his majority. He is 21 years old.

Mr. JAY. I believe so. I know he is out of school and I don't know his exact calendar age but he is about 21.

Mr. BROTZMAN. All right. Now, who else?

Mr. JAY. That is all to my knowledge.

Mr. BROTZMAN. How often would they have picked up this quantity of mail from the Merchandise Mart substation?

Mr. JAY. Well, they would go to the Merchandise Mart substation box several times during the month when the diaries would be coming in there. I mean, this may be 3 or 4 days at a time.

Mr. BROTZMAN. Let's analyze that. Several times during the month.

Mr. JAY. Right.

Mr. BROTZMAN. Several times during the month means what?

Mr. JAY. Well, it would mean that if we reported an early 7-day period that sometime during the second week those diaries would be coming in. They would try to pick them up each day.

Mr. BROTZMAN. Now, how much mail is coming into Chicago now?

Mr. JAY. I don't know the exact amount.

Mr. BROTZMAN. Still some mail coming in there?

Mr. JAY. Not diary information to any extent. It is primarily all in New York.

Mr. BROTZMAN. You do have some people still working, though, I believe, in the Chicago office, is that right?

Mr. JAY. We do, yes.

Mr. BROTZMAN. How many?

Mr. JAY. Well, five by one definition, three by another.

Mr. BROTZMAN. What are they doing?

Mr. JAY. They are typing information for me. They are getting program schedules from the various stations. That type of thing.

Mr. BROTZMAN. Do they still get some mail there?

Mr. JAY. Some mail at 3515, yes.

Mr. BROTZMAN. Now, Mr. Chairman, I would like to read a letter at this point that was addressed to Mr. Sparger, special assistant to the subcommittee, and this was in reply to a letter from Mr. Sparger. It reads as follows:

DEAR SIR: This has reference to your letter—

Mr. Sparger's letter—

dated February 12, 1962, addressed to Mr. Edmond Graczyk, an employee of the Chicago post office assigned to the Merchandise Mart postal station.

As of this date, the Videodex TV Diary Panel window envelope, like the samples submitted with your letter, has not been received at the Merchandise Mart station for TV Diary Panel, Box 3515, Merchandise Mart Station, Chicago 54, Ill.

Very truly yours,

HARRY H. SEMBOW,
Acting Postmaster.

Mr. JAY. Well, this would represent—

Mr. BROTZMAN. Recall this date, Mr. Chairman. The letter was addressed February 26, 1962.

Mr. JAY. Right. Well, as I say, this has been coming into New York with very little, I mean, I don't know if it is that low as of that time, but it has been coming into New York.

Mr. BROTZMAN. Do you have any recollection of what you just testified to in my questions to you about the dates and the times?

Mr. JAY. I have tried to, yes.

Mr. BROTZMAN. And what your business operation is?

Mr. JAY. I have tried to, yes, sir.

Mr. BROTZMAN. The amount of mail that you have testified to that was coming in, and I took your figures—

Mr. JAY. I say that has come in in the past and as far as the last period of years, it has been increasing to New York until it is practically all there now and has been.

Mr. BROTZMAN. But a year ago it would have been pretty heavy.

Mr. JAY. Not necessarily, no. We would have received it in New York—this type of—

Mr. BROTZMAN. There would have been some there, wouldn't there, according to your testimony?

Mr. JAY. Not necessarily for TV Panel.

Mr. BROTZMAN. At the Merchandise Mart substation?

Mr. JAY. Not necessarily in box 3515 for TV Panel which I believe is what they refer—

Mr. BROTZMAN. You know you are under oath, don't you?

Mr. JAY. I do, sir.

Mr. BROTZMAN. And you know what you testified to before about the mail that came into the Merchandise Mart substation.

Mr. JAY. We have had mail—

Mr. BROTZMAN. You know about your testimony as to when you moved the bulk of the operation to New York, don't you?

Mr. JAY. It has taken place over the past several years, yes.

Mr. BROTZMAN. And you know also taking any of your testimony there would have been some mail that would have gone into the Merchandise Mart substation, don't you?

Mr. JAY. In the end of 1961, beginning of 1962, one market that we had reported that we would no longer report was Kalamazoo and Kalamazoo did come into Box 3515. This has not been reported as a market since the early part of 1962. This was a TV Diary Panel market that came in there. The others have come into New York to room 2026 at our address.

Mr. BROTZMAN. As of February 26, 1962, this letter says "as of this date" these have not come in.

Mr. JAY. Well, you must recognize—

Mr. BROTZMAN. I asked you to identify the type of mail that would be coming in.

Mr. JAY. And I said that we had sent out diary information and included a stamp for it to be returned.

Now, that information would have been in 3515 and picked up.

Now, as far as the TV Diary Panel, it wouldn't contain this postal reply envelope which I believe they are referring to there. It would have been a—

Mr. BROTZMAN. What would the stamp look like?

Mr. JAY. It would be a regular stamp, at that time a 4 cent.

Mr. BROTZMAN. And what would it appear to be? How would it look? Would it look like this [indicating]?

Mr. JAY. No. Well, the diary inside would; yes.

Mr. BROTZMAN. And the envelope. What would the envelope look like?

Mr. JAY. It would just have either Videodex or TV Research or some such thing as that on the envelope.

Mr. BROTZMAN. I have no further questions but I would like to make this letter a part of the record, Mr. Chairman.

The CHAIRMAN. You read all of it?

Mr. BROTZMAN. I read it into the record.

(The letter referred to follows:)

U.S. POST OFFICE,
OFFICE OF GENERAL SUPERINTENDENT OF MAILS.
Chicago, Ill., February 26, 1962.

Mr. REX SPARGER,
*Special Assistant, Special Subcommittee on Regulatory Agencies of
the Committee on Interstate and Foreign Commerce, Washington, D.C.*

DEAR SIR: This has reference to your letter dated February 12, 1962, addressed to Mr. Edmund Graczyk, an employee of the Chicago Post Office assigned to the Merchandise Mart Postal Station.

As of this date, the Videodex TV Diary Panel window envelope, like the samples submitted with your letter, has not been received at the Merchandise Mart Station for TV Diary Panel, Box 3515, Merchandise Mart Station, Chicago 54, Ill.

Very truly yours,

HARRY H. SEMROW, *Acting Postmaster.*

The CHAIRMAN. I think you probably should return in the morning, Mr. Jay. I do not know that we will have any further questions of you, but it is entirely possible we might.

Mr. JAY. I will be here.

The CHAIRMAN. The committee will adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 6 p.m., the hearing was recessed, to reconvene at 10 a.m., Wednesday, March 13, 1963.)

BROADCAST RATINGS

WEDNESDAY, MARCH 13, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

In order that the record may reflect the information which was developed yesterday, I shall include a wire received from Charles F. Carpentier, secretary of state of Illinois, addressed to me as chairman of this subcommittee, confirming the telephone conversation referred to and the information previously given:

- (1) Jay & Graham Research, Inc., was incorporated in Illinois June 14, 1949;
- (2) Charter was amended on May 14, 1952, changing corporate name to Videodex, Inc.; and
- (3) Videodex, Inc., was involuntarily dissolved January 4, 1954. Charles F. Carpentier, secretary of state of Illinois.

I did not want any mistake or misunderstanding about it. This wire will be included in the record.

(The telegram referred to is as follows:)

SPRINGFIELD, ILL., *March 12, 1963.*

HON. OREN HARRIS,
Chairman, Special Subcommittee on Investigation, Committee on Interstate and Foreign Commerce, House of Representatives, George Washington Inn, Washington, D.C.:

This is to confirm telephone conversation of March 12, 1963 with members of your subcommittee staff. (1) Jay & Graham Research Inc. was incorporated in Illinois June 14, 1949. (2) That charter was amended on May 14, 1952 changing corporate name to Videodex Inc., and (3) that Videodex Inc., was involuntarily dissolved January 4, 1954.

CHARLES F. CARPENTIER,
Secretary of State of Illinois.

The CHAIRMAN. Do you have any further comment to make on it, Mr. Jay?

TESTIMONY OF ALLAN V. JAY, MANAGER, VIDEODEX, INC.—
Resumed

Mr. JAY. Yes, I do, sir.

Again, I repeat this did come as a surprise to me and I inquired into it and this is what I recall.

Mr. YOUNGER. We can't hear what you are saying. Speak up.

Mr. JAY. I will, sir; yes. Jay & Graham Research organization

was a partnership from 1948 through June of 1949. In June of 1949, it was incorporated in Illinois as Jay & Graham Research, Inc. In April or May of 1952, it was a successor corporation of Videodex, Inc. Between that point and 1954, a supplier group was formed, since we had been expanding as fast as the television stations signed on and we were on a 60- to 90-day term-payment basis with our suppliers and they formed a committee to free my time from production concerns to go to New York to develop as many of the markets in the other parts of the country as possible. Unbeknown to me, this supplier group then tried to arrange for mergers with other research groups. These having failed, and this is where the surprise came to me, they must have, in January 1954, filed for this dissolution of the corporation. Because from that point on, they were not part of it and we, the former employees and the employees themselves, attempted to carry on with Videodex, which we did do.

The New York corporation which was formed in October of 1950 was voluntarily dissolved by us in late 1954, because the sole purpose was to get listed in the phone book under Videodex, Inc.

From 1954 to 1957, Videodex, Inc., had no operating office as such in Chicago. I find now that the former employees formed a statistical unit. It was called B. & B. Statistical Service and we were their only account. They filed under B. & B. Statistical Service in the State of Illinois from 1954 until 1957.

Mrs. Biedron was one of the proprietors of that B. & B. Statistical Co.

In 1958 through current date, the filing had been under Lakeview Statistical Service in Illinois and we have been their sole account.

Still Mrs. Biedron has been a principal in that. We have never received any forms to file from the secretary of state in Illinois, which would have been one way of letting us know that we were no longer an Illinois corporation. But we did not know—I say we. Those that carried on with the firm from the January 1954 period, that there had been a dissolution filed.

As far as Videodex as such, while we continued to operate in New York, we have filed New York returns and we have filed a New York State franchise tax and filing each year as well.

That is about all the information on that point.

On the point of the Box 3515 in the Merchandise Mart, which was a point brought up yesterday, since we have been moving to New York, why, we have gradually depleted this paper stock of TV Diary Panel coming into Box 3515, although some has been used, and although the statement by Mr. Brotzman yesterday shows that the post office had stated since 1962 its lack of recollection, we may still have on file some diaries that came into TV Diary Panel there with the postmark on them.

We are trying to find them. If we find them, we will certainly send them on. It is not too probable that they will be on the diaries themselves, but if they are, we will submit them.

But the diaries coming into that box had already come in and since it was registered to Videodex, Inc., it would also come into Videodex, Inc., with no TV Diary Panel designation on them or come into Box 3515, still with no TV Diary Panel designation on them.

One other point. When it was B. & B. Statistical Service in Chi-

icago from 1954 to 1957, the address at which it was done was 1100 North Drummond Place.

Now, those are some of the additional points of information which I submit as a result of the questions at the conclusion yesterday.

But I repeat that this dissolution in January 1954 was a complete surprise to me and I did not know of it.

The CHAIRMAN. Well, we are not going all over this discussion that we had yesterday which, in my judgment, produced very little in the way of any clear understanding or explanation of the operation of this service which you are proposing to perform to a very important industry in this country. It is an example of irresponsibility, the way I see it, and something that I do not understand.

I don't know how any industry could depend on that kind of service and pay for it.

So you are excused, Mr. Jay, and in view of this record as it is, and in view of the information developed by the staff, I think it should show what all the facts are, what they found out from their investigation over a period of time and what was explained and told to them now as compared to what this witness has tried to give to justify his own operation.

You may be excused, sir.

I am going to ask Mr. Sparger to be sworn and give the committee the benefit of their work by direction of the committee in developing this program in order that the record may show what the facts are during the investigation of this particular instance.

Do you solemnly swear the testimony you will give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SPARGER. Yes, sir.

TESTIMONY OF REX SPARGER, SPECIAL ASSISTANT TO THE SPECIAL SUBCOMMITTEE ON INVESTIGATIONS, INTERSTATE AND FOREIGN COMMERCE COMMITTEE OF THE HOUSE OF REPRESENTATIVES

The CHAIRMAN. State your name for the committee.

Mr. SPARGER. I am Rex Sparger, special assistant to the Special Subcommittee on Investigations of the Interstate and Foreign Commerce Committee of the House of Representatives.

The CHAIRMAN. Have you been assigned the duty to investigate into the problems of ratings in connection with broadcasting?

Mr. SPARGER. Yes, sir.

The CHAIRMAN. Who assisted you with the work that you have accomplished, generally?

Mr. SPARGER. Mr. Robert E. L. Richardson, staff attorney to the Special Subcommittee on Investigations.

The CHAIRMAN. Did you make an investigation in the field and other places with reference to the operation of Videodex, Inc.?

Mr. SPARGER. Yes, sir.

The CHAIRMAN. You have heard the testimony given by Mr. Allan Jay, who states he is the manager and then testified that he was the president and one of the five shareholders of the corporation?

Mr. SPARGER. Yes, sir.

The CHAIRMAN. When did you and Mr. Richardson start investigating Videodex, Inc.?

Mr. SPARGER. Our first visit with Videodex, Inc., was on September 27, 1961, in the offices of Videodex, Inc., at 342 Madison Avenue, in New York.

The CHAIRMAN. I wish you would give to the committee for the record just what occurred and what information you received.

Mr. SPARGER. On that date, Mr. Jay advised us that the field office or plant where the data is processed by Videodex is located in Joliet, Ill., and at that time a notation was made that Mr. Richardson and I planned to visit this plant in the future.

Mr. Jay also advised Mr. Richardson and me that Videodex had the following policy in relation to its sample size:

In its national television survey, the sample would never drop below 9,200. He further said that the area coverage of the Videodex survey in its national index was all of the continental United States and that diaries were sent to all sizes of towns and villages.

He further advised Mr. Richardson and me, and there is a further note that it would appear that Videodex does some weighting in the compilation of its reports and there is a note that "we will check that further in Joliet at the field plant."

Mr. Richardson and I decided we were impressed with the size of the sample of the Videodex reports. The minimum sample of 9,200 would certainly seem more logical than that of 1,050 and 1,200 used by other services.

That was on September 27, 1961.

On October 27, 1961, Mr. Richardson tried to contact Mr. Jay on the telephone, and I monitored this call. Our purpose was to ascertain a specific time and date to visit the Videodex facilities in Joliet. His answering service said that he was not there.

On Saturday, October 28, we had not yet received a return call from Mr. Jay, but we had received a letter dated October 26, in which Mr. Jay requested we visit facilities only at the New York office.

We again attempted to reach Mr. Jay and sent him the following telegram at 10 a.m., October 28, 1961, from the Morrison Hotel in Chicago:

ALLAN V. JAY,
Videodex, Inc.,
342 Madison Avenue, New York, N.Y.:

Received your letter of October 27. Stop. Want to visit operations here Wednesday, November 1. Confirm time and place.

SPARGER AND RICHARDSON,
Hotel Morrison.

We requested notification of delivery of the telegram.

We were informed that the telegram was undelivered, because Videodex was closed until Monday.

We then contacted the Joliet Chamber of Commerce, a Mr. Peck. He was unaware of any operation named Videodex being in the area. He did advise, however, that a Prof. Ed Murray, of Lewis College at Joliet, did from time to time do research work. We then contacted Professor Murray, and he advised there was no research firm in Joliet or in the Joliet area.

We checked with the business manager of the telephone company, Mr. Bennett. Mr. Bennett advised us that there was no classified list-

ing, either in the directory beginning December 1959 through December 1960, nor beginning December 1960 to that date, which was November 1, and there were no listings for any marketing research firms in the Joliet directory, which covered the entire area.

On November 2, we had prior to this time been advised by Mr. Jay that the diaries were sent to a postal box in the Merchandise Mart. We verified this fact by visiting the post office substation at the Merchandise Mart and ascertained that Videodex did, in fact, have a postal box there. The application for the box made by Videodex, Inc., was made in 1952, at which time Videodex, Inc., was a subsidiary of Billboard magazine, according to the postal records.

The postal application gave a Videodex phone number of Michigan 2-8880 in Chicago, an address of 1 East Walton Street.

We checked out this number and were advised that it was a private residence number.

Then in a telephone conversation with Mr. Jay on that date, we were advised that the Chicago supervisor for Videodex was a Mrs. Biedron. There was no telephone listing for Mrs. Biedron at that time.

He also advised at that time that he had approximately 30 to 35 subcontractors, small research firms around the country which did his work and sent it into Chicago.

At that time, we made a notation that there had been a great deal of variance in the statements by Mr. Jay to us, first his statement that the operation was in Joliet, which, according to statements of various people in Joliet, appeared not to be the case.

Second, he was uncooperative in providing us with the addresses of the employees of his research services.

Mr. Jay met Mr. Richardson and me and took us to 2526 Seminary in Chicago in a taxi. When we left the taxi, Mr. Jay said we would go through the basement entrance to the field office. As we approached the house, he went to the wrong side of the house and later we went around and went into the other side.

Mr. BROZMAN. Mr. Chairman, I can't hear this witness.

It is not your fault, but it is the noise and I know this is important and I cannot hear you.

Mr. SPARGER. I am sorry, sir.

We were introduced at this meeting on November 3 in the Videodex field plant to a Mrs. Beatrice Biedron who was introduced to us by Mr. Jay as field supervisor for Videodex.

We asked Mrs. Biedron if all records were kept at this address. She said because she had fear of fires and there had been a fire previously in the house and the insurance on the house would not cover a business establishment that she sent all records as soon as they were processed, all diaries to the Anderson Bros. Warehouse at 3141 North Sheffield Avenue.

The staff later contacted Anderson Bros. Warehouse and that letter was inserted in the record yesterday, which stated that the account had been dormant since February 28, 1956.

She advised again, the same day, that all diaries were sent to this warehouse.

We ascertained the phone number listed there, which was LI 9-1492.

The Bell Telephone Co. was contacted and they advised that this

was listed in Mrs. Beatrice Biedron's name and her employment was listed as Videodex, with an office number of ST 2-7935.

A check of ST 2-7935 proved to be another residence address.

Mr. Jay at this time advised us again that the national sample of Videodex was 9,200.

The CHAIRMAN. When was this?

Mr. SPARGER. This was on November 3, sir, in the field plant, in Chicago.

The CHAIRMAN. November 3 of what year?

Mr. SPARGER. Excuse me: 1961.

The CHAIRMAN. That is the time you talked to Mr. Jay?

Mr. SPARGER. That is the second time we talked to Mr. Jay, sir, and the second time that he advised us that the national sample was 9,200.

The CHAIRMAN. Did he say anything at all about its having been discontinued at that time?

Mr. SPARGER. No, sir; he did not. In fact, he advised Mr. Richardson and me at that time that he was sorry it was the time of month we were visiting Videodex because the diaries came in at a different time of month, earlier in the month, they would come in during the first week of the month. Therefore, there would be no diaries for the girls to tabulate while we were there, so we could see the actual operation.

The CHAIRMAN. Did he explain to you that all this information stored out at Anderson's had been dormant since 1956?

Mr. SPARGER. No; he did not, sir. In fact, Mrs. Biedron advised us that when they finished the diary tabulation, they sent it immediately to this warehouse and at no time were we advised that there was any other warehouse.

Again, Mr. Jay advised us of the 35 separate small research organizations throughout the country and repeatedly we requested Mr. Jay provide us with a "complete list of all marketing research firms or any other groups to which you are or have been during the past year subcontracting your survey work."

At this time, also, Mr. Richardson and I, in discussing the national sample with Mr. Jay, wrote out a statement and we asked Mr. Jay to read the statement and correct it, in relation to his national sample.

The statement was cleared by Mr. Jay as being correct. The statement was as follows:

You take the national total of television sets. These are broken down by areas as per sets in the area, and then the local results are weighted into the national sample. The other areas, those in which no local reports are done, are then figured in and you get your national total and your national sample.

He not only agreed to this statement, sir, but Mrs. Biedron and Mr. Jay showed us how the national sample was put together. At no time were we told that the national sample was no longer operative.

He again talked about his subcontractors at that meeting and at that time we asked Mr. Jay for the address of the premium houses which he used. He stated that Videodex, upon receipt of information as to which premium a family chooses after they receive their first diary mails the diary to the premium house, that is, mails six diary packets for the next 6 months. These packets included a return envelope and the diary. The premium house mails out a diary packet each

month for 6 months. At the end of this period, if the diary has been returned satisfactorily the premium house is informed and the premium selected is forwarded to the diarykeeper.

At that time, Mr. Richardson and I requested that Mr. Jay provide us with a list of the premium houses. In our followup memorandum we stated once again he was evasive and did not provide the requested addresses. He said there were several premium houses.

Mr. Jay at this time advised us that Videodex was incorporated in the State of Illinois.

In relation to other studies made by the staff, we contacted Dr. Sorensen, director of research, and Mr. von Hines, assistant director of research for D'Arcy Advertising Co. on February 16, 1962. They had purchased a Videodex survey for use in making a determination whether or not they would buy time on the television show, "Mr. Ed," as the network had requested that it be moved from Thursday night to Saturday night.

Dr. Sorensen advised Mr. Richardson and me that the study was done by local Videodex persons and was to be a television study of the subsample of the national Videodex sample.

Dr. Sorensen stated that a subsample of 1,100 diary homes was taken from the 9,200 national Videodex sample.

The staff also contacted each of the subcontractors which Mr. Jay finally provided us and requested that they provide us with certain information for the period 1961. We sent this out by certified mail and each of them responded and we were advised that the diaries that had been kept in all instances in 1961 were in the period November 1961, December 1961, and January 1962.

This was a period after the request had been made of Mr. Jay that he provide us a list of subcontractors.

Some of the subcontractors did say that they had done some work for Mr. Jay in 1956 or 1957. Others as long ago as 1952. However, none of the information provided by any of the women related to the months between January 1, 1961, and November 1, 1961. We have those for the committee.

We also checked the premium houses, as Mr. Richardson questioned Mr. Jay yesterday. He provided us with a list of seven premium houses, or at least what this staff understood to be a list of seven premium houses. We visited each of them and none of them were premium houses. We so wanted to be fair enough to Mr. Jay to be sure we did not miss any—we went to the extent of walking the length of Wacker Drive and checking every building on Wacker Drive in Chicago at a time when the telephone company could show no listing for the premium house address on Wacker Drive for the period from approximately 1956 to that date.

Mr. Moss (presiding). Does that conclude your statement?

Mr. SPARGER. Yes, sir; I believe that is basically it.

Mr. Moss. Mr. Long?

Mr. LONG. During your investigation, did any literature come into your possession which was put out by Videodex stating what their national sample was?

Mr. SPARGER. No, sir.

Mr. LONG. You saw no advertising literature representing that they did have a national sample of 9,200?

Mr. SPARGER. No, sir; we verified this only with D'Arcy Advertising Agency, which we were advised purchased Videodex's survey on the basis that they had a 9,200 national sample and thereby they could refer back and pull out data and know who to call for the 1,100 people that they wanted in a survey.

Mr. LONG. Your feeling as to the size of the sample was based on Mr. Jay's representation to you the first time you talked to him?

Mr. SPARGER. Yes, sir. The size of the sample—in fact, Mr. Richardson and I both commented at that time, at our first meeting, that we thought that this large sample was excellent and that it was better to have a sample that size than the size of American Research Bureau and the Nielsen Co.

Mr. LONG. When did he advise you that that national sample was no longer applicable?

Mr. SPARGER. He advised us the national sample was no longer applicable yesterday in his testimony before this committee, sir.

Mr. LONG. This is the first time he indicated to you in any way that he was no longer using that as his sample?

Mr. SPARGER. That is correct, sir.

Mr. LONG. When you talked to the people of D'Arcy Advertising, did they indicate to you how much they had paid for the survey made on the "Mr. Ed" television show?

Mr. SPARGER. No, sir; they did not. There was a second survey made in 1959, sir, on which we had the testimony of Mr. Barnathan of American Broadcasting Co. at these hearings last week. In 1959 he was research director for ABC-TV. The question was asked of Mr. Barnathan, if he had used Videodex. He said yes. He was asked if this was data extracted from the 9,200 Videodex sample and he said yes.

Mr. LONG. The people of D'Arcy Advertising were definitely of the opinion that they were getting their information based on a national sample of 9,200 or some part of such a sample?

Mr. SPARGER. There is no question about it, sir. Mr. Richardson and I went to D'Arcy for that specific purpose, to ascertain whether or not a 9,200 sample, national sample, had been represented to them.

Mr. LONG. When you made the trip to Joliet, what was your impression of the field headquarters when Mr. Jay had difficulty finding the proper door into the basement?

Mr. SPARGER. Well, sir, the field headquarters were not in Joliet; they were in Chicago. Mr. Richardson and I, after leaving the Videodex field plant both commented on the fact that they had a map or two up on the wall that had no dust on them and looked like they were new, and further, that the operation looked a little too good to suit our taste, sir.

Mr. LONG. Was this a regular office, even though it was in a private home?

Mr. SPARGER. Well, sir, it was a basement with some tables and they had a few calculators, three or four. Basically, that was it, sir. They did have one table on which there was a mass of mail, which appeared to be—it was not the TV Diary Panel envelope that was later presented to us by Mr. Jay, but rather appeared to be correspondence from stations. We would not want to make a guess as to what it contained.

Normally, a research firm of this type would be receiving program logs in large amounts from a lot of stations.

We later went to the post office substation and looked in the box and there were no TV Diary Panels at the time of our visit there and the mail in the box appeared to be from TV stations.

Mr. LONG. Did you understand this to be the Chicago office for the five substantially full-time employees that Mr. Jay has testified here he keeps?

Mr. SPARGER. Yes, sir; and as recently as December 11 of this past year, when we were in Chicago, we visited, without the knowledge of either Mr. Jay or Mrs. Biedron, this office. It appeared to be closed down. We asked the next door neighbor if Mrs. Biedron was there and she said no, that she had a full-time job downtown, sir.

Mr. LONG. How many employees did you meet in the Chicago operation that appeared to be substantially full-time or were presented to you as being substantially full-time employees?

Mr. SPARGER. Mr. Jay represented that the two women that were there in addition to Mrs. Biedron were part-time employees and only came in when they had to tabulate a survey.

Mr. LONG. Did you meet any employee in Chicago other than Mr. Jay that was presented to you as a full-time employee?

Mr. SPARGER. I would be under the definite impression that Mrs. Biedron was a full-time employee of Videodex. However, she had to return from a visit in Virginia, where she had been visiting a member of her family for, I believe it was approximately 2 weeks, in order to meet with us.

Mr. LONG. The other lady that was there the day you made your trip appeared to have a conversational knowledge of this subject?

Mr. SPARGER. Only with one very minor phase of the subject, sir?

Mr. LONG. What phase was that?

Mr. SPARGER. It was a tabulating process. There were two other women in addition to Mrs. Biedron in this office.

Mr. LONG. Two others?

Mr. SPARGER. Yes, sir. Both of them had one specific job which was, in one case, simply running the calculator and tabulating certain data after it was handed to her.

Mr. LONG. You have been to the New York office of this organization?

Mr. SPARGER. Yes, sir; we have.

Mr. LONG. How many occasions?

Mr. SPARGER. On numerous occasions.

Mr. LONG. Describe that office for us.

Mr. SPARGER. The office is—well, there are actually two office rooms. There is an outer office followed by an inner office. It is, I would say, 20 by 20 feet, each office is. There has never been a person in there—well, let me correct that.

At one time, Mr. Jay was loaning his office to another man not associated with audience research at all and we met with Mr. Jay in his outer office because this man was using his office.

We have never seen an employee of Videodex other than Mr. Jay in that office, to my knowledge.

Mr. LONG. The only two employees you have ever met or ever have been presented to you that appeared in any way to be substantially

full-time employees of this organization are, one, Mr. Jay, and secondly, the lady in Chicago?

Mr. SPARGER. Yes, sir.

Mr. LONG. None of the others in your opinion, could in any way be considered in any way full-time employees of this organization?

Mr. SPARGER. Mr. Jay advised us at that time that they were not full-time employees.

Mr. LONG. He testified here yesterday that there was a total of seven substantially full-time employees.

Mr. SPARGER. Yes, sir.

Mr. LONG. That is all; thank you.

Mr. MOSS. Mr. Younger?

Mr. YOUNGER. I have no questions.

Mr. MOSS. Mr. Brotzman.

Mr. BROTZMAN. Mr. Sparger, can we go back to the mail check, if I might use that term for a moment?

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. I would understand that you and Mr. Richardson were together when you were doing this investigating work; is that correct?

Mr. SPARGER. At all times, sir.

Mr. BROTZMAN. When you went to Chicago, you actually went down to the substation at the Merchandise Mart and had an opportunity to see what mail was coming in; is this correct?

Mr. SPARGER. We had an opportunity to look at the box, sir. We were unable to go through the box because of postal regulations.

Mr. BROTZMAN. Right.

Mr. SPARGER. We were able, sir, to see the application for the box.

Mr. BROTZMAN. Do you recall when this occurred?

Mr. SPARGER. Yes, sir; I can verify that exact date. That was on November 2, 1961, sir.

Mr. BROTZMAN. You had conversed with Mr. Jay about his operation, of course, at this time, and prior to this time? Is that correct?

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. Where was the operation being conducted basically at this time, as he represented it to be?

Mr. SPARGER. As originally represented to us, the field operation was in Joliet, Ill., sir. When he arrived in Chicago, we were taken to a residence with an office of sorts in the basement at 2625 Seminary in Chicago.

Mr. BROTZMAN. According to his representations, at what period of time was the bulk of the operation being conducted out of the Chicago office?

Mr. SPARGER. Well, at that time, sir, that was his field office.

Did you mean the week of the month that the diaries would be coming in?

Mr. BROTZMAN. Yes.

Mr. SPARGER. Well, the diaries normally would be coming in—he advised us on September 27 the diaries came in during the first week of the month.

Mr. BROTZMAN. Did he make any representation to you of what the mail looked like that came in from the diary keepers?

Mr. SPARGER. Yes, sir; he provided us with an envelope addressed

to TV Diary Panel with a Merchandise Mart post office box number.

Mr. BROTZMAN. So that ostensibly, some of the mail was supposed to be coming back into the Merchandising Mart of this type; is that correct?

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. Now, from your observation, did you see any of these while you were there?

Mr. SPARGER. No, sir; we did not see any.

Mr. BROTZMAN. All right. Now, did you have a conversation with anyone there from the Postal Department at the substation of the Merchandise Mart?

Mr. SPARGER. Yes, sir; we talked to Mr. Graczyk who is the——

Mr. BROTZMAN. The name is Graczyk.

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. All right.

Mr. SPARGER. He was responsible for putting the mail in this particular box. Mr. Graczyk advised us—well, we later wrote Mr. Graczyk to send him a copy of the envelope we obtained from Mr. Jay to ask him if he had any recollection of this. He said that most of the mail that he had recalled came in from what looked like TV stations and networks and so forth, and he had been there for several years.

Mr. BROTZMAN. Did he indicate to you whether he had ever seen any of the diary-type mail that you described before come in?

Mr. SPARGER. He said he did not recall any at that time, sir. Then when we wrote him and sent him a sample, the postmaster wrote back after checking with him and he said that none had come into that post office box as of that date, which was February 28, 1962.

Mr. BROTZMAN. I would assume from what you said just then in your answer that you wrote to this postal employee at the Merchandise Mart substation; is that correct?

Mr. SPARGER. That is correct, sir.

Mr. BROTZMAN. All right.

Did you write that letter yourself?

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. Do you recall what date you wrote the letter?

Mr. SPARGER. It was approximately February 12, sir. Mr. Richardson will provide us with that date.

Mr. BROTZMAN. Approximately February 12, 1962?

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. I now ask you—you are looking at a file. Have you a copy of this letter with you here this morning?

Mr. SPARGER. I think we have, sir.

Mr. BROTZMAN. In order to save time, if you do not have a copy here, will you refer to your files and make a copy of your letter a part of the record of this hearing?

Mr. SPARGER. Yes, sir.

(The letter referred to is as follows:)

FEBRUARY 12, 1962.

Mr. EDMUND GRACZYK: Enclosed is a copy of the Videodex TV Diary Panel window envelope in which would be inserted the attached TV Diary Panel address.

The basic question which we have relates to the possibility that Videodex has received large numbers of these envelopes. We would like to know if Videodex

normally receives from 0 to 50 per month; from 50 to 100 per month; from 100 to 500 per month; or from 300 to 10,000 per month.

We would appreciate hearing from you as soon as possible.

Very truly yours,

REX SPARGER, *Special Assistant.*

Mr. BROTZMAN. Now, one more question.

Generally, from your recollection, what did you ask in that letter?

Mr. SPARGER. We requested—we provided a sample of the TV diary envelope which had been provided us by Mr. Jay and we asked specifically if they had received—if Mr. Graczyk had received, to his knowledge, any of this type of mail to that particular box at the postal substation in Chicago.

Mr. BROTZMAN. As I recall, the letter back to you, which is a part of the record—

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN (continuing). Stated as of this date, I think February 26, 1962, he had seen none, is that correct?

Mr. SPARGER. That is correct, sir.

Mr. BROTZMAN. I just wanted to make the record complete. So you will file that, your letter, with the committee?

Mr. SPARGER. Yes, sir.

Mr. BROTZMAN. I have no further questions.

The CHAIRMAN. Mr. Moss.

Mr. MOSS. Mr. Sparger, why did you go to Joliet?

Mr. SPARGER. Why did we go to Joliet, sir? Because Mr. Jay had told us that is where his field office was, sir.

The CHAIRMAN. And that was very definite, there was no doubt in your mind or the mind of Mr. Richardson, that you had to go to Joliet and locate the office represented as being there by Mr. Jay?

Mr. SPARGER. Well, in our September 27, 1961, memorandum, we referred on page 2, in parentheses, that the writers planned to visit this plant, following the Joliet statement. Later in the memorandum, we referred to a question that came up and we had parentheses, and it said, "to be checked further in Joliet."

Then, in our calls to Mr. Jay, we asked him where in Joliet his plant was located and who was employed there. There was no doubt in either Mr. Richardson's mind or my own at that time and reflected in our discussions that the field plant of Videodex, Inc., or at least one of the field plants, the main one, was located in Joliet, Ill.

Mr. MOSS. You had great difficulty in determining where the field plant in the Chicago area was, did you not?

Mr. SPARGER. Yes, sir. In fact, on that same September 27, 1961, date, our contemporaneous memo stated that Mr. Jay was cooperative with the writers. However, we visited only the general offices of Videodex in New York City. We also said in our memorandum:

The writers at this time are concerned about the refusal of Mr. Jay to give the location of Videodex field offices. They are located in Joliet, Ill., and the writers shall visit these offices and check the compilation of data by Videodex while in the Chicago area.

Mr. MOSS. Mr. Jay was aware of the fact that the investigators of this committee were seeking an opportunity to check field work used in a survey by Videodex. Is that correct?

Mr. SPARGER. Yes, sir.

Mr. MOSS. And by sending you off on a hunt such as the one to Joliet, chasing around to a storage company with an inactive storage going back some 5 years—

Mr. SPARGER. Yes, sir.

Mr. MOSS. By various other methods, he completely frustrated the efforts of the investigators to ever get to field work and check it?

Mr. SPARGER. That is correct, sir.

Mr. MOSS. And to this very moment, because of his withholding of an operation completely, we have been unable to check the field work of Videodex?

Mr. SPARGER. Sir, he offered to us in a letter dated approximately the day these hearings commenced to make available certain field work to us in his New York office.

Mr. MOSS. Hardly a timely offer.

Mr. SPARGER. It would be, probably, with hearings going on, impossible for Mr. Richardson and me to go to New York and take the time to tabulate a report.

Mr. MOSS. When did you learn of the other two storage facilities used by Videodex?

Mr. SPARGER. Yesterday, sir.

Mr. MOSS. You were never told, no indication given to you, that other than the Anderson Bros. Warehouse was ever used?

Mr. SPARGER. We were never told, sir, about any other storage facilities.

Mr. MOSS. Mr. Jay indicated yesterday that some of the material was stored in the attic and in the basement of the home on Seminary in Chicago.

You stated that the owner of that property told you that no such storage records were on that premises?

Mr. SPARGER. Might I clarify that for a moment, sir, by stating that when the storage thing first came up, there was a table in the corner on the left as you entered the door and in the right-hand corner, on which was stacked a large amount of mail. Mrs. Biedron said that she had to get that to storage, because she didn't like it laying around because of fire.

Mr. MOSS. And mentioned some of the terms of her insurance?

Mr. SPARGER. Yes, sir.

Mr. MOSS. In other words, she was insuring this, according to her statement to you, strictly as a residence?

Mr. SPARGER. Yes, sir. We also checked, sir, the recorder of deeds in Chicago to see whether or not, in fact, Mr. Jay or Videodex, Inc., had held part of the mortgage on this house and was paying it off, as Mr. Jay testified to yesterday. However, their records do not show who holds the mortgage itself.

Mr. MOSS. Did you have them check the zoning of this district?

Mr. SPARGER. No, sir; we did not.

Mr. MOSS. That is all the questions I have.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Just one question.

Did Mr. Jay give you any reason why he wanted to be secretive about his field reports and why he didn't want you to see them?

Mr. SPARGER. Well, sir, in one letter to us, he stated that he had un-

derstood, and he stated this yesterday for the record, that the A. C. Nielsen Co. was not going to provide us diaries to tabulate and therefore, he assumed that he would not have to.

I might say for the record, sir, we did tabulate the diaries of A. C. Nielsen Co.

Mr. ROGERS of Florida. So he has given no reason other than that for keeping these reports secret?

Mr. SPARGER. That is correct, sir.

Mr. ROGERS of Florida. Thank you.

Mr. SPARGER. I might clarify, Mr. Rogers, one point, sir. At the time we made the request, since Mr. Jay uses what we would call semi-permanent homes; homes that keep a diary for 7 months; when we made our request we went to a period prior to that 7 months in order that there would be no disclosure of the homes, since they are of a semi-permanent basis.

The CHAIRMAN. Thank you very much, Mr. Sparger.

I would like to state at this point, the committee has no interest in anything except developing the facts.

We would like to be and will try to be as patient in assuming this responsibility as we can. If there are situations that exist today that ought to be explored and called to the attention of the industry and the American people, we are derelict in our own duty if we do not do it.

So, in fairness and in an effort to obtain facts and information regarding this operation, and we are getting more and more from the industry throughout the country about what it is doing to them, it makes me wonder how the industry ever got themselves into this noose in the first place.

I am hoping that in the future, we don't experience such inexcusable situations as we have had the last 3 days.

The next witness will be Mr. James W. Seiler.

Mr. Seiler, will you be sworn?

Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SEILER. I do.

The CHAIRMAN. Will you identify yourself for the record, Mr. Seiler?

TESTIMONY OF JAMES W. SEILER, DIRECTOR OF THE AMERICAN RESEARCH BUREAU, DIVISION OF C-E-I-R, INC.

Mr. SEILER. I am Mr. James W. Seiler, from Ednor, Md., and I am director of the ARB division of C-E-I-R, Inc.

Until June 1961, I was president of American Research Bureau, Inc. At that time there was a merger with C-E-I-R, Inc.

The CHAIRMAN. Now, ARB is American Research Bureau?

Mr. SEILER. That is correct. That is what it is generally known as in the industry.

The CHAIRMAN. And that is a division of C-E-I-R, Inc.?

Mr. SEILER. Yes, sir.

The CHAIRMAN. What is C-E-I-R, Inc.?

Mr. SEILER. C-E-I-R, Inc., is primarily a firm specializing in advanced and sophisticated uses of computers.

The CHAIRMAN. Advanced and what kind?

Mr. SEILER. Advanced and sophisticated use of computers.

The CHAIRMAN. Sophisticated use?

Mr. SEILER. Well, let me settle for advanced and scientific use of computers. They employ a great many specialists in this field.

The CHAIRMAN. Well, what other division of C-E-I-R are there?

Mr. SEILER. To the best of my knowledge, there are no other divisions as such. C-E-I-R has regional centers. It simply is an organizational device they use, and at the time ARB was merged with them, because its operation was somewhat different than the one they had been engaged in, we were made a separate division.

We do make great use of computers, of course, and this was one of the primary reasons for the merger.

The CHAIRMAN. Well, so we can have a complete picture to start with, was ARB, American Research Bureau, a corporation of its own until it was merged with C-E-I-R?

Mr. SEILER. Yes, sir; incorporated in the State of Delaware.

The CHAIRMAN. When was the merger?

Mr. SEILER. The merger was, I believe, June 30, 1961.

The CHAIRMAN. And it is a part of C-E-I-R now?

Mr. SEILER. Yes, sir.

The CHAIRMAN. Is C-E-I-R a corporation?

Mr. SEILER. Yes, sir.

The CHAIRMAN. Under what law?

Mr. SEILER. I believe Delaware; yes, sir.

The CHAIRMAN. If you care to have someone come up beside you to consult with, I think it might save time.

Mr. SEILER. Sir, could I say this? Because our headquarters are here in Beltsville, Md., there are a number of our staff people in the audience today. Although I do not request that they all be sworn in, if I get a rather detailed question and do not want to take your time to go back and get an answer the next day, I would like to request permission to refresh my memory with the appropriate person.

The CHAIRMAN. All right.

Mr. SEILER. The person behind me is Dick Hobson, who is an attorney for C-E-I-R, Inc.

Mr. ROGERS of Florida. He is what?

Mr. SEILER. An attorney for C-E-I-R, Inc.

I might also mention that C-E-I-R, to my knowledge, at one time stood for Corporation for Economic and Industrial Research.

I believe now simply the letters C-E-I-R are used.

The CHAIRMAN. And your headquarters are at Beltsville, Md.?

Mr. SEILER. The headquarters of the ARB division of C-E-I-R is in Beltsville. Those were our headquarters when we were a separate corporation. We have approximately 11 acres in Beltsville and two major buildings with other facilities.

The CHAIRMAN. Where are the headquarters of C-E-I-R, Inc.?

Mr. SEILER. At Farragut Square, in Washington, D.C.

The CHAIRMAN. Is it a publicly owned corporation?

Mr. SEILER. Yes, sir. The stock is sold over the counter.

The CHAIRMAN. Mr. Richardson, do you care to question?

First, I believe you have a statement.

Mr. SEILER. Would you care to have me read the statement?

The CHAIRMAN. If you care to read the statement.

Mr. SEILER. I would like to, with your permission.

The CHAIRMAN. All right.

Mr. SEILER. Mr. Chairman, my name is James Seiler. I am director of the American Research Bureau Division of C-E-I-R, Inc.

Prior to questioning by the subcommittee, I would like to make a short statement on behalf of the American Research Bureau.

Since the beginning of the investigation of audience measurement firms by the subcommittee and the release of the statistical recommendations in March 1961 by Drs. Madow, Jessen, and Hyman, as contained in House Report 193, ARB has, within the limits imposed by economic realities, made a number of improvements in its reports and techniques in an attempt to comply as fully as it could with the recommendations of that report.

A detailed account of the steps taken was filed with the subcommittee staff during the summer of 1962. At this time, ARB would like to state that in its opinion the Madow report represents an invaluable contribution to the audience measurement industry and its clients.

It is a study which any one of the individual rating firms would have found almost impossible to finance. ARB is in substantial agreement with the report and its recommendations and would like to express appreciation to the subcommittee for this contribution.

In response to a cease-and-desist order issued by the Federal Trade Commission in January 1963, ARB has recently filed with the FTC's Compliance Division revised copies of its reports, brochures and other written material. We believe that the materials now contain all the major qualifications which should be taken into account by those who use our services. The FTC's approval of this compliance report is now pending.

I should like to take this opportunity to stress that it is ARB's firm policy to make full and complete disclosure of its techniques, procedures, and sample size to all its clients and other responsible persons.

ARB's basic objective is to produce the most reliable and complete estimates of television audience size and characteristics possible, given the statistical, human, and economic limitations which obviously stand in the way of attaining a 100 percent accurate audience measurement. It is our feeling that these figures, when properly used in conjunction with other information available and with their limitations taken properly into account, furnish an extremely valuable guide to the industry and provide an indispensable aid in making many of television's practical business decisions.

We shall be happy to answer to the best of our ability any questions of the subcommittee on any phase of our operations.

I would, with your permission, Mr. Chairman, like to ask the clerk if he would make a distribution.

We have selected some of our reports so that the subcommittee members can have examples in front of them in case any questions should arise.

If I might, I would like to add about one more paragraph or so to my statement extemporaneously.

The CHAIRMAN. Yes.

MR. SEILER. I would like to say that in any cases where audience measurement information supplied to the broadcast industry is in any way misrepresented or in any way produced in a way other than that described or fraudulently produced, this is something we feel has no place in our industry.

On the other hand, I would like to tell you what a very difficult problem we have in producing the information we do and state that it is not going to be a simple matter to attain a great deal more accuracy than we now have.

We are attempting for this industry to measure an invisible audience, persons in their homes who happen to be tuned at all times of the day to emanations going out from television transmitters and we are attempting to do this for the entire United States.

By its very nature and by the lack of information to work with, we have an extremely difficult job. To further compound our problem, we have very little money to do it with, because the industry is able to budget only a small amount of its total income to get some idea of what audience sizes are so that the economics of an advertiser-supported broadcasting industry can operate.

To give you an example of this, the industry has never even defined what a television viewer is. A viewer can be someone, of course, who sees and listens to an entire show, but what about the person who only watches 10 minutes of it, or what about the person who hears the audio from another room and does not see the pictures? Or what about a person who passes by the set briefly? Or what about the set that is operating with nobody to watch it? There are actually as many different definitions of what a viewers is as you want to make. To make our problems difficult, we really have no definition of what we are measuring.

We have attempted to overcome these problems. We have done a surprising amount of research and we know, I think, an awful lot about these methods now. But I want to state, just to make my position clear, that we have an extremely difficult and complex job and a very low budget to do it on and there are many problems that I am afraid are not going to be solved for quite awhile.

Thank you, sir.

THE CHAIRMAN. Mr. Richardson?

MR. RICHARDSON. Thank you, Mr. Chairman.

Mr. Seiler, who basically are your subscribers?

MR. SEILER. We attempt to divide our subscribers into what we call the buyers of television time and the sellers of television time, the sellers being the broadcasting stations and the networks, basically, the buyers being advertisers and their agencies. There are other clients—film companies, for example, who sell film to stations or advertisers. But the basic distribution is between the buyers and sellers of time.

MR. RICHARDSON. To your knowledge, what do agencies use your services for?

MR. SEILER. Agencies, to my knowledge, use our service in an attempt to determine which available programs or spots they can purchase in order to reach the greatest number of the persons they are trying to reach per dollar spent.

MR. RICHARDSON. How important to the industry would you say your product is?

Mr. SEILER. I would say it is of vital importance. It is not the end-all, but a vitally important aspect of the industry.

Mr. RICHARDSON. In your opinion, isn't this the way most time is purchased by advertising agencies for advertisers?

Mr. SEILER. Speaking of spot buying, for which our reports are most used, I would say in my opinion, this plays a very great part.

Mr. RICHARDSON. Would you say it was the greatest part?

Mr. SEILER. In my opinion, I would say at the present time, it is the greatest part.

Mr. RICHARDSON. Mr. Seiler, you have previously described your operation. You have given each of the committee members a copy of a report from his hometown. Would you basically list your different services that American Research Bureau performs?

Mr. SEILER. From memory, I would say they are these: We produce, on a regularly scheduled basis, reports similar to those the committee members have for each television market in the United States, with a very few minor exceptions. We also produce a national report, I believe six times a year, which is a national sampling covering the entire United States. We produce from time to time—the last one, I believe, being in 1960—a coverage study which shows by counties or groups of counties across the country which stations get into these counties and how well. In addition, we produce a great number of special tabulations and reruns of basic material to develop other facts.

Mr. RICHARDSON. Do you also, at times, use what you would term a national Arbitron system?

Mr. SEILER. Yes, sir, we do. That is an attempt to obtain an estimate on an overnight basis of the complete national audience to a network television program.

Mr. RICHARDSON. Let's go over each one of these. In your local reports, what system do you use to gather your information?

Mr. SEILER. The diary system. We call it the interviewer supervised diary system.

Mr. RICHARDSON. In breaking down this local report, what does your produced pocketpiece show for a specific market?

Mr. SEILER. In relation to the markets for which we produce these pocketpieces, as indicated inside, they give a program listing for the station, station call letters, an estimate of the total homes tuned to that station at that time, then the rating within just the metropolitan area. The homes are based on the total station area, then the metro share that this represents.

Then we break the viewers down by men and women and we further break men and women down by only those in the 18 to 39 age group. Then we show the viewers in the audience that are teens and children.

In front of the report, we also have some day-part audience share breakouts and other information of that sort.

Mr. RICHARDSON. In your local surveys, how are the homes originally selected?

Mr. SEILER. The homes are originally selected by, to perhaps oversimplify a bit, by the selection of sampling tracts or areas and what we call a systematic selection, which means one pre-designed, of names from telephone directories.

Mr. RICHARDSON. ARB, at least as far as the local report is concerned, would not go into nontelephone homes, is that correct?

Mr. SEILER. This is substantially correct. To set the record absolutely straight, there may be some exceptions. For example, I understand in an experimental study we did in Puerto Rico, because of the very low phone ownership, it was sampled and placed personally, by personal interview. But yes, sir, substantially telephone homes only.

Mr. RICHARDSON. Has the staff of the subcommittee visited you on different occasions?

Mr. SEILER. I can't recollect. I would say, to the best of my memory, several times.

Mr. RICHARDSON. On one of these visits, did the staff secure the diaries for a local report?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. For what market was this report?

Mr. SEILER. Louisville, Ky.

Mr. RICHARDSON. For the rest of the questioning in relation to local reports, we will use the Louisville market. You have stated that for the local reports that ARB produces a station total-homes figure?

Mr. SEILER. Yes, sir, I am referring to our current ones.

Mr. RICHARDSON. You also did, in March of 1962, for Louisville, Ky., is that not correct?

Mr. SEILER. Yes, sir; I believe so.

Mr. RICHARDSON. Do you have with you a copy of the Louisville report?

Mr. SEILER. I don't think I do; no, of that year, and I would appreciate one.

Mr. RICHARDSON. In relation to this report, would you give us the sample size for the total homes?

Mr. SEILER. There are two sample sizes for the total area here. I would prefer to speak in terms of effective sample size. For the total homes data. That would be 397.

Mr. RICHARDSON. What is your other figure?

Mr. SEILER. The other figure is 591 tabulated diaries.

Mr. RICHARDSON. What is the difference?

Mr. SEILER. The difference is that some weighting is employed. I can give you an example of how this might work.

Let's say that we have two counties that we are going to weight together to make a report. We also want to show one of these counties separately. We need enough diaries in one county so we can make a separate breakout. So let's say that we have 200 diaries in the one county where we are going to make the separate breakout, and 200 diaries in the other county, for a total of 400.

When we combine these counties, perhaps the first one we showed separately represented only 10 percent of the total. Well, actually, in mathematically weighting those together, the 200 diaries in the smaller county would not be required and would certainly not combine with their full weight. Therefore, we would reduce this number to something we call an effective sample, and this is an attempt to set a sample size that is realistic.

In this report, we have reduced the sample—we actually had 591 for the total area, but we are claiming 397.

Mr. RICHARDSON. 397 or 392?

Mr. SEILER. It is 397 here.

Mr. RICHARDSON. Out of this 397, then, you get the total homes listening to the stations in this specific market?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Or an estimate of the total homes?

Mr. SEILER. An estimate, yes, sir.

Mr. RICHARDSON. Does your audience composition not also come from this same information?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Also you have your metropolitan sample. What was the size of the metropolitan area sample in Louisville, Ky., March 1962?

Mr. SEILER. 160.

Mr. RICHARDSON. This would mean 160 what?

Mr. SEILER. This would be, with the exception, I believe, of about six nonviewing homes, the number of actual filled out tabulated diaries that we used in the report to make this metropolitan area breakout.

Mr. RICHARDSON. You have mentioned six nonviewing homes. Would you explain what you mean by that term?

Mr. SEILER. Yes; we call it our availability factor, and I would like to tell you why this has to be put in.

Let's visualize again a sampling that is drawn to be representative of a city. Let's assume that this sampling is drawn in the summer-time and that 20 percent of the people during this time we are measuring are away on vacation. We can't simply take the diaries from the people who are home that we get back and tabulate them, because we have completely left out the vacationing homes, who are away and whose nonviewing would not be represented. The result would be to inflate our figures, because the people who are away would not have a chance to put a diary in. So on the basis of work we have done through our interviewing staff, we determine approximately what this factor is, and in essence, an oversimplification, we add appropriate nonviewing records for those homes, and I believe, to the best of my memory, in Louisville at this time, this amounted to some 6 homes in this 160.

Mr. RICHARDSON. Your memory is correct.

Is this a percentage of the total diaries placed in the metropolitan market?

Mr. SEILER. Do you mean is the 160 a percentage of the total?

Mr. RICHARDSON. No, let me clarify that.

You have 160 diaries placed in metropolitan Louisville, the 3 counties there. Now you have placed into this 160, 6 diaries to take care of the situation where people may be on vacation and what have you.

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Let's say your sample in Los Angeles is 240. Would the same percentage apply to Louisville and Los Angeles, as to the number of these blanks that ARB would put into its sample?

Mr. SEILER. To the best of my knowledge, this factor might vary, depending on the month of the year and the market, and so on and so forth. But I guess the answer is, I don't know, at this point.

Mr. RICHARDSON. Would you be able to find out and tell us at some time later today? Or would you consult with somebody now?

Mr. SEILER. Yes, sir. Would you like me to try to refresh my memory in just a minute now?

Mr. RICHARDSON. Yes.

Mr. SEILER. Yes. This factor is the same for all markets for any one month, which is the same, but it does vary by months of the year and it is a percentage factor.

Mr. RICHARDSON. It is not something you just happen to throw in. It will be solid throughout the country in November, for example, for all markets?

Mr. SEILER. This is correct.

Mr. RICHARDSON. ARB's ratings in the Louisville report come from the metropolitan area sample; is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Would you explain for the committee what a rating is?

Mr. SEILER. Yes. In essence, a rating is an attempt to estimate the percentage of homes in an area tuned to a certain program at a certain time. This is a percentage of all television homes in that area.

In other words, if there were 100,000 television homes in a given area and 10,000 of these homes are tuned at 7:45 p.m. to station XYZ, the rating would be 10.0, or 10.

Mr. RICHARDSON. You have said the rating would be 10.0. Is that for a specific station?

Mr. SEILER. That would be for a specific station.

Mr. RICHARDSON. All right. From your Louisville sample of 160, what would the 10.0 represent?

Mr. SEILER. That would represent 16 diaries showing tuning to that program.

Mr. RICHARDSON. In other words, 10 percent of the sample at this time were tuned to a specific station?

Mr. SEILER. If the rating was 10, this is correct, yes, providing no tabulating errors were made or anything like that.

Mr. RICHARDSON. Certainly. Would you explain for the committee's benefit the term "sets in use"? I believe you used that term?

Mr. SEILER. Yes, sir.

"Sets in use" is a percentage figure showing out of all the television homes in the area what percent of them have their sets turned on at a specific time to any television whatsoever. It is the sum total of all of the tunings to the different stations.

Mr. RICHARDSON. I hate to be technical, but is it all homes in the area or a percentage of your sample?

Mr. SEILER. Specifically, the sets in use we develop here are the percentage of homes in our sample showing tuning at any one time to any station, versus our total sample base.

Mr. RICHARDSON. Then if you had a sets-in-use figure at 8:00 in the evening of 50, that would mean that in your sample of 160, 80 homes were tuned to—

Mr. SEILER. To something.

Mr. RICHARDSON. To some television station?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. That brings up another point. In your regular television reports, do you report all stations that exist in a particular market? Take Louisville.

Mr. SEILER. No, sir; not always. We attempt to report in the metro ratings all of the local stations. There are some exceptions to this in some markets. Generally we attempt to give a report in one pocketpiece or another, one of our reports or another, of every television station in the United States. There are some exceptions to this.

Mr. RICHARDSON. Well, let's take Louisville, Ky. There are three television stations in Louisville, Ky.; is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Let us say, for example, that WAVE is your only subscriber in Louisville, Ky.

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Will you also give the ratings during each period for the other two stations—that is, WHAS and WLKY?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. In other words, your service here is not just to your subscriber in this market, but it is a rating for every station within the market?

Mr. SEILER. Yes, sir. We decide the stations that legitimately belong in a report, and in Louisville, regardless of which subscribers we have, they would be in.

Mr. RICHARDSON. I don't believe this would exist in Louisville, but let's take Dayton, Ohio. You may not have the report here; you probably don't.

Dayton is located not too distant, as I remember it, from Cincinnati. Would there be a possibility for a Cincinnati television station to be listed in Dayton?

Mr. SEILER. I believe there would, yes, sir.

Mr. RICHARDSON. There are only two commercial stations in Dayton, is that correct?

Mr. SEILER. Yes.

Mr. RICHARDSON. Do you know or could you consult with someone and find out whether or not you actually do list other stations in the Dayton report, other than the two located in the Dayton city limits?

Mr. SEILER. I would like to, because there would be a distinct possibility in this case that one might cover, say, Cincinnati with another network.

I am advised that our current policy is that if a station outside of the market obtains a rating of 5.0 or better for at least 30 different time periods throughout the week, it is then included in that report, and in data at present, I am advised that no station from the outside is doing this. Therefore we are showing just the two.

Mr. RICHARDSON. This is true even though only two networks go into Dayton?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. You said 30 time periods. Would you describe to the committee what a time period is in your interpretation?

Mr. SEILER. A time period is either a quarter-hour or half-hour separate period shown in our report.

Mr. RICHARDSON. Maybe I'm wrong. Do you submit some of it by half hours? I thought all of it was by quarter hours.

Mr. SEILER. I have further been advised that the rule is programs instead of time periods—separate programs.

Mr. RICHARDSON. So if it was an hour show, it would mean a station would have to come in for 30 hour shows—different hour shows—with a rating of 5 or better.

Mr. SEILER. If all shows were hours shows, I presume this would be so, yes, sir.

Mr. RICHARDSON. I realize this.

If this were daytime, however, for the program to be in this 30, it would have to be a Monday-through-Friday program, is that correct? You do not report separately on a program daily during the day part hours of 6:30 a.m. to 6:30 p.m.?

Mr. SEILER. I am not as familiar with that rule for including and not including as I was several years ago.

Mr. RICHARDSON. Well, basically, during the daytime, a program is reported just once for the 5-day period, Monday through Friday, is that not correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. So to have one of these 30, you would have to have a program with sufficient audience for the five periods during the week?

Mr. SEILER. If it is shown on the Monday-Friday average and there was turning to it, I am advised it would count as five different programs.

Mr. RICHARDSON. As far as the nighttime listening is concerned, I believe you report from 6 p.m. to 12:30, this would mean for each different program. If the program was on from 6 to 6:15 p.m., that would be one program—let's say the news. If a program then came on at 7 o'clock and was a 30-minute show, that would be a program?

Mr. SEILER. Yes.

Mr. RICHARDSON. So an outside station, through this combination of daytime programs on a Monday through Friday basis, that program, even though it is on five times, would only be equal to one, because it is figured as an average, whereas on the other situation, each program at night is rated separately; therefore, each 15-minute program or 30-minute or hour program would be rated separately for your market?

Mr. SEILER. I would like to check that if it has to do with just once or has to do with two consecutive times.

I am advised that one time is enough except under special conditions. If a station, for example, has only been getting in to the extent of 15 different programs a week, and suddenly it jumps to 40 one particular month and perhaps there is a reason for this—this was the only station, let's say, carrying some outstanding sporting event that everybody made a tremendous effort to tune in on, or it had a group of programs like that—we might regard it as a one-shot performance and not put them in. On the other hand, if another station had been running 31 programs a week regularly and suddenly one time dropped to 28 or 29, I don't believe we would take them out.

Mr. RICHARDSON. You also list a share in your local reports?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. From which of your samples does that come?

Mr. SEILER. That comes from our metro area program.

Mr. RICHARDSON. Would you describe for the committee what a share is?

Mr. SEILER. Yes, sir. A share is one of the basic figures we use in audience measurement. It is attained by comparing the total tune-in with an individual rating.

In other words, if the "sets in use" happen to be 40, which is 40 percent of the sample homes tuned to any kind of television, and if a station's individual rating happened to be 10, which would mean 10 homes

tuned to that out of the total TV homes sample, then that station share would be 25 percent, because the 10 is 25 percent of the total tune-in of 40.

Generally, you will hear two things spoken of quite often in this industry, rating and share. They are both very valuable figures.

Mr. RICHARDSON. Concerning your local reports—let's take Louisville again. You had 160 diaries which you tabulated. Would you explain as to what period those diaries covered?

Mr. SEILER. Normally, in our local measurements, the diaries cover more or less equally a 4-week period. This is subject to exceptions, also. When one of the weeks happens to be a week, perhaps, that has a time change in the middle of it or other problems of that sort.

But normally, we attempt to measure a 4-week period with approximately a fourth of our total sample diaries running each of these 4 weeks.

Mr. RICHARDSON. This would be both for the metropolitan area and the remaining area?

Mr. SEILER. The total area.

Mr. RICHARDSON. I believe you have now given us a fairly good description of the local reports. Let us check next the national reports which you have mentioned. Would you explain how they are produced?

Mr. SEILER. Yes, they are produced in a somewhat similar way to the local reports, except that instead of measuring a local market, we regard the whole United States as if it were one local market and we attempt to distribute a sampling in proper proportion and have it properly drawn to represent the entire United States. We then extract from these diaries homes reached and a great deal of demographic data, our audience characteristic data for network programs.

Mr. RICHARDSON. Is this all done by diaries, your national report which we are now discussing?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. How many times a year do you produce this report?

Mr. SEILER. We have been producing it six times a year.

Mr. RICHARDSON. You have stated that you use the telephone method of securing your households: is that right?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. This system also applies to your national sample?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Do you make any toll calls in the placement of diaries, in your national diary sample?

Mr. SEILER. Yes; we do. We attempt to contact each home in both the national and local samples at least once by telephone, which is for the purpose of placement of the diary. We make additional contacts in nontoll zones, but I believe in the toll zones, the original call is the only one we use.

Mr. RICHARDSON. In relation to these calls, these are placed by interviewers in the local markets; is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. For your national sample, would you have interviewers in other markets in addition to those which you normally use for local surveys?

Mr. SEILER. I don't believe so, because in our local measurements, we cover substantially every county and every local market. So wherever we needed them for a national, I assume we would have them.

Mr. RICHARDSON. And the difference would be the total calls?

Mr. SEILER. Yes.

Mr. RICHARDSON. Does your national report cover the mountain time zone of the United States?

Mr. SEILER. Yes, sir; fully and completely. I checked the sampling points.

Mr. RICHARDSON. How many sampling points do you have in the mountain time zone?

Mr. SEILER. I believe the figure was either—approximately 3 percent of our total national was distributed through the mountain time zone.

Mr. RICHARDSON. Basically, though, you would sample for this national report every television market in the mountain time zone; is that correct?

Mr. SEILER. Not necessarily; no, sir. But it would be a proportionate sample in which all markets in all areas of the country had their proper chance of getting in. We have a great many more diaries in the mountain time zone, for example, that would go in the national because of our local reports in Denver, Salt Lake City, and so on and so forth.

But mountain time zone diaries in approximately their correct proportion are incorporated in our national.

Mr. RICHARDSON. I am sure that Congressman Brotzman will be glad to know that you measure at least Colorado.

Concerning ARB's special tabulations, are these just special orders placed with your company by advertisers and—

Mr. SEILER. In most cases, yes. In some cases, we'll make some tabulations we feel might be of special interest and issue them to our clients.

Mr. RICHARDSON. Your national Arbitron is not done on a regular basis?

Mr. SEILER. No, sir; national Arbitron now is on a special basis.

Mr. RICHARDSON. When was the last time you did it on a regular basis?

Mr. SEILER. The last time, I believe, was in the fall of 1960, when we had approximately 13 syndicated weeks.

Mr. RICHARDSON. Would you describe the system you use to gather the information for your Arbitron sample?

Mr. SEILER. Yes, sir.

I might say at this point that a number of years ago, we developed an electronic instrument for measuring the tuning of the TV set. This instrument fits inside or on the set and transmits through, you might call it multiplexing, on leased lines, back to a central point the condition of a great number of sets almost simultaneously. At one point we had these instruments installed in some seven large areas of the country, which made up something over 20 percent of the population of the United States. Because we attained this information instantaneously, but because it did not yet cover the whole country, we attempted by adding telephone coincidental surveys, which also can be available on an overnight basis, in the remaining areas of

the country not covered by our instrument, putting the two together and getting an overall national result the next morning.

Since the inception of this, we have pulled most, if not all, of our Arbitron instruments out of all markets except the New York consolidated metropolitan area, where we produce a local service from these instruments.

We combine these instruments, New York being approximately 10 percent of the whole country, with telephone coincidental work in the rest of the country for national Arbitron results on an overnight basis, but on special order only.

Mr. RICHARDSON. When you say "overnight basis," you mean you have the results ready for the customer the next morning?

Mr. SEILER. For the program of the evening before; yes, sir.

Mr. RICHARDSON. In relation to your national Arbitron, what was your sample size?

Mr. SEILER. To the best of my recollection, on an effective sample base and using the combination of the 2, between 1,500 and 2,000 per program period.

Mr. RICHARDSON. How many Arbitron homes do you have in the New York area?

Mr. SEILER. We have at this point, again to the best of my recollection, we are building up the sample at this point. The last sample I saw was 331 instruments installed and capable of working. At that particular point, because we are working toward a 400 sample, I believe the actual reporting on any one half-hour was about 267.

Mr. RICHARDSON. Now, when you say "267," what do you mean?

Mr. SEILER. I mean 267 different instruments actually sending information in that was used in compiling our report.

Mr. RICHARDSON. From different homes? That is what I am looking for.

Mr. SEILER. Not necessarily. There are some homes that may have two television sets with an instrument in each one.

Mr. RICHARDSON. Would you know how many homes, then, you have in this system?

Mr. SEILER. At this point, because I don't know that set distribution and because the sample is in a state of being doubled in size, I would have to guess. I would say approximately 230,235.

Mr. RICHARDSON. Would you at a later time supply that for the record?

Mr. SEILER. Yes, sir.

(The information requested is as follows:)

On the 1st of October 1961, ARB had 246 units in 204 homes in its New York Arbitron sample.

Mr. RICHARDSON. You said you also sold this Arbitron system, the local report of New York City, as a separate system?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Is it produced for the subscribers on a daily basis, once a week, once a month, or what?

Mr. SEILER. It is produced once a week. And I believe in a consolidated basis like this, about 10 times a year.

Also, clients have the option of receiving daily information by teletype overnight.

Mr. RICHARDSON. How many subscribers do you have in relation to local market television reports; station subscribers?

Mr. SEILER. Station subscribers? Something in excess of 400 different stations, and with your permission, I would like to get a nod on that.

I am advised approximately 410 stations. This is all television; we do no radio substantially.

Mr. RICHARDSON. Since you have mentioned that you do no radio, why don't you do radio?

Mr. SEILER. To be completely frank, my feeling is that we don't know how to do it.

Mr. RICHARDSON. Would you expand on the statement, "we don't know how to do it?"

Mr. SEILER. Yes, we had a radio service a number of years ago and we, in effect, resigned our accounts and told our clients that we were not continuing. This was a great number of years ago. Our reasoning is that radio has become such an individual activity, with each family member doing something different, it is so dispersed all over the area—out in cars, on beaches with little portable radios—and a number of sets scattered through the house, plus the fact that so many stations are now programing music and news in a sort of similar way, and a great many people, according to our information, aren't even aware of the station they are listening to at the time they are listening. And on top of this, the radio broadcasters have proportionately less money to pay to have this done, and also proportionately lower ratings than television, which means a bigger sample to differentiate.

You are simply, in my opinion, faced with a technical job that we are unable to solve, plus an economic barrier that seems so formidable, I just feel we cannot go into the business.

Mr. RICHARDSON. Would the diary method, in your opinion, adequately measure radio?

Mr. SEILER. Perhaps, if you had a specially developed diary and if this diary perhaps measured each individual separately.

Mr. RICHARDSON. Let's take a home diary.

Mr. SEILER. I would answer that this way, sir: I don't really know, the fact is, at the moment we do diaries and we haven't a diary radio service.

Mr. RICHARDSON. You have stated that ARB's sample size in Louisville in 160. There are three commercial television stations in Louisville?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Do you consider the 160 sample adequate for measuring these stations in Louisville in the metro area?

Mr. SEILER. I would like to make a statement on that here which may answer future questions.

I don't think there is any such thing as an adequate or an inadequate sample. Actually, a sample of two will give you a vague indication of some type of facts. On other things, a sample of 10,000 is not adequate. It depends on what you are trying to measure and how much error you are willing to tolerate, how close an estimate you want.

I would say this, that for the amount of money that is available to do the sampling job in Louisville and given the fact that these

are to be used only as approximations to develop the areas in which the audience lies, if you are willing to accept them on that basis, which is the way they ought to be used, then I say a case can be made for the 160 being adequate.

Mr. RICHARDSON. Might I ask, in your opinion, is that the way they are used?

Mr. SEILER. I would say in some cases yes, and in some cases unfortunately, no.

I might further add that the 160, that we would advocate that our clients use the total homes, which are based on a considerably greater number of diaries than the 160.

Mr. RICHARDSON. We had testimony last week that stations get a large amount of orders; "furnish a certain number of rating points." What would that be?

Mr. SEILER. That would be rating points.

Mr. RICHARDSON. You say a sample of two might be adequate. This is theory. Would a sample of two measure at any one time the three television stations in Louisville, Ky.?

Mr. SEILER. Not adequately, in my opinion.

Mr. RICHARDSON. What would be the average percentage of "sets in use" in Louisville?

Mr. SEILER. It depends on what part of the day you are talking about. I would say throughout the evening, 50 to 55 percent of the sets turned on.

Mr. RICHARDSON. Let's take 50 percent of the sets turned on—that would mean that you have 80 diaries, or 80 homes measuring the market. Would you say that these 80 would adequately measure the 3 stations?

Mr. SEILER. Again, depending on what your standards are. If you are willing to tolerate the variance and the amount of error that a sample of that size produces, then the answer is "Yes." If you want to know on a basis of much less variance, the answer is "No."

Mr. RICHARDSON. Let me give you a hypothetical case and see what you would think the sample size would have to be. And we'll now go back to radio.

Let's say that we had 10 AM stations, commercial stations in a market, and the "sets in use" was 10, which would mean that 10 percent of the sample was listening. To measure those 10 stations with the 10 percent "sets in use," what would be your opinion as to what an adequate sample size would be, and you may consult with your statistician.

Mr. SEILER. Well, again, I would have to—a statistician can't help me much here, actually.

Mr. RICHARDSON. This sample size would be for the decisions that are made from ratings.

Mr. SEILER. Again, it is a question, a case of how much risk you are willing to take and how much variance you are willing to tolerate. I would say certainly, the sample should be large enough so that each station would have a chance of getting shown. For example, it certainly would not be a good idea, with 10 stations in the market to have a sample that only showed 9 homes tuned in. You could not possibly even take care of the 10 stations that way.

Mr. RICHARDSON. Do you think you could take care of it with 100?

That would be 10 stations turned on—10 stations. Each station would have a chance, one chance. Would that be an adequate sample size?

Mr. SEILER. Again, it would be dependent on the variance you are willing to tolerate. For instance, if you simply wanted to tell from this that one station had practically all the audience and the other nine were down here with practically none, you could make a case for this being quite adequate. If you wanted to show each of the station's ratings separately and you know, wanted to know that each one had a point lead over the other, really had that lead, and could not have a variance, if you would not tolerate a variance, I would say your sample had to be run into many thousands. It has to depend on the standards the users want to sell.

Mr. RICHARDSON. Mr. Seiler, in relation to statistical theory, is every sample that is drawn a good sample?

Mr. SEILER. In relation to pure statistical theory, no sample that ever ends up in a report is a perfect sample.

Mr. RICHARDSON. But let's say it was outlined as directed. Is every sample a good sample, or are there exceptions?

Mr. SEILER. By "every sample——"

Mr. RICHARDSON. In other words, if you drew a hundred samples, how many of them would probably be good samples?

Mr. SEILER. According to statistical theory, they would all be good samples—they would all be equally good if they were all drawn in the same way by the same methodology.

Now, some of those on certain measurements would show variances a lot more than certain others, because your laws of sampling work that way.

The CHAIRMAN. The committee will recess until 2 o'clock.

(Whereupon, at 12:05 p.m., the hearing was recessed, to reconvene at 2 p.m. on the same day.)

AFTERNOON SESSION

The CHAIRMAN. The subcommittee will come to order.

Do you have Mr. Crutchfield with you?

Mr. SEILER. Yes, I do.

The CHAIRMAN. There are some things that we would like to discuss with you. Would you bring him around, so that he can testify?

Mr. SEILER. All right, sir.

The CHAIRMAN. Will you be sworn? Do you solemnly swear that the testimony you are about to give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CRUTCHFIELD. I do.

The CHAIRMAN. Before we start, Mr. Crutchfield, will you identify yourself for the record, please, sir?

TESTIMONY OF JAMES W. SEILER (RESUMED) AND RALPH CRUTCHFIELD, STATION SALES MANAGER, AMERICAN RESEARCH BUREAU

Mr. CRUTCHFIELD. My name is Ralph Crutchfield. I am a resident of Laurel, Md., and station sales manager for the ARB Division of the CEIR, Inc.

The CHAIRMAN. How long have you been with your present employment?

Mr. CRUTCHFIELD. I have been with CEIR and before that ARB, for about 5½ years now.

The CHAIRMAN. Mr. Richardson, I believe that you were going into some of these details.

Mr. RICHARDSON. Thank you, Mr. Chairman.

First of all, to clear up a couple of questions of this morning.

Mr. Seiler, how many homes did ARB have in its New York Arbitron sample last year while we were investigating?

Mr. SEILER. I am going to give you an approximation. I have not had time to check with the New York records. And, also during the period that you were investigating, due to the fact that we were modifying our sampling and improving it, there were different numbers at different times.

Mr. RICHARDSON. Would you supply for the record, sir, the samples as of October 1, 1961?

Mr. SEILER. I will attempt to obtain that. And I could say for the record now that my best opinion would be as of an average time during that period, approximately, 200 effective homes.

Mr. RICHARDSON. Mr. Seiler, once again let us go to the situation where if you had 100 different samples, and using a two Sigma statistical chart, which basically means that the accuracy from this would be 95 times out of 100, if I understand it, how many of these different samples would fall outside the significant variance of the two Sigma chart?

Mr. SEILER. If I understand correctly, if you rated a program or measured a program audience with each of these 100 samples, the chart would show you a certain expected variation. Let us say at a rating of 10 the variation might be in a certain sample size 3 points in either direction. In approximately 20 out of those 100 cases the laws of statistics state that the variance would be even greater than that; in other words, 95 times out of 100 you would be within that range of 3 points either way, but the other 5 times, you would be—the other 5 percent—

Mr. RICHARDSON. It should be 5 instead of 20?

Mr. SEILER. Five percent instead of twenty—you would be even beyond those limits—pardon me, it is 5 instead of 20.

Mr. RICHARDSON. Thank you, Mr. Seiler.

Mr. Crutchfield, did you have a complaint from the Abilene, Tex. market last week?

Mr. CRUTCHFIELD. Yes, sir.

Mr. RICHARDSON. Are the dates on which your company does its surveying in all television markets of the United States known?

Mr. CRUTCHFIELD. They are.

Mr. RICHARDSON. All of the stations in the market know, or just the subscribers?

Mr. CRUTCHFIELD. All stations are advised of those dates.

Mr. RICHARDSON. You received a complaint from a TV station in Abilene, Tex., while this hearing was going on last week; is that correct?

Mr. CRUTCHFIELD. Yes, I did.

Mr. RICHARDSON. This involved KPAR-TV, Abilene, Tex.?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. And KRBC of Abilene, Tex.?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. This had to do with hypoing, is that correct?

Mr. CRUTCHFIELD. Yes, it did.

Mr. RICHARDSON. Would you explain the American Research Bureau's system as to whether or not it decides a situation is hypoing?

Mr. CRUTCHFIELD. We feel that we have an obligation to all of our clients to try and control the obvious hypoing of ratings, particularly those in the area of giveaway contracts where an effort is made to literally buy the audience during a rating period. We do not feel that we have the right to police a station's efforts in the area of promotion at all times, so that we have developed a set of rules under which we will carry a no report, indicating in our opinion that unusual promotion is taking place, which may or may not have an effect on the ratings.

Mr. RICHARDSON. And the particular market we are discussing, under KRBC, which is channel 9, an NBC affiliate, it was running a quickie quiz contest; is that right?

Mr. CRUTCHFIELD. As I understand it.

Mr. RICHARDSON. Let us see if this is also correct. KRBC-TV would come on and state that if the person identified when he was called on the telephone—not over the air but by a separate telephone call—if he identified a certain program, from clues given on the air, he would receive some type of product; is that correct?

Mr. CRUTCHFIELD. That is correct.

Mr. RICHARDSON. However, this station was going to run this contest for over 13 weeks?

Mr. CRUTCHFIELD. This station planned to run it for a minimum of 13 weeks.

Mr. RICHARDSON. Which would take it outside of what your definition of hypoing is?

Mr. CRUTCHFIELD. Which we feel is not a rating hypo, inasmuch as it is covering a full fourth of the broadcast year.

Mr. RICHARDSON. How many times do you survey that market?

Mr. CRUTCHFIELD. We survey that market twice a year.

Mr. RICHARDSON. Now, then, the other station, KPAR-TV got into the act; is that correct?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. And it started offering over the air last week, while these hearings were going on, \$5 for anyone who would bring in a diary from either television surveying company, is that correct?

Mr. CRUTCHFIELD. That is correct.

Mr. RICHARDSON. Do you know how many diaries it got?

Mr. CRUTCHFIELD. I do not know. They have said that they would be willing to let us examine their records.

Mr. RICHARDSON. Is it not true, at least from anything either you or I know, that this station was advertising that if the diary keepers would bring in the diary and let them get the serial number from it, that the people could take the diary back and go home?

Mr. CRUTCHFIELD. That is correct.

Mr. RICHARDSON. Would it surprise you if that station owner said that he had received in 4 days last week over 10 diaries?

Mr. CRUTCHFIELD. No. I might have expected a few more.

Mr. RICHARDSON. How many diaries would you say you mailed to that market for last week?

Mr. CRUTCHFIELD. Somewhere in the area of 70 or 80, and that is a guess.

Mr. RICHARDSON. How many diaries comprise the metro sample for that market?

Mr. CRUTCHFIELD. I believe our sample-size requirement for that market for rating purposes would 150 or 160.

Mr. RICHARDSON. Then if someone—I am not saying that this station did—if someone got the control of 10 diaries, in your opinion would it have an effect on the ratings in that market?

Mr. CRUTCHFIELD. It could have a very decided effect.

Mr. RICHARDSON. Needless to say this is a problem that a rating company faces, but by the same token, the other station faces a bad problem if the hypoing situation is going on and it feels that its economic life is being strangled—would you say that this station has a problem here in relation to hypoing, even though it does not come within your normal definition?

Mr. CRUTCHFIELD. Yes. I suspect this problem is maybe more emotional than real.

The CHAIRMAN. It is what?

Mr. CRUTCHFIELD. It is maybe more emotional than real. It has been our experience in looking at a lot of rating reports in which contests have taken place that it is very difficult to find any substantial change in the audience pattern or any change that you could directly attribute to a contest.

Mr. RICHARDSON. You have a situation here, though, where at least an effort has been made, you would say?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. Although it was outside of your limits. However, the 13 weeks only comprised a fourth of a year, approximately, is that correct?

Mr. CRUTCHFIELD. That is correct.

Mr. RICHARDSON. But ARB only measures that market twice a year. Correct?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. So actually, if a station were to do this for 26 weeks of the year, that would be all that would be required in relation to your measurements—he could have the benefit of any hypoing he did for the full year in that market, and all of the time that was bought in that market would be bought without any indication shown that a station hypoed?

Mr. CRUTCHFIELD. Yes, I think that your use of the term “hypo” and ours is probably a little different. I think what any station does over the same period of time to build up viewing to that station is not a hypo, but it is an honest effort in the area of promotion to build viewing, and listening, to the station.

The CHAIRMAN. Before we go any further, suppose you define hypoing—what do you mean by hypoing?

Mr. CRUTCHFIELD. Hypoing, as we would think of it, would be an effort made during a survey to abnormally influence the viewing to that survey or the most common practice is some form of contest where substantial prizes are given, and the only way that you can win these

prizes is to be viewing the station, to pick up clues; telephone calls are made, or in some such way, so that they are forcing you to watch the station to be eligible for a prize.

The CHAIRMAN. Do you notify the station that you are taking that rating?

Mr. CRUTCHFIELD. Yes, sir; we do. It is too big a secret to keep.

I mean by that, when you are interviewing some 300 to 500 families in a market, the chances are that some 1 person from at least 1 station will become aware that the measurement is being done in the market. Consequently, I believe it would be unfair to try and do it secretly and have one person find out and the other one not find out.

The CHAIRMAN. Do you notify all of the stations in the market when you are going to make or take measurements?

Mr. CRUTCHFIELD. We endeavor to notify all stations. We publish our schedule in the back of each and every one of our reports.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Then you would normally think that if you mailed out these diaries to a market, that sometime during the period, someone would tell a station that he had a diary?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. Does it not tend to be true that the stations run much better movies during the rating period?

Mr. CRUTCHFIELD. Yes.

Mr. RICHARDSON. So at least hypoing becomes a problem in relation to an accurate measurement in the broadcasting industry?

Mr. CRUTCHFIELD. Yes; it does.

Mr. RICHARDSON. Would you care to tell for the record what you contemplate doing in relation to stopping the station from giving \$5 per diary?

Mr. CRUTCHFIELD. I said that we could probably print diaries faster than they could print \$5 bills, and that we might send in 10,000 real quick.

Mr. RICHARDSON. Have you done so?

Mr. CRUTCHFIELD. No.

Mr. RICHARDSON. Would it surprise you if this station manager had diaries from two different companies?

Mr. CRUTCHFIELD. No; I would expect that he would.

Mr. RICHARDSON. Do you know of very many such situations that go on during the rating periods?

Mr. CRUTCHFIELD. A situation such as this one?

Mr. RICHARDSON. Yes.

Mr. CRUTCHFIELD. To my knowledge, this one is unique.

Mr. RICHARDSON. This may be an unfair question, but if there are only two surveys taken in the market during the year, and it has been very well established that this is where the money comes from on a national basis that goes into every market, do you blame the one fellow very much, the one that is now trying to find out what the other station is doing?

Mr. CRUTCHFIELD. I am not sure I understand what you mean.

Mr. RICHARDSON. If your economic life—at least, it seems fairly apparent that this is what the ratings mean to a broadcaster—if your economic life is at stake and another fellow is running a contest which certainly may change the rating unfairly, would you, if you were a station owner, sit there and do nothing about it?

Mr. CRUTCHFIELD. No. I think that I would try to do promotion to counter this—a possible promotion in the area of a contest.

Mr. RICHARDSON. Thank you. I thought that the committee should be aware that this is going on right now while we are having these hearings, and it is in relation, certainly, to a problem in getting true ratings in the market.

I will refer these questions to Mr. Seiler. For your system in the local markets, other than New York City, is your sample permanent or not, Mr. Seiler?

Mr. SEILER. Our sample is what we call a rotating sample, in that we attempt to select entirely different homes for each survey, and except by some remarkable coincidence that there is a phone directory being redesigned, no home is ever used twice.

Mr. RICHARDSON. At least it is your intention to use the home only one time?

Mr. SEILER. This is our intention.

Mr. RICHARDSON. How do you mail the diary to the home from the office? By that, I mean is it in a plain envelope, or how does it arrive?

Mr. SEILER. It goes out—it goes out in an envelope with our address on it. And I cannot state positively at this time exactly the way the envelope looks now. We are changing the design.

Mr. RICHARDSON. But it is definitely identified so that someone will know it comes from ARB?

Mr. SEILER. Oh, yes, yes. You could pretty much tell it is an ARB diary. It would have our return address and name on it.

Mr. RICHARDSON. Let us say that I am a station manager and I realize the importance of ratings, and although there may be something ethically wrong with this, there is no current law against it as I understand it. So I decide that I will ask my friend in the Post Office Department to check and see if anything like these diaries comes through, and he slips me the names off of a few of these diaries, and I check out the homes. Could this be done?

Mr. SEILER. Yes, it certainly could. And this, of course, is not a new problem to us. Almost the day after surveys were invented somebody started inventing ways of trying to gain an advantage. And we are not without weapons in this, because almost every one of these attempts to interfere with hypo ratings comes to the attention of the station's competitors. And we usually always are notified way ahead of time that something is going on. Also our own sample homes, if they are approached, tend to report this to us. And if when we find out about an attempt like this, if it is something that has completely invalidated the survey, we simply would not issue the survey at all and withhold it.

And if it is something that might have some effect on the ratings and someone is obviously trying to promote more tuning and forcing viewing to the station, usually a notice in the report stating exactly what is being done, with the further statement that we do not know what effect, if any, this will have on the results, usually, in my opinion, results in the user of this report in buying time mentally subtracting more from the station's rating than the station could get by the hypoing. And generally, again in my opinion, the station loses more by trying this than they gain. And some of them just do not realize it.

Mr. RICHARDSON. You said that you usually know these. These are the ones that you are informed about?

Mr. SEILER. Yes.

Mr. RICHARDSON. Let us say that the station owner was more sophisticated than the ones you have mentioned.

Mr. SEILER. He will have either to get hold of some diaries and fill them out himself and send them back, or he has got to persuade some of our selected families, who have been selected just this once, to change the viewing or the recording in their own diaries. And my feeling is that you simply cannot approach too many people in a normal American city and get them to do this without somebody running up the flag.

Mr. RICHARDSON. You are speaking about the situation where you use a house only one time. What if a sample were permanent?

Mr. SEILER. I would be more concerned in this case.

Mr. RICHARDSON. Do you have any permanent samples?

Mr. SEILER. We have in New York.

Mr. RICHARDSON. ARB has a sample which is a permanent sample in New York which is composed of a system that uses the telephone lines; is that correct?

Mr. SEILER. Leased lines which are leased from the telephone company, yes.

Mr. RICHARDSON. What if a New York man had a friend at the telephone company?

Mr. SEILER. If you had a friend who was willing to violate all of his responsibilities, I imagine that he could determine the location of some of these homes.

Mr. RICHARDSON. If I determined the location of these homes, and they were permanent homes, I could be more careful in those that I selected, could I not?

Mr. SEILER. I would imagine so.

Mr. RICHARDSON. A few years ago in New York City, Life magazine advertised for a permanent-type sample home, did they not?

Mr. SEILER. I believe I recall that they did; yes, sir.

Mr. RICHARDSON. They advertised for homes just to send their names and addresses to a post office box; is that correct?

Mr. SEILER. I believe so; yes, sir.

Mr. RICHARDSON. Did they not get some of ARB's homes in this manner—permanent homes?

Mr. SEILER. I was told that they did; yes, sir.

Mr. RICHARDSON. Do you know whether or not they got anyone else's?

Mr. SEILER. I was told that they also received them from one other service.

Mr. RICHARDSON. In New York City, since we are on the permanent sample, what do you pay the homes that are in your instantaneous meter sample?

Mr. SEILER. Again, from my own recollection, at the time the instrument is installed and we gain the permission of the home, some premium such as a set of steak knives or something like that is given to the family. And the last time I checked beyond that for the total time the home retains the instrument we pay one-half of the servicing charge that they incur on their television set. They simply get the set repaired and we pay one-half of the bill.

Mr. RICHARDSON. In New York City, at least, you said at one time there were at least over 200 effective homes in your sample—a year ago?

Mr. SEILER. Yes, there are today.

Mr. RICHARDSON. Then it would take under three homes—if a station owner or anyone were able to control these three homes to make a rating point, is that correct?

Mr. SEILER. Two homes.

Mr. RICHARDSON. I say it would take under three? You say it would take two homes?

Mr. SEILER. Assuming that the sample is exactly 200.

Mr. RICHARDSON. Since we are on the sizes of samples, and we have discussed the size of the Louisville sample and we have discussed the size of the New York City instantaneous sample, would you briefly discuss the size of your samples in metro areas in different types of markets of the country?

Mr. SEILER. Actually, there are a number of things that determine your sample size in the metro area. One is the size of the market itself. Another is the number of stations in that market that you are going to be dividing up. And another is simply the economic factors that we are dealing with. Certain markets may wish somewhat higher metro samples.

Our sample, generally, varies in the metros between 150 actual up to 225. And in some we will have somewhat larger samples than this. But I should also like to say for the record that we regard these metro samples simply as an additional breakout of use to some people who want to get a somewhat better idea of what stations might be doing under equal competitive conditions. And this, in our opinion, should not be used as a measurement of the whole market. The total area and total homes should be used. But inasmuch as some stations' signals go out a lot farther than others and you may have mixed markets where some stations are UHF and some are VHF and, of course, the VHF's go out quite a bit farther, you may have a disparate result in the total area, but it is due to the fact that a signal strength has a lot to do with it, and if you make a breakout, just from the metro which is usually the single-home county you can then get an idea of what the stations do against each other when, presumably, conditions of reception are equal. And this is why, basically, we put the metro rating in. We advocate that the total homes measurement be used for the purchase of time. And the samples there are considerably larger.

Mr. RICHARDSON. This is what you advocate, and what you do like to see, but we had a great amount of testimony last week that they buy and send out orders, "we want a certain number of rating points." What you advocate and what actually happens as policy does not seem to be the same, does it?

Mr. SEILER. I feel that we are gaining in this concept. A few years ago almost everybody bought on these metro points. I feel that great progress has been made and that the minimum number of agencies are buying in that fashion.

Mr. RICHARDSON. It certainly did not sound last week as though the experience of the broadcasters was like that. In relation to the booklet of Louisville which you have in front of you, the number of the tabulated diaries for total homes was 591?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. And then you had an effective sample base total homes of 397?

Mr. SEILER. Yes.

Mr. RICHARDSON. Could you explain—I know that you did briefly—but would you explain in more detail the differences between these two figures?

Mr. SEILER. Yes. The figures mean that we actually tabulated for this whole report 591 diaries, but we had a disproportionately large number in the metro, so that we would be able to break out separate metro ratings, and when we combined the metro diaries with the outer area we did not just add them together, because they had to be confined in the same percentage as the metro is to the outer area in television homes. And when you make a weighted combination of that sort, for statistical purposes, to compute effective sample size, you must reduce somewhat by rather complex formulas the number of diaries of the sample size that you should claim.

Mr. RICHARDSON. Then there certainly is weighting that takes place in the total homes figure?

Mr. SEILER. Normally it is the weighting down of the metro diaries. Sometimes it is the other way around.

Mr. RICHARDSON. ARB's report listed a sample of 160 homes for metro Louisville. If my memory serves me correctly, metropolitan Louisville has a population of about 733,000—pardon me.

Mr. SEILER. Pardon me—go ahead.

Mr. RICHARDSON. Could you tell me what the population is for the surrounding area where you got this much larger number of diaries from?

Mr. SEILER. I can read it to you from my report here.

Mr. RICHARDSON. Okay.

Mr. SEILER. We show 199,200 estimated television homes in the metro area and the estimated television homes in the total survey area we show as 492,200. This means that the Louisville metro is, approximately, 40 percent of the total area.

Mr. RICHARDSON. And yet you only got 40 percent of the diaries?

Mr. SEILER. Yes, this is correct. And apparently here the weighting went the other way around.

Mr. RICHARDSON. Actually, in this metro area here where clearly all stations can reach the diary homes, each survey home represents more homes than those in the surrounding area of the market?

Mr. SEILER. Yes. Well, perhaps I could give you another word of explanation here. This happens to be a March report. And in November and March we do what we call our sweeps. And these are measurements—these are measurements of practically every TV market in the country. And the way we do this is not to do a separate survey for each market with its own sampling—we sample the entire United States with a great many diaries. I think, approximately 55,000 returns are tabulated, and we have these diaries proportioned across the whole country, and these between them get all of the viewing that occurs in this sample to all stations in the country. We then, in effect, take these diaries and begin market by market taking each station in each market and searching the diaries for viewing as to these particular stations. For example, if we were making a Louis-

ville report, to greatly oversimplify this, because it would be a little more complex, we would, in effect, instruct the computer to search all of the viewing data for the whole country and pull in any Louisville viewing that occurred, no matter where it was, and combine it and attribute it to each of the stations, so that if these Louisville stations are producing viewing 100 miles away it would theoretically be pulled in and the diaries in the Louisville outer area also are used to make other reports. For example, we might use some to make an Evansville, Ind., report. The western part of the Louisville area might be the eastern part of the Evansville area. And in some cases—and Lexington, of course, we have the report for that. Now in some cases we have a great deal more diaries in that Louisville outer area than we would really need if we were measuring only Louisville. So we use these. And this is the reason for your 591. You are correct in your statement that if we were measuring only Louisville and we wanted 160 in the metro we would only have to put something over 200 more in the outer area because of the 40-60, but the sweeps where we use everything we have also the reason for that larger number and why we have to reduce it to effective sample size.

Mr. RICHARDSON. In November and March you do surveys in Louisville; is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. And then you do another one; when, in May?

Mr. CRUTCHFIELD. May, June.

Mr. SEILER. May, June.

Mr. RICHARDSON. Would the sample size for a May-June report for Louisville, Ky., in the metro area necessarily be 160?

Mr. CRUTCHFIELD. Yes.

Mr. SEILER. I would say yes, sir, give or take a few. Those metro sample sizes are normally set for any report we do in the market.

Mr. RICHARDSON. If you only get effective results from 145 homes, what would happen?

Mr. SEILER. We would have to make a decision as to whether to issue the report or not. If it falls below our minimum, normally, there would be a question about issuing it. Occasionally, when we are a little bit below we make this decision.

Mr. RICHARDSON. In a situation where ARB was 15 diaries below, what all would encompass this decision—and I assume that 160 is the minimum here?

Mr. SEILER. I am not sure that it is, actually. Mr. Crutchfield tells me that our standard policy now is that we will go a certain number normally below our required level and publish the report with a cautionary note and below that level we would not publish it at all.

Mr. RICHARDSON. All right. With the precautionary note you would publish it. What if 144 diaries came back in from this market? You have testified here this morning that you put in a certain number of diaries for not-at-homes. This was 6 diaries for a sample of 160. I assume, that it would be, say, 5 on the 144, diary sample?

Mr. SEILER. It would under those, it would show 149.

Mr. RICHARDSON. What if you got back from the field 172 diaries?

Mr. SEILER. Then if that availability factor was had, let us say, it would show 178.

Mr. RICHARDSON. In this situation you are saying, then, that whatever your sample size is, you will publish it in your report?

Mr. SEILER. This is correct. In some, because of our computer techniques and some other factors, to keep the record absolutely straight, I must say that we would reserve the right and might, if we got 178, randomly discard and keep it at the 160.

Mr. RICHARDSON. How would you randomly discard?

Mr. SEILER. But we would show—we would show 160 in the report and to answer the question fully, we publish in here, sample size, exactly what we use.

Mr. RICHARDSON. Right. However, though, if you randomly discard 18, who makes this decision and what is the basis for the decision?

Mr. SEILER. The research department in my understanding has a procedure set up and I imagine it would be somewhat along the following lines:

If we had 180 diaries and we wanted to discard 18, we might take a random starting point and take every 10th diary out from the entire group. This is more or less the philosophy that would be followed.

Mr. RICHARDSON. Would you say that is the philosophy you followed? We do not want too many more “imagines” in the record.

Mr. SEILER. We do not want too many what?

Mr. RICHARDSON. Imagines—you said, “We might take”—would you find out whether or not this is in fact what you do?

Mr. SEILER. This is substantially correct, yes, sir.

Mr. RICHARDSON. Is it correct or not?

Mr. SEILER. It is correct.

Mr. RICHARDSON. In this situation you would take out every 16th diary or every 10th—whatever the situation might be—when would they be taken out?

Mr. SEILER. They would be taken out, obviously, after we have the diaries back in.

Mr. RICHARDSON. Yes.

Mr. SEILER. The returns from the market and before the report is put together—

Mr. RICHARDSON. Before the report was put together.

Would any tabulation have been done on the diaries before they were taken out?

Mr. SEILER. I am going to have to check on that again.

Mr. RICHARDSON. Will you check?

Mr. SEILER. Pardon me—this would be done before any tabulation had been done; yes, sir.

Mr. RICHARDSON. Would it be done before anyone had done any editing of the diaries?

Mr. SEILER. It would be done after the editing has been done.

Mr. RICHARDSON. Would there be any difference because of certain editing in what diaries would be excluded and what diaries would be included?

Mr. SEILER. Pardon me for a minute.

Yes, I think I can clarify this now. I am not trying to confuse you, but—

Mr. RICHARDSON. I realize that.

Mr. SEILER. During the past year I have spent a great deal of time on other things and some of our systems have changed a little bit. The editing, first of all, discards the unusable diaries. These would

be discarded first. Other edited diaries would be used, would be left in. Then the system would be applied completely as it is set up without any regard for certain diaries that had been edited in certain ways.

We might also point out that the diaries are edited week by week as they come back, if we are covering the 4-week period, so we do not know until the end of the 4 weeks, actually, whether we are going to discard or not.

Mr. RICHARDSON. Certainly.

In your opinion, would it not be better just to put 178 in the book and send it out that way?

Mr. SEILER. It certainly would from the sampling side point of view. There are two reasons that we do not: One is that our whole economic structure is set up on tabulating and producing a certain number of diaries for a certain market, and if you are doing hundreds of markets and you, by taking great overages that come in, you can run your costs up, so that you might upset your whole economic picture.

And furthermore, there is a psychological reason: If you get a higher return than you agreed to for the market, use it and publish it, normally there is some complaint if you then do not keep it up in the future in that market.

Mr. RICHARDSON. If a certain number of diaries were taken out, and the method used was improper, it could raise the rating or the share for any one station or lower the rating or the share for any one station?

Mr. SEILER. If you preselect?

Mr. RICHARDSON. If you preselect.

Mr. SEILER. The answer is "Absolutely, yes."

Mr. RICHARDSON. These are the diaries from the metro Louisville market, March 1962; is that correct?

Mr. SEILER. They appear to be; yes.

Mr. RICHARDSON. Did not the subcommittee staff use the diaries from March 1962—

Mr. SEILER. Yes.

Mr. RICHARDSON (continuing). In Louisville?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Would any of the members of the committee desire to see these?

Mr. Moss. Yes, I would like to.

The CHAIRMAN. I think it would also be advisable to let the witness identify them from your standpoint. If they belong to this company, I think that the parties that had anything to do with them should properly identify them.

Mr. SEILER. I identify these as our Louisville diaries, March 1962.

The CHAIRMAN. We will let them be received as an exhibit for the files of the committee, as identified by the witness.

(The diaries identified will be found in the files of the committee.)

The CHAIRMAN. We will not include them in the record.

Mr. SEILER. I was thinking that we might need them back.

Mr. RICHARDSON. Thank you, Mr. Chairman. These diaries were picked up on ARB's premises; is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. You furnished to the subcommittee the diaries

for metro Louisville of March 1962, along with all related data to these diaries, at least to the best of your knowledge?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. The staff has prepared, and I gave to you at the recess at noon, a memorandum in relation to your fieldwork which was tabulated by the staff.

Mr. Seiler, you, as the representative of the American Research Bureau, have the right to have an independent group tabulate these diaries if you so desire, but it would have to be a group agreeable to the committee and to ARB.

Have you looked over with your staff the memorandum prepared by the subcommittee staff and do you have any comments that you wish to make in relation to this memorandum?

Mr. SEILER. As far as the differences in the tabulations as shown by your staff and our staff, I am willing to stipulate that these could be normal errors occurring, small enough in number, in a double tabulation such as this one was.

I do have two or three minor comments on the writeup, but I would like also to say at this point that in our 13 years of existence, I have very seldom seen a better writeup and understanding of a rather complex procedure as is contained in this memo. And I frankly must say we were astonished at some of the things here, about some of the things that were grasped about our system.

The CHAIRMAN. Are you talking about the memorandum of August 22, 1963?

Mr. SEILER. Yes, sir.

Mr. HOWZE. I think that date is in error. That states 1963 and we have not reached that point yet. I think that means 1962. That is a typographical error.

Mr. SEILER. The one I have in my hand, anyway.

Mr. HOWZE. Yes, sir.

The CHAIRMAN. Let the record reflect the correct date, August 22, 1962.

Mr. SEILER. On page 2 we would like to change the return rate of 72 percent, which may have been an error in transmission, to 59 percent for that market.

Mr. RICHARDSON. Could you explain why this percentage was lowered?

Mr. SEILER. Yes. I believe that in computing it that the original mail out to the other part of the metro Louisville, which is across the river in Indiana, was disregarded.

Mr. RICHARDSON. Was that information at that time supplied to the subcommittee staff when we went through your records?

Mr. SEILER. No, sir; it was not.

Mr. RICHARDSON. Then the 72 percent should be 59 percent?

Mr. SEILER. It should be 59 percent. And this is our error, actually.

Mr. RICHARDSON. This is a lower return rate than that which was produced by the subcommittee staff for your company?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. So it is not to your advantage?

Mr. SEILER. No, sir.

Mr. RICHARDSON. Go ahead.

Mr SEILER. On page 3 toward the bottom, we have a correction concerning the wording where the sentence states—

The home office will have sent the coordinator additional diaries and the coordinator takes a diary to the home in time for the start of the survey.

We would like to insert "mails" for "takes." These may be mailed.

Mr. RICHARDSON. That will be inserted. In other words diaries would not necessarily always be taken; certain of them might be mailed?

Mr. SEILER. On certain occasions, if they had time, we might mail and often do.

And toward the top of page 4 where it states, "It should be noted that ARB does not pay the diarykeeping families any money." we would like to have the words "in the Louisville area" inserted because, again, we are in certain sections of the country, not in Louisville at this time but in certain sections of the country experimenting with certain payments to see if we can increase the diary return. And these are going on in spots on a continuing basis, and I would not like the record to show that we never used any payments or premiums to anyone, because this would not be so.

Mr. RICHARDSON. What is the basic policy of your company in this respect, however?

Mr. SEILER. The basic policy is no premium or money of any kind.

The CHAIRMAN. No premium or money of any kind?

Mr. SEILER. Of any kind to our diary homes; in certain areas where we have made repeated attempts to raise the return rate, we are attempting to use other devices, including premiums and money to try and increase the return rate, and so I cannot make a flat statement that we never use any money. And I would like to have it show in the Louisville area.

The CHAIRMAN. How do you get them to do it, then?

Mr. SEILER. It is surprising that if you use what we consider to be good and capable interviewing and have a well-designed diary and approach the families in the proper way, a great many of them are only too glad to do it. And we just never, except in a few instances, have had this problem. And historically we have refrained from using any premium. And the theory can also be brought forth that once you begin paying them any substantial sum to keep this record, they might feel that they have to keep quite a big record and do some more viewing to make it worth their while, and we do not want this, either. We are just as interested in the person who does not turn his set on all week as we are in one who spends all week viewing it.

And it is just a decision we have made as to a way of operating on the basis of our experience with these diaries.

Mr. RICHARDSON. Thank you, Mr. Chairman. Mr. Seiler, in your opinion would this be a help if you only used the home one time?

Mr. SEILER. My feeling is that if you used a home more than once, kept them on a continuing basis, some form of payment or compensation would be necessary.

Mr. RICHARDSON. And you do pay your permanent homes in New York City?

Mr. SEILER. The way I described it.

Mr. RICHARDSON. By taking care of one-half of the television repair costs?

Mr. SEILER. Television and other repair work.

The CHAIRMAN. What did you decide to do about this?

Mr. RICHARDSON. Pardon me, Mr. Chairman, but I would like to ask Mr. Seiler if he has any other objections to the memorandum that was prepared by the subcommittee staff.

Mr. SEILER. I have none whatsoever.

Mr. RICHARDSON. It will be all right then, with the chairman's permission, if it is included in the record?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Mr. Chairman, I ask permission to include in the record this memorandum.

The CHAIRMAN. Well, of course, we would like to know if this is a correct analysis of your operation and not whether it is agreeable to you or not.

Mr. SEILER. We supply it—we supplied the committee members with our records at the time on all of the items covered here, and we were given the opportunity to check today, which we have done to the best of our ability, and in my opinion this is a correct picture of the way we operated in this market at this time.

The CHAIRMAN. Then, of course, this is typical of your entire operation?

Mr. SEILER. I would say this can be taken as typical of our entire operation, yes, sir.

The CHAIRMAN. Let it be received for the record. This is a memorandum from Mr. Rex Sparger and Robert E. L. Richardson, to Charles P. Howze, Jr., chief counsel, and the subject is "Study of the Field Work and Tabulation of the Diaries of the American Research Bureau."

Mr. RICHARDSON. There is also an attachment to this memorandum and I would like to ask that it also be included in the record. On this attachment, there is a list, a column, wherein we have referred to the time periods for the different stations in relation to the tabulation variations and those rating point variances should, in fact, be one where it states two, and the three should be a two, because I did not allow for the plus or minus one rating point which we allowed in the memorandum.

The CHAIRMAN. You can correct it, the information, if it is correct, and supply it for the record.

Mr. RICHARDSON. Is that satisfactory with you, Mr. Seiler?

Mr. SEILER. Yes; that concerns only the result of your tabulations?

Mr. RICHARDSON. Yes.

Mr. SEILER. And I would have no way of correcting it.

(The documents referred to follow:)

MEMORANDUM

Date: August 22, 1962.

To: Charles P. Howze, Jr., Chief Counsel.

From: Rex Sparger and Robert E. L. Richardson.

Subject: Study of the Field Work and Tabulation of the Diaries of the American Research Bureau for Louisville, Ky., March 1962.

The writers visited the American Research Bureau plant at Beltsville, Md., on August 6, 1962. They informed Mr. Seiler, manager of ARB, that they would pick up the diaries used from the fieldwork for a survey for some market before they left on that day.

After a general discussion with Mr. Seiler in respect to questions the writers had concerning the different aspects of the operations of American Research

Bureau, the writers, accompanied by Mr. Seiler, talked with Mrs. Isabell Brown, Director of Field Operations for ARB. After going over the procedure used in the mailing and processing of local market reports for television, the writers proceeded with Mr. Seiler to the ARB warehouse. At this point, the writers asked for the survey for Louisville, Ky., March 1962. The diaries were obtained from storage while the writers were watching. At this point, the writers counted the diaries. There were 154 diaries in this survey. The writers then proceeded back to the offices of Mrs. Brown and picked up all other fieldwork data for the Louisville survey.

Mr. Seiler advised the writers that it is the general policy of ARB to put in a certain number of blank diaries to allow for those persons who were not home when a survey was conducted. The classification sheet for Louisville, Ky., was shown to the writers and, in this market, six blank diaries were to be added. (These diaries were not actually put in the stack, but the number is used in tabulating as part of the base number of diaries in the market.) The 154, plus 6, made 160 diaries. At this point, the report for the March 1962, Louisville Television Survey was produced. It shows a "sample size" for the metropolitan area of 160.

ARB surveys in television markets throughout the United States and each survey is normally for a period of 4 weeks. The total number of diaries sent to a market is divided into four subsamples. According to the specification sheet for the Louisville market, in each of the 4 survey weeks for the March report, 70 diaries were mailed—a total of 280 diaries for the month.

Of the diaries returned, 16 were unacceptable for tabulation under specifications laid down by ARB. A diary will not be included in the tabulations when—

1. It comes in late—after the tabulation has been done.
2. It was mailed back to ARB without any notations whatsoever put in by the family. (It is noted in this connection that the instructions in the diary and those given by the interviewer calling the person by telephone stipulate that if the television set is not used that day, "set not used" is to be written across the diary for that date.)
3. There is no viewing done. Such a situation would occur when the diary keeper was on vacation and returned the diary. (ARB takes care of this situation by adding a certain number of blank diaries in each report.)
4. A diary was filled out and mailed, but postmarked prior to the completion of the week. In other words, when a person anticipated what he would watch in the future. ARB does not count such diaries.
5. An incomplete diary—ARB requires that a diary must be counted for the full week or not at all. An incomplete diary would be a diary which was filled out for any period less than the week and in which no explanation was made as to why the other days were not completed.
6. A diary from a family in the wrong county—this survey was for the metropolitan area and could only include the counties of Jefferson, Ky.; Floyd and Clark, Ind.
7. A diary is not readable, and the station cannot be ascertained, etc.

On the 16 diaries that were not included in the tabulation for the March 1962 television report on Louisville, 8 were not included because they were blank, 3 were incomplete, 1 had no viewing listed, 3 were late, and 1 was early.

Subtracting the 16 from the 280, 264 diaries count as the base from which the return should have been made for Louisville. Since 154 of these 264 diaries were returned, it is noted that there was a return rate of 59 percent of the diaries mailed out from the office to the field. As was mentioned above, the diaries originally mailed out were mailed on an equal basis for each subsample, that is, 70 were mailed out each week. Subtracting from this the diaries mailed which were discarded because they were not usable, the breakdown is as follows:

The first week there were 67 diaries mailed; 37 of these were returned.

The second week there were 66 diaries mailed; 41 were returned.

The third week there were 64 diaries mailed, and 41 were returned.

The fourth week there were 67 diaries mailed; 35 were returned.

It is obvious from the number returned each week that each week has an approximate weight in the final result which is produced in the report by ARB.

Complete instructions (see subcommittee files) are given to the interviewers in the field. A coordinator in each market checks the work done by the interviewers.

In looking at the field work sheets which were used to make the calls by the interviewers in Louisville, the writers found that there were two women

making these calls. In relation to the placement of each diary in the field, three calls are normally made. A call is made approximately 3 weeks before the diary is mailed to a family. At this time, the interviewer ascertains whether or not the family will keep a diary. The interviewer is provided with interviewing sheets on which the numbers which she will call will be listed. These are taken directly from the telephone directories as prescribed by the home office in Beltsville, Md. The interviewer will place a mark in one of the following appropriate columns for each call: (a) Send diary; (b) Set will not be used; (c) Refused to keep; (d) No television set; (e) Won't talk to the interviewer; (f) No contact.

(One other column is entitled "Disconnected phone." If the phone is disconnected, it would be impossible to complete such a call.)

The two interviewers for the Louisville market during the survey month and in the weeks prior thereto, placed calls to 402 homes in the Louisville metropolitan area. (Some were toll calls.) Of the 402 families contacted, 280 agreed to keep diaries. (It should be noted that from the 122 other families, the writers included all of the classifications listed above, except the one wherein the family agreed to keep the diary.) This is a placement rate of 70 percent for the Louisville market.

Shortly before the survey is to begin, the diary is mailed from Beltsville to each diary home. The diaries are mailed so they will arrive either a day or two prior to the start of the survey period. Either 1 or 2 days before the start of the period, the interviewers will make calls back to the families to which diaries were mailed. At this time, they find out whether the family still plans to keep the diary and whether the diary has been received. If the family has not received the diary, the home office will have sent the coordinator additional diaries and the coordinator takes or mails a diary to the home in time for the start of the survey. The interviewer ascertains whether or not the family has any questions at this time about the keeping of the diary.

During the period of the "diary week," a third call is placed to each of the homes to ascertain whether or not the family is keeping the diary and whether or not it has any questions in relation to keeping the diary. At the conclusion of the week, the family mails the diary directly to Beltsville. It should be noted that ARB does not pay the diarykeeping families any money in the Louisville area. It is the company's philosophy that it is better to have a field staff contact these homes individually at intervals and to use a home only one time, rather than to pay the homes to keep the diaries, and possibly use them as a permanent sample.

The writers brought all of the diaries, the interviewing sheets and the specification sheets to the subcommittee offices. A tabulation was done on the 154 diaries in periods Monday through Friday from 6 a.m. through 12:15 a.m.

In the ARB report a rating is given for each station in the market on a 15-minute basis from 6 a.m. until 1 a.m. the following morning. This is placed in the pocketpiece as an average on a Monday-through-Friday basis for 6 a.m. until 5 p.m. From 5 p.m. until 1 a.m. each day, the listing is on a daily basis.

The staff first tabulated listeners for each 15-minute period for each station in all of the 154 diaries. They then took 160, which is the base for this market and ascertained the rating value each listener would have, and multiplied this value by the number of listeners and compiled a rating report on a 6 a.m. to 5 p.m. Monday-through-Friday average, and on a 5 p.m. to 12:30 a.m. daily basis. Each rating was carried out to three decimal points. On the completion of this compilation, the results were compared to the figures reported by ARB in its pocketpiece.

Ratings in Louisville were very high for the different stations. This was especially true of the two VHF stations in the market. The staff, in the tabulation of listeners for each 15-minute period, realized that errors could have been made. It was also stated by Mr. Seiler that ARB could have made errors in its tabulations. Realizing this, in the comparison between the staff tab and that prepared by ARB, the staff allowed a variance of one rating point for each rating given in the pocketpiece. Using this system, during the day part (the Monday-through-Friday average from 6 a.m. to 5 p.m.), there was no disagreement whatsoever in any time period. However, in the viewing from 5 p.m. until 12:30 a.m. each day, the staff's compiled data was at variance with that produced by ARB during twenty-one, 15-minute periods in relation to some station at those periods. In 20 of these 21 periods (allowing the one rating point variance, plus or minus) the variance was by 1 rating point; and in 1 period, the

variance was by 2 rating points. The exact times where variances occurred and the station for which the variance occurred between the two reports is attached to this memorandum.

It should be noted, then, that out of 582 different 15-minute periods for which ratings were compiled, a variance between the two reports existed in only 21 instances. Since Mr. Seiler had informed the writers that obviously ARB could make some mistakes in tabulation, as could the subcommittee staff when they did the compiling of their data, the staff rechecked all of the periods in which they were at variance with ARB. This total prior to the recheck involved 56 different periods. At the end of the second check, however, this had been lowered to 21. It is believed that the staff's tabulations are correct in these 21 periods and that this minor variance does exist in the 2 reports. (See attachment No. 1.)

Information given in the ARB pocketpiece includes audience composition, i.e., how many men, women, and children were watching a particular show, and the homes watching a particular show.

The ratings in the pocketpiece are taken from the diaries in the metropolitan area. The writers did not request the diaries for the areas outside of Louisville which were used by ARB in compiling the report. According to the pocketpiece, there were 431 of these diaries. The diaries in the total area are used to compile the audience composition and the station total homes. The staff did, however, run a check on the audience composition at one period (4:45 p.m.). This could not be exact, because the staff used only the metro area diaries, while ARB used the total area diaries. The ratios between the men, women, and children listening in the metro area and that shown by ARB in their pocketpiece were very close. ARB also reports ratings throughout Saturday and Sunday. The staff did not feel that the information here would vary greatly from the information supplied on the Monday-through-Friday basis. Had the staff found large discrepancies on the Monday-through-Friday survey, they would have run a tab on the Saturday and Sunday periods as well.

Other information supplied by ARB in its pocketpiece is the station share of the sets in use. The staff ran a check on two broad day parts of the report (Monday through Friday from 9 a.m. to 12 noon). The ARB report lists WAVE with a share of 56; WHAS with a share of 42; and WLKY with a share of 7 (WLKY is only on the air during this period from 11 a.m. until noon). ARB gave an average sets-in-use of 20 for this period, while the staff's tabulation showed a sets-in-use of 21; WAVE had a share of 57; WHAS had a share of 40; and WLKY had a share of 7. The other period check was from 12 noon until 6 p.m. ARB had a sets-in-use average of 28; WAVE had a share of 49; WHAS had a share of 43; and WLKY had a share of 7; with "other" having a share of 50.08; WHAS had a share of 42.7 and WLKY with a share of 6.5, and "other" with a share of .6. The staff's total was 99.88 percent, while ARB had 100 percent (ARB rounded its figure). There was no significant difference between the reports in this period.

In a 15-minute time period comparison of sets in use, the staff tabulation disagreed with the ARB report during 4 periods (from a total of 194 time periods). In the four periods wherein the variance existed, this variance was two rating points at three periods (8:15 p.m. on Monday, 10:30 p.m. on Tuesday and 10:15 p.m. on Friday) and a variance of three rating points at the other period (10:45 p.m. on Tuesday).

SUMMARY

After a careful comparison of the two reports, it is the opinion of the writers that the variance in only 21 periods out of the total of 582 periods is insignificant. It is further the writers' conclusion that since no station in the market was favored in these 21 periods, that at most, the results may simply be errors in tabulation. It is also important to note that ARB uses no "weighting" factors other than the inclusion for "not-at-homes" in its metro data and does not cluster its sample within telephone directories.

The writers checked each diary as to whether or not it came from the Metropolitan Louisville area; and whether or not it was mailed the week it was stated to have been mailed, and such was always the case.

ARB at all times cooperated fully with the subcommittee staff and was completely open in all discussions.

Any subscriber may tabulate any report on the ARB premises for his personal verification of ARB's data and accuracy.

ATTACHMENT No. 1

Periods in which subcommittee TAB differs from ARB report for ratings

Day	Time	Station	Rating point variance	Day	Time	Station	Rating point variance
Monday.	None.....	None....	None	Wednesday..	10:45 p.m....	WHAS	1
Tuesday.	6:30 p.m....	WAVE	1	Thursday....	9:30 p.m....	WLKY	1
	6:45 p.m....	WAVE	1		9:45 p.m....	WLKY	1
	9:00 p.m....	WHAS	1		10:00 p.m....	WAVE	1
	9:15 p.m....	WHAS	1		10:15 p.m....	WAVE	1
	10:00 p.m....	WHAS	1		10:30 p.m....	WAVE	1
	10:15 p.m....	WHAS	1		10:45 p.m....	WAVE	1
	10:30 p.m....	WHAS	1	Friday....	9:00 p.m....	WHAS	1
	10:45 p.m....	WHAS	2		9:15 p.m....	WHAS	1
Wednesday....	9:30 p.m....	WHAS	1		10:00 p.m....	WHAS	1
	10:30 p.m....	WHAS	1		10:15 p.m....	WHAS	1

NOTE.—Total periods, 582; total periods at variance, 21.

Mr. RICHARDSON. Mr. Seiler, the sample size for Louisville, March 1962 was 160 according to your figures, and our figures agree with that. Let us turn to Monday evening of this Louisville report at the 10 p.m. period and take an example. On station WAVE, the program at 10 p.m. on Monday, March 1962 is "Thriller." And below that on WHAS-TV the show is "Hennessey," correct?

Mr. SEILER. Yes.

Mr. RICHARDSON. Let us look at the chart in the back of this report for determining the statistical reliability of a rating. This chart is a two Sigma variance chart, is it not, sir?

Mr. SEILER. Yes.

Mr. RICHARDSON. You may call someone forth to help you or to consult with you if you desire.

Mr. SEILER. I will try it myself.

Mr. RICHARDSON. For a rating of 22 with a sample size of 160 the variance would be from approximately a 15 to a 28.8, is that correct?

Mr. SEILER. As I can see that is approximately it.

Mr. RICHARDSON. An eight rating point variance plus or minus, either way?

Mr. SEILER. That is certainly close enough.

Mr. RICHARDSON. On the 26 rating the variance would be plus or minus 7 rating points?

Mr. SEILER. Yes.

Mr. RICHARDSON. The rating for "Hennessey" would be between a 19 and a 33?

Mr. SEILER. Yes.

Mr. RICHARDSON. So, basically, with these ratings of 22 and 26, the variance should run from a 15 to a 33; is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. There is no significant difference then in relation to the measurement of those two programs at that time in Louisville; is that correct?

Mr. SEILER. On a one-time basis what you have just stated, the answer is that there is no significant difference at a two Sigma level.

Mr. RICHARDSON. And ARB measures Louisville how many times a year?

Mr. SEILER. Three.

Mr. RICHARDSON. Does not this show the disadvantage of a national advertising agency's buying a local station and using ratings as a system to buy spots, if the agency is buying by rating points and paying so much per point?

Mr. SEILER. It is pointing out one of the problems in using ratings for this purpose. However, if I could add a little bit to this, we have taken the maximum variation in either direction that you will get 95 times out of 100, and in actual practice you do not often reach these extremes. In the case of a rating of 22 versus a rating of 26 our first advice to someone buying time would be to use at least two consecutive reports, because if we do get one of these variations with a new sample the chances are good that the next report would tend to straighten the fluctuation out. If this were not possible our next piece of advice would be to consider the 22 and the 26 as similar and one station not really outpulling the other. We have attempted for years to do this. We have distributed wheels such as this [indicating] to our clients. We have preached to them, "Never believe a thing until you see it twice in a row." And we have done everything, I think, that we possibly could. And if people on a one-time basis still wish to buy a 26 over, say a 22 or a 24, I think they have a problem; yes, sir.

Mr. RICHARDSON. You were in the room most of last week at this hearing, were you not, Mr. Seiler?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Was it not shown where one of the networks had broken down shares and recommended a decision on less than one point?

Mr. SEILER. I believe that I recall testimony like that.

Mr. RICHARDSON. So irrespective of how you would like your material used it is pretty obvious it is not used that way, is it not?

Mr. SEILER. I feel very strongly that it is quite often misused; yes, sir.

Mr. RICHARDSON. Mr. Seiler, we also last week had another problem come up in relation to the rating services in the television industry and that was who decided what a local market should be. Who does decide what a market should be?

Mr. SEILER. We decide what a market should be by plotting an area which, according to our figures, contains approximately 98 percent of the viewing to the stations in that market.

The CHAIRMAN. Wait a minute. Say that again?

Mr. SEILER. We have a definition of the market area which we attempt to design and we design it in such a way, by putting counties together, so that the market area we design contains at least 98 percent of the viewing accounted for by the station in the hometown of the market.

The CHAIRMAN. How do you determine that?

Mr. SEILER. We determine that from our measurements. You see, we have measurements all across the United States. And if we were attempting to define Minneapolis-St. Paul, that market, we would take all of the viewing for Minneapolis-St. Paul substantially and determine where it all came from and then plot a market area which would encompass, approximately, 98 percent of that viewing. There are other terms.

The CHAIRMAN. Where do you get that information?

MR. SEILER. From our field records—our diaries that are in these counties all across the country. We look in them and see what is being used in all of these counties. There are other definitions of markets which you might call mutually exclusive where you can only give a county to one market and not to two. And you might make another market definition, using for a market only the counties where they do more viewing in that market than in any other markets. Industry needs vary in this respect, and I do not think this is any real standard.

The CHAIRMAN. Who determines the particular market?

MR. SEILER. For our purposes, we do.

The CHAIRMAN. You do determine the market yourself?

MR. SEILER. Actually, I believe we have here in the Louisville report, we have the counties listed that we have used for Louisville—for the Louisville market.

The CHAIRMAN. Yes, I know that. But that does not answer the question. How do you arrive at it?

MR. SEILER. We arrive at it by simply taking all of the viewing that occurs to the stations licensed in the central city or in what we consider that metro to be, and we try and include all of the counties that view these stations.

The CHAIRMAN. How would you arrive at what you consider to be the metro?

MR. SEILER. The metro in most markets is simply taken by the standard definitions furnished by the Bureau of the Census or the Bureau of the Budget. And usually these are single counties. For example, the metro as defined in Washington, is the District of Columbia, Prince Georges and Montgomery Counties in Maryland, Arlington and Fairfax Counties in Virginia, and the independent cities of Falls Church and Alexandria. The metro for Evansville, Ind., is Vandenburg County only. These are defined normally by either the census or the Bureau of the Budget. It is only when we run into unusual circumstances where you have two metros 50 miles apart and one metro has the NBC station in it and the other has the CBS and the ABC stations or you have some such problem as that where the advertiser wants to artificially create one market out of two that we have our problems. And we have some rules to cover these, too. But in the great bulk of the cases we simply take the census or the Bureau of the Budget definition.

MR. YOUNGER. Will you yield for one question? I just wanted to ask if he uses the engineering reports of the FCC.

The CHAIRMAN. I am going to get to that, but I wanted to find out what kind of artificial thing the company drums up.

MR. SEILER. In the case of the metro we go in every case we can by the standard Government definition. If there is no standard metro in a market we normally use just the home county for our metro.

The CHAIRMAN. What do you call a standard metro definition?

MR. SEILER. Those that are listed and defined by the Bureau of the Budget and they are what most people in the industry use as standard metros.

They normally consist of one or more counties. I believe in New York it is 17 counties now. Chicago, I believe, has eight counties. And the census defines these for the Bureau of the Budget. These

are published, and we have a constant controversy about what our metro can consist of, because some stations cover a little better than others and we have gone to this definition to avoid, in effect, being right in the middle. We have some post we can always repair to. And it is only in these unusual cases that we have any problems.

The CHAIRMAN. Well, I do not see how the broadcasting industry is ever permitted to get by with this, because in the first place, these areas were assigned by the Federal Communications Commission—stations are assigned to cover certain areas—they are faced by requirements as to what they must be. There are space requirements that must be adhered to. There are engineering designs which show what an actual facility covers.

You are familiar with that, and that has all to be filed with the Federal Communications Commission, which is the actual engineering information as to what a facility can do.

Mr. SEILER. Yes, sir.

The CHAIRMAN. And you with your trumped up, artificial designs cannot change that, can you?

Mr. SEILER. No.

The CHAIRMAN. Now, you know that the engineering data of a given station is determined on a city, grade A and grade B service basis?

Mr. SEILER. Yes, sir.

The CHAIRMAN. And that is the actual fact of what a particular facility will do, is it not?

Mr. SEILER. Engineeringwise; yes, sir.

The CHAIRMAN. That is the way that it is provided for, is it not?

Mr. SEILER. The community antenna system—

The CHAIRMAN. I am talking about the actual services that the family gets over its television set in the home.

Mr. SEILER. I would say from our experience that there are a great many other things that determine whether a family gets a station or not, than engineering measurements. We can find families viewing stations that by engineering measurements they have no right to be receiving or getting.

The CHAIRMAN. Of course, we know about that; we know that is true. And you know that is not reliable and it never has been reliable. You know that there are certain times that you can get reception in the United States from a radio station in Honolulu that does not cover 50 miles, because of the particular phenomenon at that given time, but you do not rely on that, do you?

Mr. SEILER. No, sir.

Actually, Mr. Chairman, if I might make this statement, we are not particularly interested in establishing marketing areas or station areas. We are interested in measuring the whole United States and taking the viewing we find and crediting it to the stations that the people have tuned in.

We pick these viewers up wherever they are. We arrive at station totals.

The CHAIRMAN. But you do that from what you get from your diaries and that may be out there beyond the grade B service?

Mr. SEILER. Yes. And if he watches a station, identifies the program and the time and certifies to us in his diary that he has watched it, we will credit him to that station. If he has properly identified it.

As an example of this, you have the community antenna systems in various parts of the country. These have people actually viewing stations considerably beyond where engineering measurements would indicate they could get it with an ordinary home set. There are substantial audiences here, especially out West. And our feeling is that these are viewers and they should be credited to this station.

The CHAIRMAN. Well, all right, if that is the case.

You may proceed, Mr. Younger.

Mr. YOUNGER. No questions.

The CHAIRMAN. We will go back to the case that was developed here the other day.

Mr. SEILER. Grand Rapids, Kalamazoo, and Muskegon.

The CHAIRMAN. All right. There was one. I brought up one the day before. I have several others in mind.

Mr. SEILER. Mr. Chairman, let me speak to that one for just a minute and give you our side of it.

Mr. Wodlinger, I think, made a fine and responsible presentation here, and he has a problem. But let me tell you what our problem is in Grand Rapids or Kalamazoo.

We already have a dual metro there. Normally the way they should have been measured would be the Kalamazoo home metro for Kalamazoo only, which I think would be their home county.

We have another report for Kent County only, which would be the Grand Rapids home county. And then another report for the Muskegon home county.

However, because advertisers started in the early days buying Grand Rapids-Kalamazoo as a single market, because the two transmitters are both between the two cities, we made at the general request of the industry a combination.

The CHAIRMAN. What agency?

Mr. SEILER. I would say the television and advertising industry; otherwise they would have to take two separate reports and put them together themselves.

I would give you an example from your own area here.

The CHAIRMAN. We will get to that in a minute. Let us stay with the one we are talking about.

Mr. SEILER. All right. Now, let us say that we have this combination for which a reasonable case can be made, because the two transmitters in Kalamazoo and Grand Rapids are in between these two metros. They cover both, each one.

Then someone gets another license, with his transmitter up, I believe, northwest of Grand Rapids, which is up toward Muskegon and way to the north and west of this dual metro. The first thing he would like to do is to tack on the Muskegon home county and make an enlarged, combined metro out of it.

The next thing we are then faced with is, supposing that the station is licensed down south in say Jackson, Mich., or some place down close to or south of Kalamazoo. The owner there would have a very reasonable case of wanting that one then tacked on to the bottom of the metro, and pretty soon we would begin with a serpent and we would have metros that went all over the country.

And in the same way, we have Monroe-Eldorado. Supposing that a new station were licensed, say in Ruston, or maybe Tallulah, and

there, as with Mr. Wodlinger's presentation, ask that those counties, either Tallulah or Ruston, be put on for that dual metro. I would say that because the Eldorado station might have a great deal of local programming aimed at Eldorado people, they would certainly not like another county down there below them in Louisiana added on which would add a lot more people who might be more oriented toward those stations.

The CHAIRMAN. Then you admit that you arrive at these decisions as to an area which you are going to include for this purpose on the basis of what somebody wants?

Mr. SEILER. No, sir; no, sir. We arrive at them on the basis of what we feel is the fairest to everyone and makes the most sense in designing a metro. We have very definite rules. Normally we will use only the standard metro as defined by the Bureau of the Budget.

The CHAIRMAN. If a facility throws a grade A service over a certain area, you know as a matter of fact it is only fair if you include that.

Mr. SEILER. Yes, we do, Mr. Chairman, include it, but not in our metro breakout, because this city grade service normally goes beyond the metro. We include that in the homes reached. No one gets penalized anything in the homes delivered or the people watching. It is only in that metro breakout which is simply to show an area of equal opportunity that any—

The CHAIRMAN. Take the Michigan situation, the station that throws it over Grand Rapids—

Mr. SEILER. Yes, sir.

The CHAIRMAN (continuing). And the other cities out there.

Mr. SEILER. Kalamazoo.

The CHAIRMAN. Kalamazoo, all right. You have the other station that throws a city grade service over Grand Rapids and Muskegon?

Mr. SEILER. Yes, sir.

The CHAIRMAN. And yet you deprive the station near Muskegon of the same rating, so far as the metro coverage is concerned. And as was stated the other day, whether it is true or not, I do not know—I have no reason to disbelieve it—you refused to include Muskegon, because the two in Grand Rapids and Kalamazoo objected.

Mr. SEILER. Not exactly. We have not made our decision on that yet. We have agreed to make a decision, I believe, on April 1: at the time our services were set up this year, and I believe up until the first week of November, even, this Muskegon station was not even on the air and was not even a factor in that area.

The CHAIRMAN. All right. Let us take Texarkana, Tex. and Shreveport, La. You have refused to include Texarkana's area in the metro area, when the Federal Communications Commission required that station to throw a city grade service over the Texarkana metro area, and yet you will not include it and you refuse to do it.

Mr. SEILER. I would like to make one comment, then.

The CHAIRMAN. Is that true or is that not true?

Mr. SEILER. I do not know at this point, but I would like to ask Mr. Crutchfield to answer that. I believe that Mr. Crutchfield does have that information. I am not familiar with that market.

Mr. CRUTCHFIELD. You have three stations involved, Mr. Chairman, two of which are licensed to the city of Shreveport, one of which has a dual license to the city of Shreveport and to the city of Texarkana.

Two of those stations do not put city grade signals into Texarkana, so what you have here is a problem of three stations, one common city of license, to all three stations, one city which is licensed, which is a city of license for only one station, three stations providing basically city grade service to one of these cities.

The CHAIRMAN. But you are supplying information to the advertiser who relies upon that information in order to purchase time from that particular station for advertising, whatever the product might be, aren't you?

Mr. CRUTCHFIELD. We do; and we also credit and measure all of the viewing in the city of Texarkana to all of the stations involved.

It is only in the rating area that we have a smaller area with a difference.

The CHAIRMAN. But the same grade service is given by this station to—

Mr. CRUTCHFIELD. Correct.

The CHAIRMAN. Yet for the metro service, which goes to all the advertisers and upon which they depend, you show that these stations cover only the Shreveport area, don't you?

Mr. CRUTCHFIELD. No, sir.

The CHAIRMAN. In the metro area?

Mr. CRUTCHFIELD. No, sir.

No station area is limited to the metro area.

The CHAIRMAN. You do not include the metro in it—

Mr. CRUTCHFIELD. Yes; we do. We include every home that we can, KTAL, any home that we can find is credited to them.

The CHAIRMAN. In the rating figure?

Mr. CRUTCHFIELD. In the rating figure, any home that is found in the home county of Shreveport, of the city of Shreveport is credited to them.

The CHAIRMAN. In the home county of the city of Shreveport, but they provide the exact coverage over Bowie County and El Dorado, Ark.

You have been asked to include that and you have refused, because the other two stations in Shreveport object.

Mr. CRUTCHFIELD. No; because—

The CHAIRMAN. Exactly the same situation as is in Michigan.

Mr. CRUTCHFIELD. It would be completely unfair to two of the three stations involved.

The CHAIRMAN. Then you are deciding what a given station is capable of serving and you are not understanding what the engineering data is and the action of the Federal Communications Commission on it as to what area that station covers.

You deny him the full opportunity of what he covers when you go, with your information of ratings, to the advertisers on which the advertisers will decide what they are going to do.

Mr. SEILER. Mr. Chairman, could I state our company's philosophy on this?

The CHAIRMAN. I am interested in what your philosophy is, but I am more interested in what you actually do. That is one of the objectives of these hearings, to find out if you do what you say you do and if you are providing service based on what you decide, instead of what the facts actually are.

Mr. CRUTCHFIELD. We have in the past and have been willing at the present time to provide a separate measurement of Texarkana for the Texarkana station.

The CHAIRMAN. Well, some other members have some other places of similar character. I think we might as well show what the inequities are here and what kind of service you are providing.

Mr. Moss?

Mr. Moss. We are not getting into conflict here between any stations, but I am just intrigued by the ratings you gave me for my own area, the Sacramento-Stockton audience. You show a metro rating or a metro area shaded on your map of Sacramento and San Joaquin County. I would like to know how you arrive at that as a metropolitan area.

Here we obviously have a merging of metropolitan areas because of the fact that KOVR is licensed to both Sacramento and Stockton and competes with two stations licensed in Sacramento.

I have had no complaints from any of the stations.

But you exclude Yolo County from the metropolitan area.

Mr. CRUTCHFIELD. In this particular market, the Bureau of the Budget definition of the metropolitan area for Stockton is one county, for Sacramento another county.

Mr. Moss. I don't think the Bureau of the Census makes such a distinction. Sacramento sits right on the edge of the county, with Sacramento forming the boundary, a bridge of less than a block in length takes you into Yolo County, into a rapidly developing area, where there is immediately a concentration of over 45,000 people.

Just across the bridge, they trade in Sacramento. They listen to Sacramento television or they must listen to San Francisco, because there are no television licenses in Yolo County.

I cannot understand how this area across the street, really, is excluded from the metropolitan area and you include remote rural regions 30, 40, or 50 miles from Sacramento as part of the metropolitan area.

It does not make sense to me. Perhaps it does to you.

Mr. SEILER. Well, Mr. Moss, could I make a statement again of our company philosophy and general policy on this? In the case of Grand Rapids-Kalamazoo, I want to make it absolutely clear that if we redesigned that metro and added all of Muskegon into it and added any other counties into it that anybody would want added into it, the audience to Mr. Wodlinger's station in Muskegon, as shown and on which time should be bought, the homes he is delivering tuned to his station, the men, women, children, all of the people, his audience that he is selling, would not change by one person. The metro—perhaps we should not use a definition.

Mr. Moss. I would prefer not to discuss that metro. I would much prefer to discuss the one I am intimately acquainted with.

Mr. SEILER. The same would go for that area.

Mr. Moss. The same would not go. Remember, I have no broadcasters protesting. But by any criterion at all, rationale, you would have to include Yolo in a Metropolitan Sacramento area, however restrictive the definition. It so happens that the entire business district of Sacramento is just across the river from Yolo County. As I say, they are closer to Sacramento than they are to the county seat

of Woodland, which is only a few miles away, the community of Davis, where the University of California has a place, is just a few miles from here.

You have a lot of people who are excluded from a metropolitan area by any logic you might apply.

The Bureau of the Census—I believe I am quite accurate on this, does include it.

Mr. CRUTCHFIELD. If it does include it, we redefine our metropolitan areas on an annual basis and we will occasionally be behind Bureau of the Budget.

For instance, if they redefine that area today—we are in the middle of a survey. It would be next summer before we could possibly change.

Mr. Moss. What seems impossible to me is you take a definition from an agency that has nothing to do with communication when we do have a governmental agency directly responsible by law for communications.

If you are going to rely upon a governmental agency's definition, why not utilize the one which relates more closely to the activities of the stations?

I assume, and I want to make it clear, this is only an assumption, that some buyers of advertising might, in scheduling a program, particularly on spots, attempt to enter the larger metropolitan or metro areas in placing their advertising dollars.

If that is true, then the people of my area, the three broadcasters who service the market, would be denied what is legitimately theirs, an area they service regularly, an area where they give the highest quality of service.

It so happens in this instance that all three stations share a common transmitter tower, a parallel coverage, and yet a very significant part of their prime market is excluded by your current definition of metropolitan area. This imposes on them a distinct disadvantage which cannot be justified. It can be arbitrarily explained away, but it cannot be justified.

Mr. SEILER. Mr. Moss, this is one of the reasons why we do not show any estimates of homes reached or people in the area and only show a percentage figure.

For example, if the viewing were somewhat the same in Yolo County as it is in these other two and we added it, these rating figures would not change.

Mr. Moss. I am looking here at the market statistics on the first page of the survey, where you estimated the television homes in the metro area. I imagine that there are some advertisers who would be interested in the estimated homes in the metro area of these three stations, might well determine whether they would go in there with a light program or a heavy program on that basis.

Mr. SEILER. Yes.

Mr. Moss. And I think if we are going to survey and rate, an inexact science at best, that the obvious should not be overlooked, at least.

Mr. SEILER. Well, let me tell you what our problems are here. First of all, as we can see now, it would be very difficult to get any agreement on what these metros should be, especially in the combination.

Our use of FCC data, let's say taking the city grade signals of sta-

tions, would give us a problem when, let's say, you have a market with three or four stations and the city-grade contours are different, which one do you use? The farthest out, the closest, in between? What do you do?

Secondly, we have not intended these metro ratings to be anything but a guide for station management as to how programs do competitively where there is roughly an equal opportunity and you don't have large distances which might taper off the signal of one station.

For time-buying purposes and for evaluating what the stations are delivering, we measure the total area as far out as the signals go.

This is what is to be used for the purchase of time, and in the metro, all our philosophy was simply to take some kind of a constricted area, where there would be no question about a signal dying out, where we could get roughly some area of equal opportunity so that if one program had 10,000 homes and the other had 100,000, by looking at this smaller area, you could see whether your problem was programming or whether it was simply signal.

These could be, under this philosophy, almost arbitrary. We had so much of a problem, and we have had ever since 1949, as to how to define them, that we finally decided that the one definition of a metro, which normally was just the city and suburbs, that we could repair to is the one put out by the Bureau of the Budget, which is furnished for them by Census.

This we attempt to do. When we put two metros together, we attempt to take the standard definition for each of the two metros and add the counties in between. In many cases, such as Grand Rapids-Kalamazoo, we have to do this when the two transmitters are in between the two metros, attempting to cover both.

Mr. Moss. You add the counties in between the two metro areas.

Mr. SEILER. In the Grand Rapids-Kalamazoo situation, where the Kalamazoo metro would be one county, the Grand Rapids would be another, and the transmitter here, we take the counties in between, fill in the metros and this could turn into a nightmare if you keep tacking the others on.

I feel in Sacramento-Stockton, this must be reexamined.

Mr. Moss. I am going to check with the Bureau of the Budget. If they are defining Sacramento as a metropolitan area without eastern Yolo, they are making a rather major error.

Mr. SEILER. Would you feel that the San Francisco stations might be coming into Yolo more?

Mr. Moss. Let me make it clear that Sacramento, prior to the granting of a certificate to KCRA in 1954, I believe, was served only by UHF, although it had a very high percentage of conversion and most of the Sacramentans had antennas on top of their homes, going anywhere from 30 to 50 feet and boosters tied on to them and the great majority of us received San Francisco television, did for a number of years. If you visit the area, you will note that the high antennas are still there on many homes and there are, no doubt, a great many who still tune to San Francisco stations.

I just have one other point. I note also in this that there is no rating of a community educational television station, which would appear to me to have a substantial listening audience, or viewing audience, in view of the fact that it is supported entirely by voluntary contributions.

It has been on the air, now, for a number of years.

Mr. SEILER. Yes.

Mr. MOSS. Do you rate educational television stations?

Mr. SEILER. Educational television stations now normally are not included in our regular commercial reports. A great many of them fall below a measurable level, but even if this were not the case, they would not be included.

We do, however, buy special tabulation, do a great deal of work for the educational TV people, and I think we have probably done as much or more than anyone. We have done network programs for them, taking educational viewing in many different areas, and we have supplied them either at no cost at all or at a very minimum charge, quite often below what it costs us to do these data.

And we have been working with them. But inasmuch as these are reports designed for a somewhat different purpose, we made a policy decision not to include them.

Mr. MOSS. Of course, they would have no impact on advertisers, because they haven't access to these.

Mr. SEILER. Yes.

Mr. MOSS. And it is not significant in context with the uses?

Mr. SEILER. Actually, reports for these markets are furnished free to the educational television stations. And quite often, if there are, say, only three stations in a market plus an educational station, all the educational station has to do is take the other viewing that we show and assume that the remainder is theirs.

You can do that quite often. But of course we do have the measurement from our diaries.

Mr. ROGERS of Florida. Will the gentleman yield?

Mr. MOSS. Certainly.

Mr. ROGERS of Florida. In the West Palm Beach report, what is the difference between a survey area and a metropolitan area, or a metro area in your definition?

Mr. SEILER. The metro area is an area that is pulled in usually to one home county that we consider an area of equal opportunity for local stations. The survey area is the entire area, approximately, in which the home town stations get their viewing. In other words, a survey area for West Palm Beach would be a great deal larger than that metro area.

Mr. ROGERS of Florida. Because your metro area is the Palm Beach-West Palm Beach area?

Mr. SEILER. That is correct; and that is not what the audiences are based on that are in that report.

Mr. ROGERS of Florida. I see that your survey area actually includes three or four metropolitan areas.

Mr. SEILER. Absolutely correct.

Mr. ROGERS of Florida. It includes Dade County, which is one. It includes Monroe County. The city of Key West is probably a good—well, over 200 miles away, maybe more.

Mr. SEILER. Yes.

Mr. ROGERS of Florida. And I see that some stations are not listed in these areas that you have as a survey area. I thought you listed all stations.

Mr. SEILER. Well, there are other reports. There is a Miami report like this.

Mr. ROGERS of Florida. No: I am talking about for Palm Beach—West Palm Beach. You list two Miami stations here as coming into the Palm Beach area. But there is a third. Why was the third left out?

Mr. SEILER. This is correct. In the metro ratings, as I believe I explained this morning, we have a policy on listing nonhome town stations, outside stations, where the stations must get a rating of 5.0 or better for at least 30 different programs during the week.

I have checked and the third Miami station has not met this qualification. It would be included in others, or it would be the difference between the addition of the ratings and the sets in use. But it has not met our standard for being included.

It is, however, shown fully in our Miami report, which is the one they would use.

Mr. ROGERS of Florida. Well, your survey area—I wonder if that many of the Palm Beach stations go into Dade County?

Mr. SEILER. In the Dade County metro report, which would be in the Miami one, I would doubt they would be programing.

Mr. ROGERS of Florida. You would not have them covered?

Mr. SEILER. Well, we cover any viewing they get in Dade County, but it is put in the Palm Beach report for credit to them.

Mr. ROGERS of Florida. Are you saying that your Palm Beach stations go down into Monroe County, or Key West?

Mr. SEILER. I don't know at this point. If it is in our survey area, apparently we are seeking audience for them there. There may be community antennas—I don't know. Of course the larger the survey area the better. If the survey area were the entire United States, all it would mean would be that we would have no chance of missing any possible Palm Beach viewing.

Mr. ROGER of Florida. I was just wondering what it reflected to the advertiser.

Mr. SEILER. It doesn't penalize in any way——

Mr. ROGERS of Florida. I would think it might be helpful, but it would give the false impression to the advertiser.

Mr. SEILER. The advertiser should not accept that as his market definition.

Mr. ROGERS of Florida. This is not good to an advertiser as a market definition?

Mr. SEILER. All that is used for is to show the market attained in that report. There is less than 2 percent of the viewing to those stations outside these counties—this is all that means, as explained.

Mr. ROGERS of Florida. What does the advertiser get from this, if this is a market area?

Mr. SEILER. The advertiser gets from that Palm Beach report an audience in terms of homes and people for every program on the local stations and he may take the offerings that these stations are making, and by checking that book, determine approximately, again within these limitations we have been discussing, how many viewers the station is delivering in the entire United States for that particular period, and if the total shows a certain number of homes, he can compare it with what the charge is and determine whether or not this is a good advertising buy.

Mr. ROGERS of Florida. What does a minus 1 figure mean, for instance?

Mr. SEILER. A minus 1 figure means that in our particular sample, which may have been 150 or 200, we found no viewers to that station at that particular time. This does not mean there weren't any viewers, but it means they were minimal and in our particular sample, we didn't happen to turn one up.

Mr. ROGERS of Florida. It would be less than zero, wouldn't it? Minus 1?

Mr. SEILER. It is a nice way of putting a zero. Because it only means that in our sample, there were no viewers.

Mr. ROGERS of Florida. Is this explained in your booklet, that a minus 1 means that?

Mr. SEILER. Yes, sir. It is a 1 minus, I believe, isn't it?

Mr. ROGERS of Florida. Well, I have the minus in front of the 1.

Mr. SEILER. Well, it could be that.

But I want to emphasize again that by the definition of these areas, no station's audience is ever cut down or penalized and no station gets any less than its full measure of viewers it is delivering.

These market and metro definitions have nothing to do with that and if we changed every one of them, the audience delivered for each station would stay exactly the same.

I say again that if I took that West Palm Beach metro and expanded it to 15 counties, those homes and people delivered would not vary by one person in the report and neither would it in Grand Rapids-Kalamazoo if we added Muskegon. I feel that our concept is misunderstood here.

Mr. ROGERS of Florida. I understand what you mean. I just want to ask one or two questions and I will quickly wind it up.

The CHAIRMAN. Before he leaves that, I know he should know what he is talking about.

I have here on the report where you are talking about that before me, and you say it makes no difference.

Mr. SEILER. In the amount of audience shown in homes and people. The definition of the metro makes no difference; no, sir.

The CHAIRMAN. It does make a difference in the rating that is received, doesn't it?

Mr. SEILER. Yes, sir; but a rating is not a tool to buy time on.

The CHAIRMAN. What?

Mr. SEILER. A rating should not be used as a tool to buy time on or evaluate the audience the station has delivered.

The CHAIRMAN. What do advertisers use if they don't use ratings?

Mr. SEILER. They, in my opinion, normally use the homes tuned to the station and the people viewing the station that we list in this report. If they use the rating to determine the station audience, they are making a serious mistake.

The CHAIRMAN. What do you supply it for, then?

Mr. SEILER. We supply this rating column, and we don't do it in all our reports.

I think in the Alexandria, La., report Mr. Long got, there are no ratings, just the homes and the people. We do this because the station management needs, we feel, an opportunity to examine their program performance where signal strength has nothing to do with it and where it is a small area which everybody's signal can cover and it can be an arbitrary area. Frankly, if it were not for that purpose, I would

advocate leaving the whole metro rating out and just showing the homes delivered. That is what we are measuring.

The CHAIRMAN. How much does it mean to a given station to have a one-point rating?

Mr. SEILER. In the metro rating again, it shouldn't mean anything, because the homes that they are delivering per dollar spent are published separately in the report on their total area. And in the purchase of time, this metro rating should have little, if any, meaning.

The CHAIRMAN. Well, the networks testified very specifically on this matter here, and someone described this rating, "share of the audience." I believe they called it, as the lifeblood of their business.

Mr. SEILER. Mr. Chairman, the networks were using and referring to the national ratings. These are based on the entire United States, and sometimes they are pulled in just to the area in which the program could be seen and would be carried in the case of a limited lineup. A rating converts directly to the total homes in a national report.

In other words, if you get a 10 rating in the national report, this in most of them means 10 percent of all the television homes in the county and you can convert it directly.

In these local reports, all of the major firms use an entirely different philosophy and the metro—

The CHAIRMAN. What do you have a metro rating for, anyway, then?

Mr. SEILER. Only because stations have different signal strengths as given by the FCC.

The outer area, we give them a rating so they can determine the competitive performance of a program where signal differences have not anything to do with it.

The CHAIRMAN. All right; let's just limit it to that, then.

Mr. SEILER. All right.

The CHAIRMAN. Then you say that the rating that that station has does not have any effect on the advertiser?

Mr. SEILER. I do not say that. I say it should not, in my opinion, have any effect.

The CHAIRMAN. But you know as a matter of fact it does, don't you?

Mr. SEILER. I have heard testimony that in some advertising agencies, they ask for metro rating points. My feeling would be, if I were asked, to advise them not to do so unless they had some very special purpose.

The CHAIRMAN. You heard these people in the business come here and testify, say that they depended upon these ratings, didn't you?

Mr. SEILER. I feel a great many of them when they used the word "ratings" actually meant the homes and people delivered by the service.

We call these ratings; we say ratings and we say we are a rating service. What we mean by that is really audience measurement in terms of homes and people.

The CHAIRMAN. Why do you think these people say that they had shows taken off because of the rating it had received?

Mr. SEILER. Because I think in terms of the total homes tuned throughout the entire signal area to those shows, there weren't enough people to justify the expenditure for the show.

I don't think in these cases—

The CHAIRMAN. Then the ratings did count, didn't they?

Mr. SEILER. If by ratings you mean the homes and people figure in here, they certainly did; yes, sir.

The CHAIRMAN. You mean by that the number of homes and people tuned to it?

Mr. SEILER. Yes, sir; but the rating would not have affected that.

The CHAIRMAN. Isn't that where the ratings are derived?

Mr. SEILER. Not national ratings; no, sir.

The CHAIRMAN. We are talking about a given market, now, where these people depend upon ratings for their sales and advertising.

Mr. SEILER. Technically what we call a rating is a percentage figure only derived from this constricted metro area, which in some cases may only represent 20 percent of the station's area where they are delivering homes.

In the larger sense—

The CHAIRMAN. Well, I will ask you again: What does it mean for any station if it has a one-point rating in a given market?

Mr. SEILER. I would say to me it could mean nothing at all or a great deal. A station might have—

The CHAIRMAN. I guess that would be a true statement, nothing at all or a great deal.

Mr. SEILER. Mr. Chairman, let me elucidate just a little longer on that.

A station could have a 1.0 rating at 8 o'clock and they could be delivering 50,000 homes and 150,000 persons viewing. Another station at the same time could have a 1.0 rating in that same market and be delivering 10,000 homes and perhaps 25,000 viewers.

Both would have the same 1.0 rating.

Now, if an advertiser were interested in covering that area, the one program would be almost twice as valuable to him as the other and yet your metro ratings would be exactly the same.

The CHAIRMAN. This man testified the other day, and I will read what he said:

If my station has a 10 metro rating and one of my competitors has a 9.3, the chances are that 9 times out of 10 I will be able to get the business because I have a few fractions more of a rating point than he does.

Is that true?

Mr. SEILER. This, I think, represents a misuse of this material.

The CHAIRMAN. Well, is it true?

Mr. SEILER. I don't know. I would say it could be. I know of no specific case like that, but it certainly could be and it would be a—

The CHAIRMAN. Don't you know what—

Mr. SEILER (continuing). A misuse of our material.

The CHAIRMAN. Don't you know for what purpose your service is used?

Mr. SEILER. I like to think that in the majority of cases, it is used with some resemblance to the way we advocate that it should be used. There are abuses of it. I think this well may be one. We are trying to control them. I would welcome any suggestions on how we can further do so.

Mr. Chairman, we don't like this any better than the committee does. These abuses result in wrong decisions, they penalize people, they hurt us, and we don't like them any better than you do.

The CHAIRMAN. Well, the abuses you talk of are your own doings, though, that is the thing about it. If you call them abuses.

Mr. SEILER. No, sir; any figures we publish, if we redefined our metro areas or eliminated the metro ratings and just showed the homes, some person with two homes less would lose the business and you would have the same thing there.

The CHAIRMAN. In order to be fair, you are supposed to show what a given facility in a given area will do.

Mr. SEILER. Deliveries; yes, sir.

The CHAIRMAN. In the particular area we talked about a moment ago, in the Shreveport area, and I want also to say that neither of these stations has brought this matter to my attention or complained about it, a particular station in the Shreveport metro area has a rating from 9 to 12 a.m. of 29. That station, with the same city-grade service, has a metro area rating in Texarkana of 49. Your own figures show that the combined metro area would give that station 34.

Now, the advertisers primarily using the Shreveport metro market—how much difference is there in the form of advertising between a rating of 29 and a rating of 34?

Mr. SEILER. On a single program, I would say there would be no significant difference.

The CHAIRMAN. On the business that these agencies, these facilities—

Mr. SEILER. I would say most agencies would buy the 34 over the 29, if all the things were equal, price and program content, and things like that; yes, sir, they would.

The CHAIRMAN. You know they would; don't you?

Mr. SEILER. Yes, sir; they would.

The CHAIRMAN. You have been asked to expand the area for rating purposes only. You have said it does not mean anything.

And you refuse to do it; don't you?

Mr. SEILER. No, sir.

The CHAIRMAN. That is what this says, on the grounds that the other two would not agree.

Mr. SEILER. No, sir.

The CHAIRMAN. That is wrong, then?

Mr. SEILER. This was brought to us and we have agreed to reconsider and see if any change should be made and give this gentleman an answer on April 1.

Are we talking about Grand Rapids-Kalamazoo here?

The CHAIRMAN. No; we are talking about Shreveport-Texarkana.

Mr. SEILER. Then withdraw my remark. I am not aware of the situation in that other market.

The CHAIRMAN. And this is your own figure for November 1962.

Mr. SEILER. I am not familiar with the negotiations in that market.

But again, we are not influenced by client pressure. We are attempting to set up fair areas for the purposes for which these metro ratings are designed and it is a real problem and everyone cannot be happy with it and I think that our ultimate recourse may be to drop it.

But I would welcome any suggestions.

The CHAIRMAN. Well, the ultimate recourse would be in this, as in all of these matters, for you, if you are going to be in this business, to do what anyone would expect. That is to show the facts upon which

people are going to spend hundreds and hundreds of millions of dollars. And unless the facts are shown, then somebody is deceived, isn't that right?

Mr. SEILER. That statement is certainly correct. I would disagree that we are not, to the best of our ability, showing the facts here.

The CHAIRMAN. Well, you refuse in this instance to include the metropolitan area that is covered and given the same grade service, and because of that, you have a rating on which the advertisers depend at least that is what the man in Michigan says, who is in the business.

Mr. SEILER. Mr. Chairman, if this combination were an area of equal opportunity for all of the stations concerned in those two markets, if every one of the three covered this combination equally well, there would certainly be a good case for making that combination and adding the other metro.

The CHAIRMAN. But because there might be someone in a given area serving with an inferior facility that does not cover the area that someone else has with increased facilities, then the facts are that you will deprive the man who has obtained his license to give a particular service to a given area on the basis that he receives a rating that will be based on what the other facilities in the area are capable of doing.

And you represent that to be the actual fact?

Mr. SEILER. We do not represent the rating that we give in these areas, in these rating areas, to be the tool that should be used for selecting and buying time on any of these stations.

The CHAIRMAN. Well, it seems that you have one application of your business and the people who pay you have another application of it, and the advertisers apparently are depending upon information that is supplied on a basis to them that they believe, obviously. Or else it is something that the advertising industry and the broadcasting industry are trying to go on on the basis that I will outdo the next man before we get caught up with.

Mr. SEILER. I feel this: That in spite of all the problems we have, many of which you have pointed out today, our problems of trying to select these equal-opportunity rating areas, in spite of those and many more, that we are doing a surprisingly adequate job of giving the industry a basic idea of what these audiences are and how they shift and what kind of people are doing the viewing.

The CHAIRMAN. Just this one other thing on these high-sounding phrases and honest intentions that you might have, which I am not questioning at all, but facts are facts. You mentioned my own area a moment ago, El Dorado-Monroe, and you started to say something about it. I didn't want to bring in my own situation. Since you gave it to me and have it, you perhaps know that as a matter of fact, because of your ratings some time ago, the networks, the industry, the station, and the company all decided they were going to move that facility that was assigned as an Arkansas station, from my own community to Monroe, La., because it was so advertised in the rating service. It would have given a better picture had it been in Monroe, La., to cover the same area.

You didn't know that was a fact, did you?

Mr. SEILER. No.

The CHAIRMAN. You didn't know that the National Broadcasting Co. entered into what I thought at that time and, told the group, was a conspiracy?

Mr. SEILER. No; I had no knowledge of this, sir.

The CHAIRMAN. Fortunately they saw the light and withdrew their efforts. The matter turned out all right as was intended by the FCC when the assignment was made. And the station is getting the coverage now.

I might say, complimenting you for that area, that you are doing a much better job now since that happened than you did beforehand in giving the facts of the coverage on which they base their operation. As a result, they are doing better than they did before.

Mr. SEILER. Mr. Chairman. I would like to say that when we selected these reports, we saw that a great many of them were these combination ones that have problems, a great many of the committee members' home areas. I knew in distributing them we would raise a number of these problems.

But we felt that if they were there, we might as well face them right from the first.

The CHAIRMAN. It is a basic principle involved and it cannot be limited to West Palm Beach and Palm Beach or El Dorado and Monroe, or San Francisco-Sacramento, or some other place. It seems to be a principle throughout the whole industry. And that is the fallacy of the whole thing, the way I see it.

Mr. ROGERS of Florida. Mr. Chairman, I want to ask a question or two.

How many employees do you have, sir?

Mr. SEILER. We have approximately 225 full-time, regular employees and a staff of approximately 5,500—this is a close guess—field interviewers.

Mr. ROGERS of Florida. Field interviewers?

Do you pay the field interviewers?

Mr. SEILER. Oh, yes.

Mr. ROGERS of Florida. You do pay them?

Mr. SEILER. Yes, sir.

Mr. ROGERS of Florida. I thought I understood that you said you often adopted—

Mr. SEILER. Mr. Rogers, I said we didn't pay the homes who kept the diaries. We certainly pay the interviewers. I believe some quarter of a million dollars.

Mr. ROGERS of Florida. How do you get them? Are they a permanent crew?

Mr. SEILER. They are a semipermanent crew. In groups like that, you have quite a turnover, especially in areas you only do twice a year.

Mr. ROGERS of Florida. It is their responsibility to get the home diary keeper?

Mr. SEILER. They are free-lance interviewers, yes. It is their responsibility to select the homes we tell them to select and get cooperation; yes, sir.

Mr. ROGERS of Florida. Do they usually live in the town or area where you employ them?

Mr. SEILER. Oh, yes; because most of this contact work is done by telephone and this will mean far less telephoning cost if they can do it nontoll or for a small toll.

Mr. ROGERS of Florida. Did you say your company is a corporation with its stock offered to the public, or not?

Mr. SEILER. The company we merged with a little over a year ago is, yes. It is C-E-I-R, Inc., a public corporation. American Research Bureau, Inc., before June of 1961, was a nonpublic corporation.

Mr. ROGERS of Florida. It was nonpublic?

Mr. SEILER. Nonpublic.

Mr. ROGERS of Florida. Are the same major stockholders still interested in the corporation now?

Mr. SEILER. Actually, the merger was effected by an exchange of stock. All of the ARB stock went to C-E-I-R and was retired and the ARB stockholders received C-E-I-R stock in place of ARB.

Mr. ROGERS of Florida. How many stockholders would you say you have?

Mr. SEILER. Now?

Mr. ROGERS of Florida. Yes. Do you have any idea?

Mr. SEILER. In the old ARB, I believe—I am making a guess at this.

Mr. ROGERS of Florida. I understand.

Mr. SEILER. There were 8 to 10, somewhere around that area.

Mr. ROGERS of Florida. What do you have now, would you say?

Mr. SEILER. Actually, there is no ARB stock.

Mr. ROGERS of Florida. I know; you are a merged corporation.

Mr. SEILER. Yes. But, of course, a great many more of our people now have C-E-I-R stock, because some have bought it on the open market and—

Mr. ROGERS of Florida. How many would you say? Do you have any idea?

Mr. SEILER. I don't have any idea how many of our 225 people have C-E-I-R stock now; no, sir.

Mr. ROGERS of Florida. I would like to know how many shareholders you have. Do you have any knowledge of that?

Mr. SEILER. I believe the C-E-I-R issue is something like a million and a half shares. If you would allow me to check—

Mr. ROGERS of Florida. No; that is a good enough estimate.

Mr. SEILER. I am told approximately 5,000 shareholders.

Mr. ROGERS of Florida. Do you have any that are what you would consider major stockholders, who hold really large shares of stock?

Maybe you will have to refer to your attorneys.

Mr. SEILER. The president of C-E-I-R, certainly, would be a major stockholder. These are shown in the annual report.

Mr. ROGERS of Florida. Are there any advertising companies or large advertisers that hold large blocks of stock?

Mr. SEILER. To my knowledge, no.

Mr. ROGERS of Florida. Any radio or TV companies or owners of companies that have large blocks?

Mr. SEILER. To my knowledge, no.

Mr. ROGERS of Florida. And you would probably know, would you not, if there were?

Mr. SEILER. Actually, my only source for the information would be something published that I might have seen in the newspaper or something someone may have told me.

Mr. ROGERS of Florida. If there are, would you furnish that for the use of this committee?

Mr. SEILER. Yes, sir.

Mr. ROGERS of Florida. I know some companies use permanent diary keepers. Why do you believe that you should not use permanent diary keepers?

Mr. SELER. Our feeling is this, that keeping a diary is not an easy job for a week. Our attempt in this effort is to get cooperation from as many people as possible in our original sample.

Our experience has led us to conclude that your highest response comes the first time around and then more people begin getting tired of it and it begins tapering off.

Furthermore, you do have the hazard that has been so ably pointed out here, in some places across the country, of someone learning the identity of these homes. Of course, a constantly rotating sample makes this a pretty expensive and futile thing to do.

Mr. ROGERS of Florida. Would you think a little machine might be better on a television set?

Mr. SELER. Not necessarily, and I will tell you why.

A machine will show you fairly accurately the operation of the set. It won't give you something that may be almost as important, which is the identity of the viewers. For example, you might want to buy 10,000 homes tuned to a program where the viewers were all men if you were selling shaving lotion than three times that many homes if you could determine that the viewers were all children under 8 years old.

Mr. ROGERS of Florida. It does not necessarily mean people watching because the set is on?

Mr. SELER. That is right. And a diary can give you not only the viewing by the family but also the identity of the members.

In a meter, you are also limited to a very small sample and you can't rotate it because it is so expensive.

These meters sometimes cost \$500 a home, just to set one home up with a meter.

On a nationwide basis, with 55,000 of these in one of our sweeps, a meter simply is out of the question. If we could do it, I am not sure we would.

Mr. ROGERS of Florida. Do I understand that on a nationwide sweep, you have about 55,000 samples?

Mr. SELER. This is the returned usable diaries and if you would allow me to just get a nod on that—yes, sir.

Mr. ROGERS of Florida. Do you contact clients that might subscribe to your service, television and radio stations, before you make the survey?

Mr. SELER. Yes, sir.

Mr. ROGERS of Florida. After you make the survey?

Mr. SELER. Probably both.

Mr. ROGERS of Florida. Do you inform them of their rating before they might subscribe?

Mr. SELER. I would say this—about 90 percent of our business is contract business that is arranged ahead of time. I would say that if we had a nonclient in one of our surveys in that market, perhaps this nonclient had gotten a different network or program and showed a substantial increase: I would not tell you that our salesman would not go and give him an indication of how much better he was doing. Probably he would.

Mr. ROGERS of Florida. And say if he placed first in the rating, your salesman might go to him and advise him that he placed first and allow him to subscribe to the service for that particular survey?

Mr. SEILER. A client or a nonclient may subscribe to our service at any time.

Mr. ROGERS of Florida. I realize it. I just want an answer to that question.

Mr. SEILER. I would say the answer would have to be "Yes."

Mr. ROGERS of Florida. Would you say it is done about 10 percent of the time?

Mr. SEILER. Not that he is advised that he is in first place or anything; no, sir. But I am advised that about 10 percent of our business is noncontract business that is not arranged on a yearly basis.

Mr. ROGERS of Florida. Must all the stations subscribe that are included in your survey?

Mr. SEILER. No, sir.

Mr. ROGERS of Florida. If one subscribes, all stations that come into the area are listed?

Mr. SEILER. If they meet our standards that I have described here. And if no stations subscribe, the market is still put out.

Mr. ROGERS of Florida. Do you sell to advertising agencies?

Mr. SEILER. Yes, sir.

Mr. ROGERS of Florida. And to advertisers themselves?

Mr. SEILER. Yes, sir; anyone with a legitimate interest in the field.

Mr. ROGERS of Florida. Are you ever commissioned to do a survey out of your regular schedule?

Mr. SEILER. Yes, sir; we call these extra editions in the market. But they must conform to certain standards.

If I see what you are driving at, a client can't design his own survey and have us go out and do that with a different type area.

Mr. ROGERS of Florida. Suppose he wants to know how much he covers in a particular county, wouldn't you do that for him?

Mr. SEILER. We could tabulate that out for him from our regular material.

Mr. ROGERS of Florida. Suppose he wants to know right now his standing today: Could you do that for him?

Mr. SEILER. We would undoubtedly do a special coverage study for him.

Mr. ROGERS of Florida. Would he have to have a contract before you would do any special survey for him? Say he wanted a survey out of your regular schedule. Suppose he said, "Now, I would like to have a survey done, outside of your regular survey, the way you regularly do it," but outside your regular survey?

Mr. SEILER. I would like to answer this subject to an addition by Mr. Crutchfield, because I am going to speak of the way it was set up when I was actively negotiating these with stations.

If an extra edition is desired, first of all, every station in the market, client or nonclient, must be notified well ahead of time that this is going to be done. It must be in our same standard area and every station must be given an equal chance to participate at the regular rate. Occasionally, to qualify that regular rate an extra edition, because we are not doing it in connection with a sweep, may run a little bit more and the prices may be different. But everybody has to have

a chance to participate, everybody has to know ahead of time, that it is being done. And it has to be done to certain standards. It cannot be an off-beat type thing and be a regular report.

Mr. ROGERS of Florida. Suppose only one asked you to do this and subscribed ahead of time?

Mr. SEILER. If it has been offered on this basis to all the others, they know about it, so they would have an equal chance to know it is being done—

Mr. ROGERS of Florida. You would feel compelled to let them know they could subscribe at that time?

Mr. SEILER. At that time or afterward; yes, sir.

Mr. ROGERS of Florida. I am talking about at that time, when you agree. You must let the other stations know?

Is that your policy?

Mr. SEILER. Immediately; yes, sir.

Mr. ROGERS of Florida. Do you every vary from that policy?

Mr. SEILER. Not to my knowledge, but I would like to refer this to Mr. Crutchfield.

Mr. CRUTCHFIELD. I don't believe there has ever been a time to my knowledge when we have failed to notify a station, but I could not say it has not happened. Our intent is to notify all stations that a survey is being done—that is, a standard type report that is to be distributed to agency and advertiser clients.

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Mr. Seiler, how do you select your samples where you are going to interview?

Mr. SEILER. Our samples are selected almost entirely from telephone directory sampling in prescribed areas. Very simply, this sampling consists in taking directories that have names in the appropriate area and evolving some systematic system so that every 12th name or every 20th name is picked.

This in effect gives us a probability distribution of names throughout the directory.

Mr. YOUNGER. Well, if I understand the information that is contained in this memorandum, your headquarters are at Beltsville?

Mr. SEILER. Beltsville, Md.; yes, sir.

Mr. YOUNGER. And in the case of this Louisville survey, you took the phone book of Louisville, in your office, and selected the samples that are to be interviewed? Is that correct?

Mr. SEILER. May I check that a moment? It either was—the pattern was either laid out here and the selection made also here or the pattern laid out and the selection made down in the Louisville area. This would be a number of different phone books for that whole Louisville area. It would not be just the Louisville telephone directory. It would be perhaps 10 or 15 or 20 different ones, covering all of the station area we measured.

If I could check that for just a moment.

We lay out the sampling pattern in Beltsville, but our coordinator for the area, who happens in the Louisville case to be resident in Louisville, actually makes the selection and selects these names and numbers to the interviewer.

Mr. YOUNGER. From the telephone book, how can you determine the distribution if you select every 4th name or every 10th name or every 20th name?

They might still all be in one subdivision.

Mr. SEILER. The chances would be very much against that, because if I could talk for just a minute on this, there are two different basic types of sampling. One is the kind where you attempt to pick people who are properly proportioned as to education and age and income and geographic location.

You try to build a sample; you say I want so many farmers because Census says there are so many farmers in this area, and I want so many housewives, I want so many people making more than \$10,000 a year and less than \$10,000.

The problem you run into with this is after you have arranged two or three of these categories, the minute you start arranging for the others, you begin throwing the first ones out again and pretty soon, before you have covered half the categories you need to cover, you have a hopeless situation.

Furthermore, some of the characteristics that most influence television viewing are difficult to get any information on to do the arranging. For example, the state of appearance, health, has a great deal to do with, in my opinion, television viewing. An invalid at home may watch a lot more television than someone who is out a lot. A family's social life may do this.

If you, on the other hand, take all the names in an area—

Mr. YOUNGER. Just a minute, Mr. Seiler. I think we all appreciate those things. My point is, how can you tell from selecting the name in a telephone book whether he makes \$10,000 or whether he is sick or where he lives, or what section he lives in or anything else?

Mr. SEILER. This is the point I have arrived at now. Let's say that instead of a telephone book which has all the names listed and we are picking names in a random pattern, instead of these names we have a huge jar full of peas. Let's say that 900 of these peas are green and 100 of them—we have 1,000 peas—900 are green and 100 are white. So that 10 percent of these are white.

Actually, you can mix those up thoroughly and blindfold yourself so that you can not see the color of the peas. If you reach in, because you have 1 chance in 10 every time of picking a white pea and 9 chances out of 10 of picking a green, if you draw several hundred of those, your results will be very roughly 1 white pea for every 9 green peas.

It is just your law of averages and your percentages working out.

If there are 10 times as many green peas in there as white, if you keep drawing there are going to be—

Mr. YOUNGER. I think your example is very good. What we are trying to find out is what happens to these green peas in the industry.

Mr. SEILER. Now we are going to find out. Consider that these are families in a phone book and that we have taken all those names in the phone book and mixed them up the same way. In any of these categories—income, race, social life, health, anything—when you do that drawing of those names out of there, you are doing the same thing for all of these characteristics as you have been doing for the peas except instead of the two colors, you have a number of others. And I would say to you that if I took a telephone directory for

Washington and I picked names this way and I wanted to determine how many persons in Washington planted a certain kind of grass seed, I could go around to my sampling that I had drawn and simply ask those people; because if 10 percent of the people in Washington plant a certain kind of grass seed, 10 percent of the names in those books would have represented these. And I would say that I could go to my sample and ask them and come up with a figure and if you could check that figure, it would be within these tolerance limits, more or less, of the true picture.

Mr. YOUNGER. I question that very much, because in the various sections of the city, one section will have a far greater percentage of telephones in it, according to the population, than in the other section.

Mr. SEILER. Yes.

Mr. YOUNGER. And yet the television sets may not be in proportion to the population—or I mean in proportion to the percentage in the telephone directory.

Mr. SEILER. Mr. Younger, I will tell you how we handle that. Let's assume that we have two different neighborhoods and they both have equal numbers of telephones in them. But in the one neighborhood only half of the people have television sets. They don't like television in that area. And in the other area, all the people have television sets. It is true, we will pick an equal number from each of these two neighborhoods because they both have the same number of telephones.

Mr. YOUNGER. How can you tell from picking names in a telephone book which neighborhood they live in, if you select each 10th name or 20th name?

Mr. SEILER. We don't know until they are selected. But if the neighborhood contains a tenth of the population of the city, a tenth of the names in the book will be in that neighborhood. By the time they are drawn, we will have roughly 10 percent of the names in that neighborhood.

Mr. YOUNGER. That might be true if the proportion of telephones as to TV sets were the same. But do you have what they call reverse telephone books in your cities? Do you ever use those?

Mr. SEILER. Not to my knowledge. But we do another thing. We interview these homes first and determine which ones do have television and throw out the ones which do not. So this reapportions it in accordance to television.

And this is our first step. And this brings that back into line.

Mr. YOUNGER. Where you have a reverse telephone book, which we have in our territory, the address is given first, and then the name. By the address, which is a certain subdivision, you can take these addresses of a certain subdivision. Then you can take 15 names out of this subdivision and 20 names out of another subdivision where you could know pretty much what the financial status, et cetera, of each sample is.

But I don't see how that can be ascertained with an ordinary telephone book.

But I am glad to know that that is the way to do it.

Mr. SEILER. Your suggestion would be a good way of drawing a sample.

Mr. YOUNGER. We have those out in our territory. I don't know if they have them back here or not. The telephone companies out our way print what is known as the reverse telephone book, which gives the street address first and then the name.

Now, you have 4 different weeks in which you conduct the survey?

Mr. SEILER. Not always; but normally.

Mr. YOUNGER. Well, normally four?

Mr. SEILER. Yes, sir.

Mr. YOUNGER. Do the same individuals conduct the survey each week?

Mr. SEILER. By that you mean do the same families keep diaries each of those weeks?

Mr. YOUNGER. Yes.

Mr. SEILER. No, sir. If we have four hundred families we let one hundred of them keep the diaries the first week, another hundred the second week, the third hundred the third week and the fourth hundred the fourth week.

We put all of these together and not one keeps a diary for more than 1 week.

Mr. YOUNGER. You have two surveys, say, a year?

Mr. SEILER. In some markets?

Mr. YOUNGER. Yes. You do not use the same samples in the second survey that you used in the first survey?

Mr. SEILER. No, sir.

Mr. YOUNGER. They are changed each time?

Mr. SEILER. They are changed. The samples that are selected are different.

Mr. YOUNGER. I believe your company did have a cease-and-desist order from the Federal Trade Commission.

Mr. SEILER. Yes, sir.

Mr. YOUNGER. Now, in connection with these surveys, I hold here the San Francisco Television Audience, which gives more or less complete details as to how you make the survey. Since you have had the order, I understand from the memorandum you have offered compliance to the Federal Trade Commission.

Mr. SEILER. Yes, sir.

Mr. YOUNGER. In what respect after you have complied with their cease-and-desist order is this changed—the material in this survey?

Mr. SEILER. You mean in what respect has it been changed from what we were using formerly?

Mr. YOUNGER. Yes.

Mr. SEILER. We actually have had two basic changes in our report copy. Our reports in former years were this type, or this kind of cover, and is somewhat different copy inside. When the Madow report was released, there were some very excellent, in my opinion, recommendations in it, and I think quite some time ago, perhaps over a year, we issued a press release stating that we were going to comply with these recommendations and give the data, disclose the data about our service that the recommendations included. And we planned this for our new reports in that style, which began, I believe, this last September.

As we were working on this copy, we were aware of the Federal Trade Commission investigation of the things they were attempting to do. And as might be suspected, while we were preparing this new copy from the Madow report, we attempted, where it was necessary, to alter things enough so that we would also comply as best we could with what we felt the Federal Trade Commission might require of us.

Than after the Federal Trade Commission order was issued, we had to make additional changes which, in my opinion, were quite minor ones.

I can go into somewhat greater detail on this. Or we can—if you desire.

Mr. YOUNGER. Let me ask you this question.

As I recall, when the Chairman of the Federal Trade Commission was before our committee, he stated that they were going to require that in your published reports, you should say that this is an estimate or a guess, and emphasize that it was only a guess at best.

Now, how do you comply with that, as against what you used to say here when you said:

This report is a compilation of television audience estimates resulting from a survey conducted by the American Research Bureau on the market indicated.

Now, has that estimate been changed any as a result of the Federal Trade Commission cease-and-desist order?

Mr. SEILER. The report you have there is one of our current ones. We have stated in that particular one, because we felt that it would comply with the Federal Trade Commission requirement. Also they required us to put the word "estimate" on each page of the report. We had some discussion with them, of course, because in our old reports, we would publish normally this chart showing the variations we discussed a moment ago, and we state that this report is from sampling, and we show the size of the samples. It was a question here of how many times and in what form they should be stated. And we felt we were stating it already, that these were subject to variance, and they disagreed somewhat.

It was not a big problem, because we simply have put estimates in now.

Mr. YOUNGER. Well, this one, for instance, has been completed, January 1963 for the San Francisco area—then in your opinion, it is one estimate that complies with the Federal Trade Commission's cease-and-desist order?

Mr. SEILER. Mr. Younger, we have submitted that along with our other materials to the Federal Trade Commission compliance division, and we feel it will comply—this is pending. I don't know what our answer from them will be.

Mr. YOUNGER. Just one more question.

In regard to the metro area report, there is one case here where at 10.30 p.m. you have 1 station that has 319 homes that is—rather 31,000.

Mr. SEILER. Yes.

Mr. YOUNGER. And another with 122,000. Another with 215,000. And then 1 with 157,000, or rather with 15,000. That one is by far the lowest. But it is rated 2. Why isn't it rated 1? I mean, where do you start with a rating of this kind? For instance, the 15,700 is rated 2, the 31,000 is rated 3, the 122,000 is rated 9, the 215,000 is rated 16.

Now, what is the meaning of those?

Mr. SEILER. Mr. Younger, this is a point I have been trying to develop before the committee.

These homes delivered are the homes these stations are delivering in the entire area. Those rating numbers you are reading are just the percent of tune-in these particular stations get in the metropolitan area

only, which is not all of the area the stations cover. And it shows how deceptive a metro rating only can be to a time buyer, because if he buys on those ratings, here are two stations I believe you pointed out, both with ratings of 2, and yet—

Mr. YOUNGER. One is 2 and one is 3.

Mr. SEILER. And yet the homes delivered in the outer area do not relate directly to those.

Mr. YOUNGER. The metro share, the 1 station has 7, 1 has 10, 1 has 30, and 1 has 53.

Now, it looks as though one of them would be 1, and you start from 1. Why do you start from 2?

Mr. SEILER. Well, there could be a rating of 1. There just didn't happen to be one in that particular time period.

Mr. YOUNGER. Well, if it was the lowest of the four stations rated, why isn't it 1—why is it 2?

Mr. SEILER. Well, for example, this is the percent of sets tuned in, and it so happened there was no station at that time that only had 1 percent of the sets tuned to it. The lowest one had 2 percent.

Mr. YOUNGER. Looking over these samples that we had, these diaries, what would you do with this diary, for instance?

On Friday, in the case of this man, he listened from 7 until 10:30 and from 1 until 12 o'clock at night on Friday; and on Saturday, he listened from 9 until 11:30, and then from 12 to 12 p.m. solid, all the way through. And then on Sunday, he listened from 10 to 1:30 p.m., from 2 until 11 o'clock at night. And then on Monday, he listened from 7 o'clock in the morning until 12 o'clock at night solid, all the way through. And then on Tuesday, he listened from 7 o'clock on through to 12 o'clock at night, all the way through, without even a lunch break. And then on Wednesday, he started in at 7, and he went through to 12 p.m. On Thursday, he started in at 7 and he went through until 12 p.m.

Now, what would you do with that?

Mr. SEILER. I would say that is a fantastic viewing record. We do find ones like this.

Mr. YOUNGER. I was wondering what you would do with a diary of that kind?

Mr. SEILER. In the first place, this may be different members of the family doing this.

Mr. YOUNGER. Well, it is a man—the only man in the family which is listed, and this says a man.

Mr. SEILER. This shows only one man doing all this viewing?

Mr. YOUNGER. That is right. Only one man in the family.

Mr. SEILER. And he is present when all that viewing is being done?

Mr. YOUNGER. He says so, in the diary—he says he listens from 7 a.m. to 12 p.m. 4 days a week, and I think from 9 a.m. until 12 p.m. 3 days a week.

Mr. SEILER. Mr. Younger, I would only say this: This would represent one of the largest amounts of personal viewing in our sample.

Mr. YOUNGER. You would say he loves television, wouldn't you?

Mr. SEILER. Our constant criticism received from stations is that we don't pick up nearly all the viewing that goes on. And I further would like to have some diaries like this to show some stations.

Mr. YOUNGER. You would throw that out in a sample, wouldn't you?

Mr. SEILER. No, sir; we would tabulate it.

The CHAIRMAN. You would take that into consideration of averages?

Mr. SEILER. Yes, you might have others where they only viewed 5 minutes the whole week. These all balance out.

As I say, we get a result that I feel is a great deal more reliable than most people are willing to give us credit for.

The CHAIRMAN. Can you return tomorrow afternoon at 2 o'clock?

Mr. SEILER. Yes, sir.

The CHAIRMAN. The committee will adjourn until 2 o'clock tomorrow afternoon. The staff has some more questions they want to ask you.

(Whereupon, at 4:45 p.m., a recess was taken until 2 p.m., Thursday, March 14, 1963.)

BROADCAST RATINGS

THURSDAY, MARCH 14, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 2 p.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

I believe, Mr. Richardson, you had some further questions?
(Discussion off the record.)

The CHAIRMAN. Mr. Richardson, you may proceed if you have some questions you wanted to ask.

Mr. RICHARDSON. Thank you, Mr. Chairman.

TESTIMONY OF JAMES W. SEILER, DIRECTOR OF THE AMERICAN RESEARCH BUREAU, DIVISION OF C-E-I-R, INC—Resumed

Mr. RICHARDSON. Mr. Seiler, yesterday, you stated that the outside area of Louisville was combined with the diaries for the metropolitan sample and this resulted in a total from which total homes came: is that correct?

Mr. SEILER. Yes, sir.

Mr. RICHARDSON. Can you not apply statistical variance to this sample size, which in this case would be 397, as you would have applied it to the 160 for the metropolitan area?

Mr. SEILER. Yes; you would apply the same type of variance, understanding, of course, that this variance assumes a perfect sample and doesn't account for any nonstatistical errors that might be in the material.

Mr. RICHARDSON. ARB states in this report, in relation to its outside sample, that there are 591 diaries. Yet the effective sample size is 397. In other words, these are weighted down to 397. Is that correct?

Mr. SEILER. Yes. Apparently, in this case, we had a larger number of diaries in the outer area than we actually required to match with the metro, probably because we were doing other markets at the same time, such as Lexington, Evansville, and so on, which required larger sampling than some of these outer spots.

The procedure in that case is to maintain a true proportion between the Louisville metropolitan and the outer area, so that either one does not have a disproportionate weight. If this is done, we then quote an effective sample, from which we suggest variance be computed.

Mr. RICHARDSON. In your opinion, don't you think listing two sample sizes here for the outside area is a little confusing?

Mr. SEILER. No; I don't believe so statistically, simply because I believe in telling our clients everything that we have done with the material and instead of listing the 397, for example, I would prefer to tell them that we had the exact number of diaries we had and let them see how we arrived at the 397, which actually isn't a real figure of diaries.

Mr. RICHARDSON. Should you not explain in your pocketpiece, the fact of the weighting procedure used here?

Mr. SEILER. That certainly is a good point, and I suppose up to now we have had no client questions on that particular point, and I think that is a good suggestion.

Mr. RICHARDSON. It appeared last week that not many have questioned anything in these books.

Mr. SEILER. I have some clients who would belie that, I think.

Mr. RICHARDSON. In this Louisville report, you were given the staff memorandum on it yesterday and approved it. Now, in this report, is it not true that from the original contacts made, you only got a usable return of 38.3 percent?

Mr. SEILER. You are referring to this rate of return from all of the original contacts as opposed to the rate of return for the diaries placed?

Mr. RICHARDSON. Yes.

Mr. SEILER. I am not familiar with that figure, but I would say it certainly sounds reasonable. You realize that of the original contacts, a great number of them would not have a television set and we would get no return for that reason, which would tend to lower it. But the figure sounds quite reasonable, although I don't know it exactly.

Mr. RICHARDSON. In this situation, would you have one of your statisticians figure it out from the report given to you yesterday, if they have a copy with them?

Mr. SEILER. Just a moment.

I am told, sir, that this is the true figure, but that this includes all of the original attempted numbers, including the disconnects, including all the ones that never answered after all of our attempts, and including the nontelevision homes.

Mr. RICHARDSON. All of those in the sample universe?

Mr. SEILER. That is correct. Every original number we started from, and of course, due to disconnects and non-TV and others, this is attrition that you certainly would get.

Mr. RICHARDSON. In this situation, as I remember, there were three disconnects and about four with non-TV homes; was that not correct? So this would lower it very little.

Mr. SEILER. I don't believe we have that figure here, but I would certainly be willing to accept yours if you have the data.

Mr. RICHARDSON. Then basically, with 38 percent here, you are getting your sample from less than the majority of those homes originally contacted?

Mr. SEILER. Yes, sir. Perhaps not less than the majority of the television homes, which is what we are really measuring, but of the total universe, your statement is correct; yes.

Mr. RICHARDSON. Is it not possible that those that either refused to return the diary or didn't answer the phone when your interviewer called would have different habits than those which took the diaries?

Mr. SELLER. I would like to comment briefly on that subject, because it is probably one of the most important in our business, especially in the case of a firm using diary measurement.

The first important problem you have to solve in going into measurement of TV viewing with a diary is contained in two basic questions. One is, inasmuch as we are getting a return of only about half, more or less, of the original sample we select, how do we know that the half not returning the diaries at all aren't different in their viewing habits than the half that do return diaries?

Perhaps because they are uncooperative or not readily available, these nonreturners may do less TV viewing, they may travel more, they may have different personalities, and they may be entirely different in their viewing habits than the half from which we get diaries.

The other big question, of course, is from the half we do get, from whom we do receive diaries, how do we know these people have kept a correct record and that they have not left out some programs that they watched and that they haven't added others that they like but didn't happen to watch that week?

It is obvious until you can answer these two questions—how do you know the nonresponders aren't different from the responders and how do you know the responders keep an accurate record—that you can't support a diary record, you would not be able to sell it and no one would have confidence in using it.

A great number of experiments have been done to determine this and the way we basically proceed to test this and try to answer these two questions is to try to select a number of areas and use a system that isn't subject to nonreturn problems, and also isn't subject to people's work in recording programs and people's ability to keep a record through the week.

Now, such a system exists in the telephone coincidental. When you select another sample and telephone several hundred or several thousand people, right at the times you are measuring and simply ask these people whether their set is on right now or not and if they are viewing or not viewing, very few people will refuse—perhaps only 1 percent. And also, when you are checking only the viewing at the time of the call, there is no recording problem, because if the person isn't sure, they can always go and look at the set.

Our feeling is that if we pick very, very large samples drawn the same way and containing tens of thousands of homes and we match these samples across the country so that we perhaps have a diary sample and a telephone coincidental sample exactly matched at the same time and in the same place, and we measure the same period of time, using these two different techniques in two different samples, if there are differences caused by the nonresponders in the diary service who are obtained in the coincidental, or if there are differences, there are recording errors in the diary, then we will get different results from the telephone coincidental than we will from the diary.

ARB has run a great number of these tests over a period of years. We have published books, one of which is called "A New Look at the Television Viewer Diary," giving the results of these. The answer

in a sentence or two is that nonresponders are somewhat different from responders. The people who don't keep diaries view a little differently than the ones who do keep diaries, but not to a tremendous extent, and, also, there is some recording error in diaries.

People cannot keep a perfect record of their viewing during the week.

But again, these differences are reasonably small and the conclusion you are led to by all of these data is that the diary, while not a perfect instrument, is probably the best practicable one you can use in markets across the country, and normally will not seriously mislead you, although it must be used with the recognition that the results can be somewhat different than if you made a perfect measurement of a perfect sample and got everybody.

I am sorry I have been so long at this, but that is our general explanation.

Mr. RICHARDSON. This, then, at least, makes the end result less effective?

Mr. SEILER. This, in my opinion, would certainly make the end result less accurate than a perfect result; yes, sir.

This, incidentally, is a copy of our most recent piece of research on this subject, with thousands and thousands of these comparisons.

Mr. RICHARDSON. Was this internal research?

Mr. SEILER. This is internal research paid for entirely by ARB and it is available should the committee care to look it over.

Mr. RICHARDSON. Because of the consent decree by the Federal Trade Commission, have you changed your methodology in any manner: your method of gathering your information?

Mr. SEILER. Not to my knowledge.

Mr. RICHARDSON. Did the Federal Trade Commission ever tabulate any of the field work from an ARB report, Mr. Seiler?

Mr. SEILER. Not to my knowledge, and I have checked with other staff members and am unable to find any indication of this.

Mr. RICHARDSON. Did they check with some of the people that have kept diaries in certain parts of the country?

Mr. SEILER. I believe they did.

Mr. RICHARDSON. How long after the diaries have been kept did they make their checks?

Mr. SEILER. I was given to understand that the checks were made several months later, perhaps 6 to 7 months later. I am not entirely sure because we were never told exactly when they were made. But because of the time lapse between the time we did the surveys and turned over the names, it had to be a considerable period of time.

Mr. RICHARDSON. Mr. Seiler, concerning the situation that evolved here yesterday afternoon in the discussion of the different markets and the problem of time buyers either using ratings or total homes, would you explain to the committee precisely how the metro ratings are computed for your television market reports?

Mr. SEILER. Yes, sir.

The metro ratings are computed by taking our diary samples within an area which normally is the standard metropolitan area of the market and simply computing a straight percentage of the homes in the sample viewing versus the total sample. In other words, a metro rating of 3 would mean that 3 out of every 100 homes in our metro

sample were tuned to the program at that time. A rating of 10 would mean that 10 percent of them were, or 10 out of every 100 homes were viewing the program. These data would only apply to the metropolitan area, which, in most cases, I believe, is simply the home county.

Mr. RICHARDSON. Mr. Seiler, am I correct in saying that the metro rating is actually the percent of those in the sample from the counties within the metropolitan area who indicated that they listen to a certain program on a certain station at a specific time, with the resulting figure rounded to the nearest whole percent?

Mr. SEILER. You are absolutely correct.

Mr. RICHARDSON. Would you explain, then, to the committee precisely how the total homes figures are computed for your television market reports?

Mr. SEILER. Yes: the total homes figures are computed essentially by the same process, except because the total homes measurement is essentially the entire area covered by the station, we after determining the percentage of homes in our sample, tuned to a certain station and a certain program. We then, in effect, project this result to all of the television homes in the area.

Now, in actual practice, this is done by giving each diary what we call a homes-per-diary value.

In other words, if we happen to have 10 diaries in a county in the outer area and that county has 100,000 television homes, each diary would have a value of 10,000 homes.

Now, this example is much too high. Normally, diaries may have values of 500 homes per diary, a thousand homes, and so on, and so forth.

If this were the case, to take a better example, if the county contains 10,000 television homes and we have 10 diaries in that county, each diary would have a value of 1,000 homes, so that if all 10 of them were tuned in, this would mean all the homes essentially in the county and therefore it should add up to 10,000, which it would.

So if 1 diary were tuned in in that particular county, it would put a value of 1,000 homes into the total. All of the diaries viewing in the entire area are added together with their homes per diary value and this is the way we computed the homes reached.

Mr. RICHARDSON. Then in summary, am I correct in stating that the total homes figure is obtained by multiplying the total television homes in the survey area by the percent of those in the sample drawn from that area who indicated that they listen to a certain program on a certain station at a specific time, with proper weighting factors being applied?

Mr. SEILER. Essentially, yes, sir.

Because of our nationwide sweeps, where we are measuring all markets at the same time and there is overlap, there are some technical procedures we use in the computer which may take a long time to describe, but essentially what you have said there is correct.

Mr. RICHARDSON. Should not those procedures be explained in your product, in the publication of your product?

Mr. SEILER. Actually, I feel as long as those procedure do not materially differ at all in their effect from the simplified explanation that probably adding several pages to each report, this would require, might be more information than the client really wants. This, of

course, is obtainable through ARB to any interested client. It would take, perhaps, several days visiting us to grasp the whole concept.

Mr. RICHARDSON. Mr. Seiler, is it not true, then, that other than the fact that the total-homes figure involves a multiplication by the estimated number of television homes in the measured area, both the total homes and the metropolitan rating figures represent the percent of specific viewers with the only other difference being that the total-homes figure corresponds to a larger geographic area?

Mr. SEILER. That is essentially correct; yes, sir.

Mr. RICHARDSON. Could not the metro ratings have been just as easily expressed as total homes by multiplying the sample percentages by the number of television homes in the metropolitan area and thus you could put it on the same basis of presentation as the total-homes figure expressed by you yesterday?

Mr. SEILER. This could be done, and I would like to tell you why we do not do it.

If we expressed metro audiences in terms of total homes, an impression might be given that these are all of the homes the station is delivering. The reason we use the percentage figure in the metro is we, under no conditions, want to give an impression that this is the station's entire audience or this is the homes that they deliver. We strongly oppose using a homes figure just in the metro.

Mr. RICHARDSON. Then, basically, are not the metro ratings and the total-homes figure the same type of figure but applied to different areas and expressed just a little differently?

Mr. SEILER. Essentially, yes. I would like to say again that our concept in using the metro rating at all is simply to take a very small area, which normally would be covered by a city-grade signal, perhaps, and in which all stations are under more or less equal signal conditions, so that a true competitive figure can be produced for the programming of each station, having nothing to do with the fact that one station might go out in the outer area a lot farther than the other. We would like to see these used only for that purpose.

Mr. RICHARDSON. Well, Mr. Seiler, yesterday you repeatedly indicated that it was your opinion that it was inadvisable for time buyers to use metro ratings for choosing among stations or programs for advertising purposes. You advised use of the total-homes figure instead of the ratings; is that not correct?

Mr. SEILER. In almost all except very specialized cases, where an advertiser is only interested in reaching homes in the metro and nowhere else, I would advise using the total homes figure; yes, sir.

Mr. RICHARDSON. If these two measures are essentially the same but for different geographic areas, why is it not advisable to use the total homes and not the metro ratings, or why should you not be able to use either?

Mr. SEILER. You should use the total homes delivered by the station if you are interested in that total area, because that is the only figure that gives the complete estimated audiences for each station being measured.

Using metropolitan area ratings only could badly mislead you in the case of two stations that had entirely different signal strengths.

If one had very low signal strength and only covered effectively a little bit beyond the metro, the other one covered extremely effectively.

perhaps, for 100 or 150 miles out, the metro ratings on the two stations at a certain time might be exactly the same, but in terms of total homes, the stronger signal station would have almost a monopoly in the outer area and would build total homes more rapidly and reach more homes per dollar.

The metro ratings here could be very misleading.

This can be seen by any of the committee members in looking over our sample reports and trying to relate the metro rating to the outer area.

Mr. RICHARDSON. Well, since this area is determined arbitrarily by your company and not by engineering factors, isn't this just a matter of your opinion as to where the diaries are originally placed?

Mr. SEILER. In the total station area, it is not a matter of our opinion. We attempt to measure the entire country and select viewing from wherever we find it. If it turns up in a county to a great extent which is outside the expected area for this station, if there is consistent viewing there, we accept it.

As far as our selection of the metro area is concerned, we have attempted over the years to pick some standard definition which is constricted enough so that signal strength will not be a factor and the standard metropolitan area at the moment is, as a result of almost 14 years of attempting to solve this problem, is the one, we feel, while not perfect, that is the fairest to everyone.

Mr. RICHARDSON. Would there not also be a great amount of statistical variance, even using the sample size used for your total-homes figure? For example, take your Metropolitan Louisville report that you have in front of you, check in the back on a rating of 20, and a sample size of 397, which is what this effective sample size is, and see what the variance is for a rating of 20?

Mr. SEILER. It appears to be just a shade under four points—just a shade over four points in either direction.

Mr. RICHARDSON. So, basically, that 20 could have been 16 or 24, or anyplace in between a 16 or a 24; is that correct?

Mr. SEILER. Yes; or, as a matter of fact, to keep the record entirely correct, even greater than that, because there may be additional errors that will enter from recording errors in the diary or tabulation.

Mr. RICHARDSON. Then if it cannot be said that the metro area is a precise rating point, would it not be better in publishing your booklet to state where the rating might be; in other words, it could be someplace between a 16 and a 24, instead of 20?

Mr. SEILER. Yes. We have experimented with this in the past and this is what is called a confidence range. It is possible to print the rating as a 16-24 instead of a 20. In practical business usage, however, what happens is each client simply, then, has to do the mathematics and he ends up with his 20. We have found that we have not been successful in selling this concept.

Furthermore, it isn't exactly correct, because the statistical error only, which assumes a perfect sample, does not fully apply to the work of any rating organization and the true variance should be somewhat greater than this, and the indications we would give by putting the confidence range from this chart would be that this is what the variance is.

It actually is greater than this—we would be incorrect in showing it—and we don't know how to compute the correct figure, because we don't know how many recording errors there are in the diaries.

Mr. RICHARDSON. Well, certainly, it is true that you don't know the true figure, but would it not serve as a warning if you put from a 16 to a 24 instead of a 20—and you said they do figure out the exact point in your prior testimony here just now—would it not be fairer to put a range and just warn them that it is not a precise figure; therefore, they should be aware?

Mr. SEILER. Our feeling is that the chart in the book essentially does the same thing. Again, we could not support the 16 to the 24 mathematically, because we do not have a perfect probability sample and we do not arrange for the recording errors in the diary. And I'm not meaning to be facetious, but I don't think we could get this through the FTC.

Mr. RICHARDSON. Then your chart is not right, either?

Mr. SEILER. The chart is correct for a perfect probability sample and, unfortunately, it is the nearest thing we can get to this variation and we felt that by publishing it with a disclaimer, at least we would warn our clients. But you are correct: the chart does not fully account for all the possible error in our work.

Mr. RICHARDSON. Doesn't it sound probable from prior testimony here while you have been in the hearing room, that many people do not bother to look in the back of the book, but just look at the figure and buy?

Mr. SEILER. I feel that every user of our books must have seen this chart at least once—it occupies a full page—or must have received one of our wheels, which are essentially the same thing.

I do agree with you, however, that not enough people pay enough attention to this.

Mr. RICHARDSON. You stated yesterday that in relation to the material presented to you, the variances existed at 21 different time periods. Were you satisfied with that variance of 21 different time periods?

Mr. SEILER. Out of some 500, I believe? I believe in two different tabulations, where perhaps two different editing decisions might have been made in the case of faulty recording, we would be satisfied with this, yes; sir.

Mr. RICHARDSON. That actually is 3.8 percent of the total?

Mr. SEILER. Yes, sir.

I might make one other comment for the record at this point. I have tried to disclose most of our sources of error and variance in this, but to keep the record absolutely straight, I should say that these tend to go in both directions and in many cases tend to cancel out and we do not get as inaccurate a result as I might have implied.

For example, we may have recording errors in the diaries which will tend to move a true rating of 20 up to a 22. On the other hand, the sampling error may have entered, but in the other direction, which would tend to pull it down 2 points. These actually do not all go in the same direction.

They work in both directions and a great many of them tend to cancel out. The error in these reports is not nearly as large as you might be led to believe by considering all the things that can happen.

Mr. RICHARDSON. Then, Mr. Seiler, because of the small sample size in either the metropolitan or your total measured area, the statistical variance in the Louisville report makes the final result in many time periods of so little stability that the ratings cannot be used for other than guides, is that correct?

Mr. SEILER. In any one individual time period—I want to say as you combine time periods and spot schedules, you attain more accuracy. But in any one individual time period, in any one individual report from one sample, the results certainly should be used for broad guidance only and we repeatedly caution our clients never to firmly believe a figure or act on that until they see it repeated at least twice in two different samples. Sometimes this is possible, sometimes it is not for the client.

Mr. RICHARDSON. In the local market reports, it would be possible, but there would be a great lapse of time in between.

Mr. SEILER. Dependant on whether it was a 10-times-a-year 1- or 2-times-a-year one.

Mr. RICHARDSON. Basically you said no intelligent person would make a buy or buying decisions based on less than several rating reports in one time period, is that correct?

Mr. SEILER. He would be better off that way. However, the point should be made that if a buyer is buying a great number of spots in a great number of markets and consistently picks the highest or the best estimate each time, percentagewise, he is going to be better off.

It is in effect similar to a baseball manager's procedure in playing the percentages, in changing pitchers. Sometimes it does not work out, but over a whole season, you will be better off. And essentially in buying a lot of spots, you statistically, I believe, will end up better off always by buying the best buy as indicated by the research.

Mr. RICHARDSON. That is all right for the time buyer, but what about for the seller of the time? Does this not affect his income if a wrong decision is made in such a manner?

Mr. SEILER. Yes, it does, and the only thing that can be said to alleviate his problem a little, and in my experience, I have seen this happen, is that it works in both directions. He may get one report or he may have one time period where through sampling fluctuation or other reason, his audience is lower than it should be and he loses some money. On the other hand, probably an equal number of times, he gets his result where it is higher than it should be and he gains his business when it shouldn't have been or he shouldn't have gotten it.

Our feeling is that over the months this tends to balance out and he is no worse off than he would be otherwise.

Mr. RICHARDSON. Then if he has a new station or if the reports don't come out often and he is hurt, if he has enough money to stay in business until the situation changes, luck may come his way?

Mr. SEILER. Yes; and to amplify your comment, sometimes in a two-times-a-year market, if a person has to live with a report for 6 months that he strongly feels may have had a sampling fluctuation in it, he may contact us about ordering an extra edition.

Mr. RICHARDSON. Mr. Seiler, we have had some discussion here in the past on whether or not subscribers could come to your plant and check the field work for a report done in his area. What is your company's policy?

Mr. SEILER. Our company's policy is that any client or other responsible person, whether they be client or not, is completely welcome to come and check all of this work, including going through the diaries.

Mr. RICHARDSON. Could a nonsubscriber do the same thing?

Mr. SEILER. Yes, sir. By nonsubscriber I mean someone who would have a potential interest in this, not some totally disinterested person off the street.

Mr. RICHARDSON. Mr. Seiler, we have had your company supply the income for a prior year to the subcommittee. In this income, what percentage of the national television business related to national reports would you say your company has?

Mr. SEILER. I do not have the exact percentages here, but I can state that our figures show out of a total income of \$3,113,663 for the calendar year 1962, \$114,722 came from our diary national, \$35,031 from our National Arbitron, with \$2,963,910 from other nonnational sources, mostly local.

Mr. RICHARDSON. We were not going to have you put that in the record. The question was, in your opinion, what percentage of the national network television business does your company have?

Mr. SEILER. I feel I will have to leave my own figures that I have given you in the record and if the committee has the national income from other services, the percentage could be computed. I do not have an exact figure on the income of the other services, which I would need to make this percentage.

Mr. RICHARDSON. Would you make an estimate, since this seems to be the business of these companies, as to the percentage of local station business that you have?

Mr. SEILER. I would say, and I want to make it clear that this is a complete guess, because I have no idea of the income figures from other sources, but I would say on the basis of station income for the local market report that we would probably have at least a 60-40 lead.

Mr. RICHARDSON. Now, would you hazard an estimate on the national business or not?

Mr. SEILER. From consulting with a staff member, I am informed that a good estimate might be 10 percent or something under.

Mr. RICHARDSON. Is that an ARB staff member or a member of the staff of this subcommittee?

Mr. SEILER. That is an ARB staff member.

Mr. RICHARDSON. Mr. Chairman, Mr. Sparger has just a few questions to ask of ARB.

Mr. SPARGER. Mr. Seiler, you stated just a moment ago that your company has a policy of allowing a representative of a station to come in, particularly a subscriber, and he would be allowed to tabulate the diaries: is that correct?

Mr. SEILER. Yes, sir.

Mr. SPARGER. Would the names of any of the people that the diaries had been sent to in a past report be available to him?

Mr. SEILER. I don't believe so. I believe that our diaries work by numbered code and the exact location by county and sampling unit, or ARBSU, as we call it, would be on there.

Let me check.

The names are not on the diaries. The other information is.

Also, I believe we indicate to diary homes that their names will not be publicly given out if they cooperate in the survey.

Mr. SPARGER. If a broadcaster wanted to find out from you the number of diaries you anticipated placing in an area, or, rather, the number of attempts you would make to place the diaries in his particular metro area, would you advise him of that, sir?

Mr. SEILER. I don't believe that question had ever come up. We would be more likely to give him the information as to the number we expected to receive back to tabulate his report. If the question were asked how many we planned to mail out, we would make our decision as to his motive in asking that and if it were a research motive, we certainly would give it to him.

Mr. SPARGER. He could determine, generally, though, how many placements you anticipate making if he had this other general information as to what your return was?

Mr. SEILER. Now that we publish the return rate in each area, I would say he certainly could compute it for himself.

Mr. SPARGER. Would a broadcaster, for example, or an advertising agency research representative, be able to determine the number of interviewers that you would have in a market?

Mr. SEILER. Not without difficulty.

Mr. SPARGER. Would you advise him of this if he were to ask you?

Mr. SEILER. At this point, I see no reason why we would not.

I don't recall ever having been asked.

Mr. SPARGER. I have here, sir, a memorandum of ARB dated October 20, 1961, which relates to the method by which ARB selects its sample. Is that correct?

Mr. SEILER. Well, as of October 20, 1961, this certainly was the instructions we gave our field staff; yes, sir.

Mr. SPARGER. You advised Mr. Richardson and me, on request by telephone, that if a broadcaster wanted to see how you selected your sample, you would have made this available to him. Is that correct, sir?

Mr. SEILER. We would, and I am advised that we have from time to time.

Mr. SPARGER. From the information as to the estimated number of diary placements that you anticipate, figured back from the percentages which you have in your report, and from this particular memorandum, could you not—as Mr. Crutchfield testified, if a station owner were to obtain the name of a home, could they not reverse the process from this memo and determine on what line you would call people and actually reverse the whole process and predict ARB's sample?

Maybe I ought to rephrase that.

Mr. SEILER. No. I understand. I am trying to compute whether or not there would be too much timelag by the time they got that information and did it for it to be any good.

Excuse me a moment.

Our consensus seems to be possible, but highly improbable.

Mr. SPARGER. Would it surprise you, sir, if we advised you that the staff took one name in the directory from the Louisville telephone book and later checked it against the material which you provided us and had predicted within a reasonable margin those numbers you would call during a 4-week cycle?

Mr. SEILER. I would be impressed by that. Again, if such a thing as that ever were carried out in the field and could be done on a timely basis, we certainly would change our procedures enough to prevent its happening in the future.

Mr. SPARGER. Wouldn't it be better, then, sir, while in this instance you have a policy of so much disclosure to people, if possibly you either put out a sample sheet of random numbers rather than the actual random numbers used, or even sent out the numbers to be called from the home office?

Mr. SEILER. Actually, this may be what we would do now to an outside contact. We felt your position was a little bit different in this and I would like to check that for just a moment.

I am informed that the only ones to our recollection that have ever been given out were obsolete ones. However, I think the committee for pointing this out and we will certainly examine our procedures.

Mr. SPARGER. We were certain that it would probably be obsolete in the future, too, sir.

We have one other question. You advised that in every market across the country, you put in these blank diaries for people who would not be home on an equal percentage basis?

Mr. SEILER. Yes, sir.

Mr. SPARGER. Would you think, sir, that it might be better to put in the blank diaries based on your experience in each market rather than on an across-the-country basis?

Mr. SEILER. We found—we used to do this, incidentally. It requires a great deal of additional labor and we found that although there were large variances by months of the year, from market to market, these tended to be quite small and we arbitrarily settled on the procedure we now use for that reason. I would admit that if we did it each time, market by market every month, that we would obtain a slightly greater degree of accuracy.

This I do not believe, however, makes any noticeable difference in the results. But you are correct, it would be more accurate to do it that way.

Mr. SPARGER. The staff has no further questions, Mr. Chairman.

The CHAIRMAN. Does any member of the committee have anything further?

Mr. YOUNGER. I have one thing.

I don't think we have had any information about the cost, the price of your survey. Take the Louisville survey. What did you receive for that?

Mr. SEILER. In Louisville, I am informed that on the basis of three surveys per year, the net to a VHF station would run around \$4,700 to \$4,800.

Our service is sold to national advertisers and agencies on a somewhat different basis. I am informed that that price was at the time of this survey we are discussing. Due to the increased material in the new ones, it is slightly higher now.

In the case of national advertisers and agencies, we generally sell what we call the entire package, which would be all reports that we do all year in the entire country, and a large advertising agency would pay approximately \$20,000 a year for this service.

Mr. YOUNGER. Thank you, Mr. Chairman.

The CHAIRMAN. Well, Mr. Seiler, does that mean the station would pay \$4,700 or \$4,800 for it?

Mr. SEILER. For three surveys per year, yes; around \$1,500 or \$1,600 per complete survey.

The CHAIRMAN. Does that mean that if you have three television stations in Louisville, each of the stations would take this survey made three times a year?

Mr. SEILER. We would hope that this would be the case. I don't think it is in Louisville now, but we would like to have all three and each one would pay approximately that rate, yes, sir.

In other words, there isn't a station price for the market which is divided up among the stations and if all three come in, each one pays less than for just one.

The CHAIRMAN. In other words, you have a price?

Mr. SEILER. We have a price for each station and that is the price for that station. In markets where we have no stations or perhaps only one, we lose a considerable amount of money. If we perhaps, in a seven-station market, had all seven stations, we might go in the other direction there.

The CHAIRMAN. Well, is it conceivable that you could have made such a survey in Louisville without any of the three stations purchasing?

Mr. SEILER. Yes, sir; and this is the case in some markets. Little Rock, Ark., I believe, was a good case a year or so ago, if you would let me check that.

Yes; we did our regular schedule there with no clients whatsoever and I believe there are two or three stations there.

The CHAIRMAN. There are two stations there or three stations, depending upon who you are talking to right now about channel 7.

Mr. SEILER. I would rather not enter into that.

The CHAIRMAN. I would think so, but it is considered to be a three-station market.

Mr. SEILER. We certainly would make every attempt to get every station who would be a potential client.

The CHAIRMAN. Would you give me a copy of that survey you made for my own use? I would like to see it.

Mr. SEILER. Of Little Rock?

The CHAIRMAN. Yes.

Mr. SEILER. I don't have it with me, but may I put it in the mail tonight?

The CHAIRMAN. If it is convenient.

Then you take the same information—I am just trying to nail it down a little bit in my mind—from the questions Mr. Sparger asked you a few minutes ago.

You take the same survey made in the Louisville market and sell it to an advertiser?

Mr. SEILER. Yes, sir; the same report.

The CHAIRMAN. Do you charge him any differently?

Mr. SEILER. Yes, sir; he pays less per market per survey than the station in the market. The reasoning here is that the advertiser has some interest in each market across the country in which he buys time, whereas the local station has interest and use of every time period in his own local market. The advertiser's cost per year, or the agency's

cost, rather, might be considerably greater than a station's cost per year. A station may pay \$4,800 per year and an advertising agency may pay \$20,000.

But on a per report basis, the advertiser and the agency pay considerably less.

The CHAIRMAN. Now, you will sell it either to an advertiser or to an advertising agency?

Mr. SEILER. Yes, sir; or to any other interested party.

The CHAIRMAN. In other words, if I wanted it and came to you and paid for it, I could get it?

Mr. SEILER. Actually, for a purely personal inspection and use, in your case and another example might be educational groups, there would be no charge for it.

The CHAIRMAN. I was going to say, don't misunderstand me, I am not going to pay you for it.

Mr. SEILER. I might point out one other thing as to our position in this industry. In dividing the users of these reports into the buyers and sellers of time, you have two groups whose interests are sometimes opposed. This is not true in the case of all stations or in the case of all advertisers, but generally, the stations and the sellers of time would like to have the highest homes reached and ratings possible and the advertiser and his agency, in negotiating for the time and attempting to buy it for as little as possible, might perhaps like to see the gloomiest picture possible and perhaps lower numbers.

This is not true in every case. There could be conflicting interests here and our feeling is that the one area of compromise which the two can live with is the area closest to the true situation.

Our feeling is that we must stand between and be impartial to both sides and simply produce to the best of our ability a record of the actual situation.

This we are attempting to do, and as has been ably pointed out, we are failing in many respects.

But I want to say again that with our limitations and with the financial situation, we are trying to do the best we can.

The CHAIRMAN. I do not doubt that at all, Mr. Seiler, and I am not going to get into that all over again as we did yesterday, but I can see no other result than if the determination is then made on the ratings, that a more accurate determination be made of the homes reached.

Mr. Brotzman?

Mr. BROTZMAN. I have one or two questions, Mr. Chairman. They could possibly have been asked before.

I have in my hand, Mr. Seiler, a complaint before the Federal Trade Commission, docket No. C-289. I merely wanted to ask two or three questions about this.

Now, apparently the cease-and-desist order in this matter before the Federal Trade Commission was issued on December 28, 1962. In the last paragraph, you are advised, among other things, that within 60 days after service of this order upon the company, that you file with the Commission a report in writing setting forth in detail the manner and form in which you have complied with this order.

Now, my specific questions are directed to this order. First of all, has such a letter been filed with the Federal Trade Commission as of this time?

Mr. SEILER. That matter is now pending. We have filed with the FTC the required material. We have not received their decision as to whether it complies, sir.

Mr. BROTZMAN. I understand that. But with regard to these six basic provisions here that you have on the cease-and-desist order, if I understood your statements throughout the testimony, you have attempted to comply with these pronouncements; is that correct?

Mr. SEILER. Yes, sir.

Mr. BROTZMAN. And your letter is now in the process of being determined by the Federal Trade Commission whether or not you have in fact complied?

Mr. SEILER. Yes, sir.

The CHAIRMAN. Will you yield at that point?

Mr. BROTZMAN. Yes, of course.

The CHAIRMAN. This may be a little embarrassing, and I do not intend it so at all. But it has been mentioned during the course of the hearings, when the Chairman of the Federal Trade Commission was here, the fact that these hearings were set and it became generally known through the latter part of last year and it became more obvious the early part of this year—did that have anything to do with your coming to terms with the Federal Trade Commission?

Mr. SEILER. We had a deadline before which we had the choice of signing a consent decree or taking the matter into the courts. Regardless of the merits of the case we thought we might or might not have, our feeling was that financially, this latter course would have been one that would have been extremely hazardous to us in our present situation. We also felt that we agreed in principle with the matter of full disclosure and if certain changes could be made and the matter settled, we felt most of these would be right in line with our philosophy anyhow. So we signed the consent decree and we did have a certain deadline by which we had to sign it.

The CHAIRMAN. Well, it is a rather strange situation, that this whole matter has been under study and investigation for some 5 or 6 years.

It started over on the other side of the Capitol and went along without anything really effective coming from it, even though in 1961 or 1962—1961—we filed the Madow report?

Mr. SPARGER. Yes, sir.

The CHAIRMAN. We knew that the matter had been before the Federal Trade Commission, that they had it at that time. Our staff had been in contact with them, and they had been in contact with us. We had watched the development, the progress they were making down there.

And I came to a full realization, and I must say this, Mr. Seiler, last fall that we had been pretty patient. We had gone along a long time without anybody doing anything.

With all the information we had, I directed the staff to get together, that we were going to open this thing up.

That began as far back as October. It did look like it was a rather unusual situation that after a half dozen years had gone by trying to get something, all of a sudden it started popping everywhere. That is our judgment, and no reflection.

I do not mean to say that critically. I say it as a matter of fact. It sort of raises a question of whether or not the industry is actually doing

what a lot of us feel should be the principle and the procedure, and that is policing itself, doing what should be done in the interest of the public.

It certainly does point up an interesting question for us now, after waiting and waiting and waiting for something to be done.

I am sorry I took your time, Mr. Brotzman.

MR. BROTZMAN. I wanted to go back to one thing you have already testified to. I believe you stated yesterday, Mr. Seiler, that you do not have a radio rating service. Is that not correct?

MR. SEILER. That is correct.

We do not have any regular radio service. We may occasionally do a special survey on special order having something to do with radio, but we do not produce a regular rating service.

MR. BROTZMAN. I thought you gave a candid reply that you didn't know how to measure the market, or something to that effect.

MR. SEILER. I repeat that reply today.

MR. BROTZMAN. That is your firm belief, then?

MR. SEILER. Yes, sir; that, combined with the fact that in view of the much greater experimentation and fieldwork required to even make a stab at it, you are faced with the far smaller number of dollars available from the radio industry to pay for such an effort. And we have just never been able to make sense out of these two factors.

MR. BROTZMAN. I would just like to thank you for your candor and your cooperation with the committee, Mr. Seiler.

MR. SEILER. I am most appreciative.

THE CHAIRMAN. Mr. Moss?

MR. MOSS. Mr. Seiler, I have just a few questions.

Before I ask them, I would also like to express my appreciation for what I regard as a model of candor and cooperation of this committee. You deserve the compliment of our committee. Undoubtedly, your cooperation has been of material assistance to us in undertaking this assignment.

MR. SEILER. We are most grateful.

MR. MOSS. How reliable are ratings?

MR. SEILER. I can only say that they are a guide which perhaps can limit the area somewhat in which your own good judgment should operate, and for the making of practical business decisions in television, they are quite valuable.

MR. MOSS. Now, you measure and rate—

MR. SEILER. By ratings, I am also thinking of homes reached by the station—homes and people.

MR. MOSS. That is what you measure—homes reached?

MR. SEILER. Homes and people.

MR. MOSS. Homes and people?

MR. SEILER. That we estimate are watching a certain station and a certain program.

MR. MOSS. You do not rate programs?

MR. SEILER. If by rating them, we rank them in the order of number of viewers each one has, then we do; yes, sir.

MR. MOSS. You assign a rating to programs, your national service?

MR. SEILER. In our national service, we simply have a percentage, I believe, of the total TV homes in the United States tuned to a program.

Mr. Moss. How much value would such a rating have in determining the type of program the American public should be afforded?

Mr. SEILER. It would be, if properly used, a valuable indicator as to the selections they were making from the available programing. I know this has been said before, but I feel it, too. Other factors certainly must enter into this picture, sir.

Mr. Moss. All it can possibly compare is the preference between programs then available?

Mr. SEILER. This is correct. I might add one additional thing. We do get in our diaries now, comments that the families wish to make on a blank page we provide about television in general, their desires, their complaints. And we have made digests of these comments from different areas around the country, which some broadcasters have found extremely interesting. There are—

Mr. Moss. Do those indicate general satisfaction with the programing?

Mr. SEILER. I would say this: A great many of them do. There are some violent protests having to do with both programs and commercials.

Mr. Moss. You have indicated that there appears to be some difference between viewing preferences of those ready to respond to a diary, the keeping of a diary, and those unwilling to do that?

Mr. SEILER. Yes, sir.

Mr. Moss. Is this a sufficiently significant difference so that it should be considered if a rating was to be utilized in programing?

Mr. SEILER. Considering all the other variances to which these rating estimates are subject, in my opinion this would be one of the smaller ones. And again, it is difficult to make these decisions, because the person who has the decision to make must decide in his own mind how big a variance he is willing to tolerate in the figures he is using.

Mr. Moss. Of course, we have in this group, or excluded from this group those who have no telephones?

Mr. SEILER. Yes, sir.

Mr. Moss. And I noted here a few weeks ago, in an article in one of the local newspapers, indicating considerable concern on the part of telephone officials over the very large increase in the number of unlisted phones.

Mr. SEILER. Yes, sir.

Mr. Moss. I think it was around 8-plus percentage of the total.

Mr. SEILER. It is much higher than that in New York, as an example.

Mr. Moss. Yes, I think one place it went up to around 14 percent.

Mr. SEILER. You have apartment switchboards also with no separate numbers. This is a problem.

Mr. Moss. What type of people do we have in this group? You get up to 8 percent of the total telephones—you have a large number of people.

Mr. SEILER. Yes, sir. We have also considered that factor, and we have available some rather complete studies that measure the viewing of nontelephone homes versus the viewing of telephone homes.

Mr. Moss. Is this determined from interviews?

Mr. SEILER. This is determined from using diaries with both groups. But of course the diaries to the nontelephone homes have to be placed

and the interviewing done personally, or it has to be done by mail. We do have these studies. This problem has concerned us.

Again, the indications are that in most markets the differences in viewing are so small between the nontelephone and telephone homes, and the number of television homes not having telephones is so small, that these people would have to be tremendously different in order to make much of a difference in the overall result.

Mr. MOSS. Have you ever gone into a community, such as Louisville, and undertaken two concurrent surveys, to determine whether using a different group of viewers, concurrently with another group, whether you would come up with any significant difference?

Mr. SEILER. Not in Louisville, no. But we did such a study in Houston, Tex. We used two samples of, I believe, 250 completed homes each, and we showed the two separately: then we showed the two combined. We indicated the difference that might occur.

In Salt Lake City we have recently, in November, not recently, November 1960, completed some very extensive studies with two completely separate samples, and taking into consideration both telephone and nontelephone homes. I have the result in this document. I could summarize by saying that the differences you might observe between nontelephone and telephone homes are not of such nature to alarm us. Obviously the larger samples you can use, the better off you are.

We are in favor of the largest samples the industry can afford. And all other things being equal, the more sampling you can do, the better off you are.

I would like to see them just as high as we can possibly get them. There are very severe economic factors limiting us here.

Mr. MOSS. The use of ratings has been characterized by some, the rating itself, as the lifeblood of the industry—advertising, television. If it is in fact, then they could not afford to use anything that is less than adequate to give a sufficiently large sample, to give a meaningful picture of who is watching. In other words, the industry can either afford an adequate survey or it should afford no survey, wouldn't you say—if it is to be used as sort of a bible? I think the Nielsen becomes, on a national basis, for program purposes almost like the old Oracle of Delphi—something you do not question.

Mr. SEILER. I think it is a question, again, of what your definition of adequate is. One of the problems you have here is if you felt that the industry today could not afford any larger or better sampling than they have today, or any better work, you might say let's get rid of the ratings. On the other hand, the alternative might be then depending on audience mail, which perhaps will come from a highly biased segment of the audience, or depend on word of mouth or hearsay, or just plain guessing. And even surveys which are made in an unbiased way, with a cross-section sampling, using very small samples are, in my opinion, still better than your alternative.

Mr. MOSS. If audience mail is like congressional mail, you can stimulate it in a hurry. And if you paid too much attention to it, you would have an entirely wrong impression of what people want.

Mr. SEILER. I certainly would agree with that, in the case of mail to radio stations and networks. You can have, as you have undoubtedly seen repeated times, a program reaching millions of people and only offending perhaps 2 percent—these 2 percent are the ones you hear from. Our feeling is again that any properly done cross-section

survey, even with a relatively small sample, is better than your alternatives that would be left if you threw it out. And essentially the industry is supported by the sale of a certain number of homes to whom the station purports to deliver an advertising message. And if these homes cannot be estimated in some way, the whole economics of the industry would be in jeopardy. And the industry itself has a very great interest in making these figures as accurate as they can. And I think progress has been made over the years. Companies that have not continually improved their service, in my opinion, have not done very well. And I feel that, from the contacts we have with our clients, that pressures are being exerted very strongly in the industry in this direction, except it is a very difficult problem.

Samples, for example, which give you a variance, according to the statistical chart, of four points either way would not have to be doubled to make this two points either way, but would have to be quadrupled. There are some serious problems here. I do not like many of the uses to which these are being put, and many of the inadequate figures that we and others are issuing now any more than the committee.

Mr. Moss. Now, if we are going to use these, or misuse ratings, as they are obviously being misused—would you agree they are being misused?

Mr. SEILER. In some instances they are certainly being misused.

Mr. Moss. When programs are taken off the air or kept on the air because of them, aren't they being misused?

Mr. SEILER. Not if—

Mr. Moss. When you have a one or two point difference between a show that stays on or one that goes off—that is within a reasonable margin of error, is it not?

Mr. SEILER. I would say certainly so.

If you use this information simply to establish the area in which a program's audience lies, and you try to determine whether the audience to this program is marginal, and perhaps has a 1 or 2 percent of the homes tuned in, or whether it is reasonably good, and perhaps has 15 to 20 percent tuned in, are very good and has 40 to 50 percent of the homes tuned in—variances of a point or two do not change the area in which the audience lies. It is either a good program audiencewise or not.

Mr. Moss. Isn't another important factor that enters into it the diversity of program offered the viewer in the area in which the sample is made?

Mr. SEILER. Very much so.

Mr. Moss. If you have a one-station market, that is it, isn't it? It is on or it is off.

Mr. SEILER. That is correct.

Mr. Moss. If you have two, then there is at least an alternative.

Mr. SEILER. That is correct.

Mr. Moss. If you have three, then you have exposure on each of the networks.

Mr. SEILER. That is correct.

Mr. Moss. You have some four- or five-station markets. I think Mr. Younger's district—he was rather surprised yesterday to discover that a nonaffiliated station had the highest percentage of viewer homes, the largest number of viewer homes.

Mr. SEILER. I believe that was in certain periods.

Mr. MOSS. In certain periods?

Mr. SEILER. Yes, sir.

Mr. MOSS. Unless these surveys are carefully weighted to reflect the availability of programing within the area in which the sampling is taken, a very significant factor is overlooked, is it not?

Mr. SEILER. Yes, sir.

Mr. MOSS. If you project this on a national basis to arrive at what appears to have emerged for network use, at least, as the standard—you have a very faulty standard.

Mr. SEILER. Actually, in national reports these factors are taken into consideration. The program is generally evaluated within the area where it was available and could be viewed.

However, differing numbers of stations and differing competition does make a tremendous difference. Quite often a program that has a strong audience appeal but not tremendously so may get perhaps up in the top 10 simply because it is in a time slot opposite 2 weak programs. You take that same program that may be No. 1 or No. 2 in the country, reschedule it opposite a formidable show, and it may drop to 30 in the rankings—the same program. One of the points I would like to submit to the committee is that a great deal of this data should be handled by professionals, who are trained in its usage, and who understand how it is produced and what its weaknesses are. We would all be better off if this could occur.

Mr. MOSS. If you worked from a fixed sample, how long can you leave it fixed and have it representative in a day and age where the very mobility of the population changes in characteristics over a period of just a few years?

Mr. SEILER. Well, you cannot leave it very long. If you have a fixed sample, your normal procedure should be to modify this sample at very frequent intervals. One technique for doing this is if your sample is drawn on an area tract basis and you have inspected each tract and sampled proportionately, to reinspect these tracts, even the blank ones, at certain intervals. Some of them you will find were vacant areas a year ago and now have a complete housing development and should now get sampling. In others you have had dwelling units torn down, the situation is changed, the sampling should be changed also. And these have to be constantly modified and brought up to date.

You cannot just simply get a fixed sample, install it, and run it from here on in.

Mr. MOSS. I have no further questions.

Mr. YOUNGER. From your experience, do you have any comments to make with regard to the introduction of the all-channel receivers, the possibility of the UHF broadcasting?

Mr. SEILER. I am not an authority on this, but from our experience in the field, I would say that the introduction of UHF would certainly solve a lot of the problems of the availability of extra channels. However, there is still an audience measurement of significant difference, especially in other areas, as to the power of the signal from a VHF station and a UHF station.

Normally today if you have what we call a mixed market, where you have a VHF station and a UHF, even assuming that you had all-channel receivers and everyone in the local market could receive both, you normally would find as you moved out beyond the metro into the outer

area, a rapid falling off of the ability to get a satisfactory picture from the UIHF and the VIIIF that would begin picking up and going out, and would greatly exceed the UHF after you got out a few miles.

This has been our normal experience in audience measurement in almost every situation.

Mr. YOUNGER. The manufacturers say that with the new type of transmitter—they can transmit the UIHF signal just as far as they can the VIIIF.

Mr. SEILER. I have no knowledge of that, but it certainly would be a welcome development.

The CHAIRMAN. Mr. Howze, did you say you have a question?

Mr. HOWZE. Yes, two or three. Mr. Seiler, I would like to try to clear up a couple of things which have been discussed and ask one question which I think has not been asked yet.

First, on the use of the term "ratings," isn't it so to the general public and also perhaps during this hearing that the word "ratings" or "rating" has been used in different senses? First, perhaps, to designate any number that may appear in a pocketpiece; and second, to designate what you were at pains to describe yesterday, the metropolitan area rating?

Mr. SEILER. I would say that the rating concept began back in the years when we were unable to measure a station's total area. We in those days used telephone coincidentals which by high toll charges prevented us from surveying much out of the immediate city. And most surveys a few years ago consisted only of metro ratings.

Our own did recently, until a few years ago.

Mr. HOWZE. Mr. Seiler, I do not want to interrupt your excursion into past history, but the question was, don't you think the term "rating" or "ratings" is used in different senses—the broader sense and the narrower sense, today?

Mr. SEILER. Yes, sir, the narrower sense being the strict metro rating—the broad sense meaning any audience measurement, people tuned to a program.

Mr. HOWZE. You made a distinction between the rating figure and the sets-in-use figure—I beg your pardon—the share-of-audience figure.

Mr. SEILER. Yes, sir.

Mr. HOWZE. Isn't it almost invariably so that in a pocketpiece report for any given time segment the share of audience figure will be considerably larger?

Mr. SEILER. Yes.

Mr. HOWZE. Than the rating figure used in the narrower sense?

Mr. SEILER. It would be in every case, unless you had 100 percent tune in, because the rating figure is the percent of homes tuned in of all homes with television. The share figure is the percent of homes tuned to a station, only of those who have their sets turned on to something.

Mr. HOWZE. Have you ever seen, in your experience in this business, newspaper or trade publication advertisements by local radio or television stations where the higher share figure has been represented as the rating figure to the public, to advertisers?

Mr. SEILER. I cannot think of a specific example right at this moment. But in my opinion, over the years I have seen a number of these—not as much recently as in past years.

Mr. HOWZE. Would you regard that as a misrepresentation on the part of the advertising station?

Mr. SEILER. Unless it was clearly defined that this was a share of the audience, and not a rating, I certainly would. And we would strongly oppose this usage by any of our clients.

Mr. HOWZE. To your knowledge has the Federal Trade Commission ever taken any interest in that kind of misrepresentation, of a share figure as a rating figure?

Mr. SEILER. They have mentioned an interest in advertisements by television stations. I do not recall mention of that specific point; they may have.

Mr. HOWZE. I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Seiler, I want to also address our thanks to you for your candor and your able presentation to the committee throughout these days that you have been on the witness stand. You have been exceedingly helpful. There is no doubt in my mind you are very capable and knowledgeable in the business that you are associated with. I think it is commendable that you have responded to the work that has been accomplished, both from the Madow report and other adjustments that have occurred when these hearings got underway, and leading up to them.

I do not indicate by this that I am thoroughly satisfied with the methods that are used. There may not be any better method. I don't know.

But your cooperation with the committee and with the committee staff during the course of this investigation is commendable.

On behalf of the committee I want to thank you for it.

Mr. SEILER. I am most appreciative. I just want to say that you have certainly brought out in these hearings that we have some very severe problems. We hope that out of all the information that is going to be developed here will come some things that will help us to a solution.

Thank you very much.

The CHAIRMAN. Do you think that there should be some legislative action in this matter?

Mr. SEILER. I cannot frankly think of any specifically that will be of assistance in the problems we have. I think exposure of what is being done, the way the companies are operating, and exposure of the specific problems will certainly help the industry. I think there are responsible members in the industry. My vote would certainly go for the industry having a chance to do the job.

The CHAIRMAN. Well, I would like to share your comment that there are responsible people in the industry. But I would also like to say from what I think is very obvious, there are some irresponsible people in the industry, too. I think that is something the committee cannot overlook.

Well, do you think that there should be standards set for the operation of a business of this kind?

Mr. SEILER. I think it would be very difficult to set them because certainly standards that a group of eminent authorities in the field would set could conceivably be well above anything the industry could afford.

I do not know quite how this would work.

I certainly do feel that any misrepresentation in this industry should be exposed to the light of day, so that all the industry members are aware of the problems here that perhaps they were not aware of before. And I feel these hearings are certainly going to bring those out.

The CHAIRMAN. What about inequities?

Mr. SEILER. Including those of ARB and other companies. And I think if inequities are exposed that action certainly will be taken within the industry.

In my opinion it is a very difficult problem. I think this committee with these hearings and with the Madow report has made perhaps one of the largest contributions to helping us that I can recall in many years of experience in this field.

The CHAIRMAN. Again, thank you very much on behalf of the committee for your appearance and your cooperation and your presentation.

Mr. SEILER. Thank you, Mr. Chairman.

The CHAIRMAN. Our next witness is Mr. Frank G. Stisser.

Are you Mr. Stisser?

Mr. STISSER. I am, sir.

The CHAIRMAN. Do you have anyone with you that you wish to be associated with you here?

Mr. STISSER. I would like to have Mr. Borker, who is an officer of our company, if I could.

The CHAIRMAN. Will you gentlemen be sworn.

Do you and each of you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BORKER. I do.

Mr. STISSER. I do.

The CHAIRMAN. Have a seat.

First, Mr. Stisser, will you identify yourself for the record?

**TESTIMONY OF FRANK G. STISSER, PRESIDENT, C. E. HOOPER, INC.,
ACCOMPANIED BY WALLACE J. BORKER, SECRETARY AND
COUNSEL, C. E. HOOPER, INC.**

Mr. STISSER. My name is Frank Stisser. I am president of C. E. Hooper, Inc., New York City.

The CHAIRMAN. And I assume you must assume that we know who C. E. Hooper is, but the record doesn't. Will you describe what C. E. Hooper is?

Mr. STISSER. We are in the radio ratings business, publishing a service called Hooper Ratings, and we are also in the telephone marketing research business.

The CHAIRMAN. C. E. Hooper is a corporation?

Mr. STISSER. Yes, sir.

The CHAIRMAN. And where is its offices?

Mr. STISSER. Our sales and executive offices are in New York City, at 375 Park Avenue. Our production office is in Wilton, Conn.

The CHAIRMAN. What is your position with C. E. Hooper?

Mr. STISSER. I am president.

The CHAIRMAN. Is C. E. Hooper a public stock ownership company?

Mr. STISSER. No, sir.

The CHAIRMAN. Is it a family-owned company?

Mr. STISSER. It was up until about 2 months ago, completely.

The CHAIRMAN. What is the ownership now?

Mr. STISSER. There are eight stockholders, all of whom are employees.

The CHAIRMAN. Either in New York or in Connecticut?

Mr. STISSER. That is right, sir.

The CHAIRMAN. I think perhaps you had better identify your associate for the record.

Mr. STISSER. This is Mr. Wallace J. Borker, who is the company counsel and also secretary of the corporation.

The CHAIRMAN. Are you organized under the State of Illinois? I mean, the State of New York?

Mr. BORKER. Yes, sir, we are a New York corporation, qualified to do business in Connecticut.

The CHAIRMAN. Do you have a statement that you wish to present first, Mr. Stisser?

Mr. STISSER. Sir, I would like to read just part of it. I will leave out the technical aspects, which I am sure we will get into in the questions.

The CHAIRMAN. I would like at this point—I have been intending to announce this, because I think the record should show it, and everyone should know, that we have with us Dr. Herbert Arkin, head of the Division of Business Statistics, College of the City of New York, who is the statistical consultant to the subcommittee. He has been with us now and is with us in case we need the services of a statistician. I think it should be known by those who are testifying, as well as others.

You may proceed.

Mr. STISSER. I appreciate the opportunity to appear before your committee to testify at these hearings which are of vital importance not only to every company engaged in the rating industry, in broadcasting and in advertising, but to the public interest generally.

The Hooper organization of which I am now president and on whose behalf I appear was founded close to 30 years ago by Claude E. Hooper. In the intervening years, the word "Hooper" has become a synonym, within and without the broadcasting industry, for the term "rating." At present, our company publishes broadcast audience measurement reports covering local radio stations, on a regular basis, in approximately 60 markets and, as the demand requires, publishes similar reports covering approximately 80 to 100 additional markets. We do not cover either local or network television, nor do we publish a network radio report.

In considering my testimony or in reviewing any of the material that we have heretofore or may hereafter furnish, I would ask that you bear in mind that in the performance of their day-to-day duties, members of the Hooper organization remain ever cognizant that participation in the rating industry, a basic service to the broadcasting industry, carries the inherent responsibility to produce a product meeting the optimum in standards for accuracy, impartiality and integrity. We, of the Hooper organization, are deeply aware of this responsibility, and there is no compensation of any kind which could pos-

sibly justify a relaxation of those standards which, if lowered, might jeopardize the reputation and standing that we like to believe we have established during our 30-year history.

As I commence my remarks on the preparation of rating reports and the uses made thereof, I should like to clarify for the record that all references which I may make to ratings and/or reports, refer solely to the work product and standards of the Hooper company.

In order to appraise a rating report, it is essential to first understand precisely what that report is intended to accomplish. At the forefront of every Hooper report, there appears the following statement with respect to the purpose of the report:

It is the function of this report to establish measurements showing the comparative size and distribution of broadcast audiences among telephone homes in the city zone of a specific city. The actual homes to which these measurements apply are telephone homes listed in the telephone directory (ies) for this city which are included in the non-toll-call area.

It is unfortunately a fact that many people, particularly those who are not in the broadcasting industry, do not realize that ratings, although based on statistical data, do not reflect nor are they intended to reflect, mathematical certainty. Although it is axiomatic that there is no magic in statistics per se, many people, for one reason or another, fail to recognize that fact. The misconception appears to arise in the often misunderstood belief that if something can be expressed in numbers, it must be so.

On the other hand, those of us in the rating industry, as well as those in other industries whom we serve, recognize that the emphasis should not be on the numbers, as such, but rather how the numbers were obtained and what they signify.

From the proceedings of this committee to date, and my review of the comprehensive Madow report, I recognize that this committee has long recognized the validity of the statement that I have made. It is my hope that as a result of these hearings there will come a fuller and more realistic understanding of the true function of the rating industry by those that it serves and, at the same time we, who are privileged to consider ourselves a part of the industry, will be better able to comprehend and satisfy the needs of our customers.

I have two pages here going into our method.

I just simply want to say in closing, may I note on the record that the Hooper organization has been impressed with the knowledge, perceptiveness and understanding of the objectives, operations and problems of the rating industry, so vividly evidenced by members of your staff in the course of their discussions with our personnel and in their review of the documentary information and statistical analyses which we furnished at their request.

May I also again express my personal thanks and that of my company for this opportunity to participate in this hearing.

I just want to add one thing. In my dealings with Mr. Richardson and Mr. Sparger I am very impressed with their fairness. What really impresses me is the tremendous knowledge they have gained about the rating industry. I just wish that some of the people who use the ratings had that same knowledge.

The CHAIRMAN. Does that conclude your statement?

Mr. STISSER. Yes, sir.

(The remainder of Mr. Stisser's statement follows:)

The statistical data, required for the preparation of the Hooper reports which reflect audience measurement of local radio stations, is gathered by use of what are commonly referred to as the "coincidental" or "duplexcoincidental" methods.

These methods, formulated on the premise that they offer the optimum means of obtaining accurate statistical data at a cost sufficiently economical to be justifiable at the local market level, involve direct telephone inquiry being made to residences in the area under survey, such residents selected at random from listings in the nontoll call area of the local telephone directory(ies). In each call the interviewer asks the respondent whether he was listening to the radio at the time the call was received, if so, the station (including program and dialsetting) to which he was listening and whether anyone else in the home was listening to any other radio at that time. The "duplexcoincidental" method differs only in that the inquiry is not only directed to the station that the respondent was listening to at the time of the call but also to the station, if any, to which the respondent was listening during the immediately preceding quarter hour.

In appraising the qualitative value of any rating report, one point is basic: unless the statistical data has been properly, accurately and objectively obtained, the resultant rating and the analysis thereof must, of necessity, be inaccurate and unreliable. Consequently, to insure accuracy of basic statistical data, the Hooper Co. makes a concentrated effort to select qualified interviewers, offers a comprehensive training and instructional program keyed to the needs of the interviewers, and closely supervises the interviewers both before and during the actual survey. Each interviewer is carefully screened before selection: a standardized training manual and detailed instruction sheets are furnished to each interviewer prior to the commencement of the survey, and supervisory personnel are generally sent to the area being surveyed in order to insure that the survey itself is properly and efficiently conducted. During the course of a survey, we make, from our Wilton, Conn., research facility, telephonic contact with the interviewers on a spot basis. In that call we obtain from the interviewer the last two telephone numbers called, and by way of a check, we immediately call directly the aforesaid respondents to determine not only whether the interviewer made the call, but, of even greater importance, by way of a qualitative check, to determine the accuracy of the information recorded by the interviewer.

The interviewers are required to return to our Wilton, Conn., center, forthwith upon completion of the survey, the completed interview sheets previously furnished to them, on which there is printed the questions to be asked with places and instructions for recording the answers of the respondent. Upon receipt of this data, it is reviewed, checked and tabulated by our staff. In the course of the tabulation, we ascertain on an individual basis apparent data variances, and also check on other aspects of performance of the type which bear on our maintenance of quality standards. A large number of our interviewers have worked for Hooper for many years, and in many cases the services of these same people are utilized in connection with our marketing research work. This results in increased interviewing exposure, thereby furnishing us with further checks on interviewer quality.

Hooper standard rating reports are available to anyone who wishes to subscribe. Members of our organization are available to any subscriber desiring a clarification or explanation that may not be included in the report itself. Each report contains a code of practice that has long been a hallmark of the Hooper organization. This code deals with the use that may be made by any subscriber of the report itself or any of the information or conclusions stated therein. We do everything within our power to enforce strict compliance with this code.

We, of the Hooper Co., are indeed desirous, within the limits of economic feasibility, to continue to improve the service that we render to our customers both within and without the broadcast industry. Although we feel that the information furnished in our reports is sufficient to enable our customers to effectively utilize the report for the purposes for which it was prepared, we would most assuredly support any industrywide project undertaken alone or in conjunction with your committee, to further clarify or, to the degree possible, supplement or improve the standards and techniques presently being used.

In closing, may I note on the record that the Hooper organization has been impressed with the knowledge, perceptiveness and understanding of the objectives, operations and problems of the rating industry, so vividly evidenced by

members of your staff in the course of their discussions with our personnel and in their review of the documentary information and statistical analyses which we furnished at their request.

May I also again express my personal thanks and that of my company, for this opportunity to participate in this hearing?

The CHAIRMAN. It is somewhat interesting of course, your statement, calling attention to what is the intention and the importance of a fuller and more realistic understanding of the rating industry by those served.

I would like to hear you explain something about how it is used. We would like to know something about the use of it, too.

Mr. STISSER. Sir, I think a lot of these hearings have dealt with misuse of ratings. I think as Jim Seiler expressed so ably before, this is a gigantic problem that all of the honest practitioners in this business face.

Sometimes—I am sure most of the time they are overused. And I do not think this is good for us nor for the industry. I do not, of course, know specifically how they are used in all cases.

In our reports, we are publishing only city zone ratings. We do not attempt to project our figures, because we are not surveying anybody's coverage area. What we are trying to publish in the radio business is a comparative index of how one station's program is doing in audience exposure as compared to another.

As Jim Seiler pointed out, it is a very, very difficult medium to measure. I imagine we will get into the methods later.

The CHAIRMAN. You mentioned the misuse and the overuse. You take the ratings. You have been in this business—how long have you been president?

Mr. STISSER. I have been president for 5 years now, sir.

The CHAIRMAN. How long have you been with the company?

Mr. STISSER. Eleven years.

The CHAIRMAN. Eleven years with a 30-year-old company. You take them for some purpose—and that is to serve your client. You must have a pretty good knowledge of what they do with them.

Mr. STISSER. Most of our basic knowledge, sir, is of how radio stations use them. I have for years felt that the prime value of our service was as a management tool to a radio station. I sincerely believe that an awful lot of our clients use our reports as a guide to how they are doing.

One of the values of the reports is they are sensitive, and as a comparative index, this is very valuable. I do not think, very frankly, that our reports, since they are not truly projectable ratings, are used too often in the buying and selling of time. At least they can only be used as a partial indication.

The CHAIRMAN. And then you start off by acknowledging the fact that your ratings are not truly, using your words—truly projectable reports.

Mr. STISSER. I do, sir.

The CHAIRMAN. Do your clients accept these reports with that understanding?

Mr. STISSER. Yes, sir.

The CHAIRMAN. Maybe the Chairman of the Federal Trade Commission was right the other day, then.

Mr. Richardson?

Mr. RICHARDSON. Thank you, Mr. Chairman.

Since the Federal Trade Commission was just mentioned, has the Federal Trade Commission visited your operations?

Mr. STISSER. Yes, sir; several times.

Mr. RICHARDSON. Did it visit your operation in New York City?

Mr. STISSER. Yes.

Mr. RICHARDSON. Did it visit your operation in Wilton, Conn.?

Mr. STISSER. Not to my knowledge.

Mr. RICHARDSON. It did not visit your field plant.

State the different types of surveys you do in relation to local radio.

Mr. STISSER. Basically we publish what we call indexes which are day part reflections, just showing sets in use and share of audience, overall, morning, afternoon, evening, et cetera. In most cities at the end of a 3-month period we accumulate the data of those 3 months and publish a half-hour breakdown of this information.

Mr. RICHARDSON. You stated that you go regularly into 60 markets, and into other markets not on a regular basis, the total being approximately 180, is that correct?

Mr. STISSER. Right. The 60 markets we serve 1 week every month, 12 months a year. Others less than that.

Mr. RICHARDSON. In a situation where you would serve a market every month of the year, you would put out four reports a year for that market.

Mr. STISSER. Typically, yes, sir.

Mr. RICHARDSON. In the other markets, how often would you normally put out reports?

Mr. STISSER. As few as one time a year, of course, and three or four times in some other cases. But the report schedule is different.

Mr. RICHARDSON. Your report, then, basically is a 3-month report, is that correct?

Mr. STISSER. Right.

Mr. RICHARDSON. Do you ever publish for use a report which is taken for only 1 month?

Mr. STISSER. We have, yes.

Mr. RICHARDSON. Is this a normal practice?

Mr. STISSER. It is done quite often. In our 3-month reports, we interview the first week typically of each of the 3 months, and combine that. In some other cases we interview 3 consecutive weeks in 1 month, or a week and a half in 2 consecutive months.

Mr. RICHARDSON. How much does a Hooper report cost? I know the costs vary.

Mr. STISSER. It varies by the detail. Primarily—I would say our normal 3-month daytime report costs one station for the 3 months \$1,050. In all of our cities, the cost of the reports are shared by participating stations. It becomes a flat rate after the third subscriber.

Mr. RICHARDSON. You have mentioned that you do these reports on a 3-month basis. What is your method of obtaining information for these reports?

Mr. STISSER. I do not understand.

Mr. RICHARDSON. Do you use the telephone method?

Mr. STISSER. Oh, yes, the telephone duplexcoincidental method.

Mr. RICHARDSON. What other types of reports will your company make?

Mr. STISSER. We have done some personal coincidental surveys of car radio audience. That was the only other kind that I know of. We do a considerable amount of telephone marketing research. But as far as broadcasting is concerned, that is all.

Mr. RICHARDSON. First of all, would you explain duplex coincidental for the members of the committee?

Mr. STISSER. Yes, sir. Coincidental is simply calling somebody on the phone and finding out if they are listening to the radio at the time the phone rang, what program? what station? what dial reading? The duplex part is that we ask that same home what they were listening to in the preceding 15-minute period, that is a maximum 15-minute recall. If we are making the call right now, it is 2 minutes after 4, according to my watch, it would be a recall of only 2 minutes. We feel that this, of course, increases, the call base cases. We would prefer not to duplex; it is an economic thing.

Mr. RICHARDSON. Concerning this duplexing, maybe I just found out something I didn't know—when you said it would be a 2-minute recall, does not your operator call and say, through the regular procedure, "What are you listening to now"?

Mr. STISSER. Yes, sir.

Mr. RICHARDSON. "What were you listening to as of 15 minutes ago"?

Mr. STISSER. What she says is, "What were you listening to in the previous 15-minute period" which was from 3:45 to 4 o'clock.

Mr. RICHARDSON. How do you accomplish your car radio interviewing? I know you do it by persons.

Mr. STISSER. Right. We typically hire male college students, preferably statistics students, somewhere in the market. We pick out street intersections throughout the city, and these people stand on the street corner and wait for the red light—after we have gotten the police department's permission—and they physically stick their head in the car window, to see if the radio is on, and try to find out what station it is tuned to. And they go right around that intersection. We try to get a street intersection like that, so we get cars going in and out of the city, and going across in both directions. They go right around the corner clockwise.

Mr. RICHARDSON. Do you, as a normal method, combine such type interviewing with your in-home interviewing?

Mr. STISSER. No, sir; there is no way of doing it, that I know of.

Mr. RICHARDSON. How many employees do you have, permanent employees, with Hooper Co.?

Mr. STISSER. I believe the figure is 125 now, in our total business.

Mr. RICHARDSON. These are permanent, full-time employees?

Mr. STISSER. Yes, sir.

Mr. RICHARDSON. Are your interviewers permanent employees?

Mr. STISSER. No, sir.

Mr. RICHARDSON. Are they full-time employees while they are working for you?

Mr. STISSER. I guess not. I don't know what the term "full-time employee" means.

Mr. RICHARDSON. Do they work by the month?

Mr. STISSER. No, they work by the hour.

Mr. RICHARDSON. How do you hire your interviewers?

Mr. STISSER. We have traveling supervisors who work out of our Wilton, Conn., office—field staff office. When we need an interviewing staff in the market, they go into the market, through various contacts—many times it is applications we receive, sometimes employment agencies, sometimes the telephone company—we get the names of people who are interested in telephone survey work.

The supervisor personally goes to visit these people and hires them or does not hire them—this is her decision. She trains them. They do practice interviewing in front of her. I think that is the way we get them.

Of course, in 30 years we have accumulated an awful lot of them, so we don't—

Mr. RICHARDSON. How many supervisors do you have to supervise this type of work?

Mr. STISSER. I think I have the exact figure. Just a second. We have 50 area supervisors and 307 key interviewers. A key interviewer is the head interviewer in a specific town.

Mr. ROGERS of Florida. How many key interviewers?

Mr. STISSER. 307, sir.

Mr. ROGERS of Florida. Permanently on your payroll?

Mr. STISSER. No; they are paid a monthly retainer fee. They are paid the retainer every month, plus they are paid on an hourly basis in addition to that.

Mr. ROGERS of Florida. I see. Thank you.

Mr. RICHARDSON. Thank you, Mr. Rogers. How many reports a year will your company produce?

Mr. STISSER. Last year we published 317 reports. That is broadcast year 1961-62.

Mr. RICHARDSON. Since we have had another coincidental duplexing system here this week, Mr. Stisser, how many calls does one of your interviewers attempt in a 15-minute period?

Mr. STISSER. They copy 18 numbers per 15-minute period out of the phone book. They average approximately 60 attempted calls an hour, a little bit more than that.

Mr. RICHARDSON. Of these 60, what percentage of that number would be completed?

Mr. STISSER. As of our February interviewing, I have a couple of examples on a percentage of completed calls. This is dated February 1963. Our interviewing in Dallas showed a completion rate of 54.3 percent; Chicago, 66.6; New Orleans, 57.8; Los Angeles, 55; New York, 60.8.

Mr. RICHARDSON. This would total, then, somewhere around 30 completed calls an hour.

Mr. STISSER. Thirty to thirty-five.

Mr. RICHARDSON. Since it appeared that the other company had about 180 completed calls in an hour, they must be much more efficient than C. E. Hooper. Would you have a comment to make on that, Mr. Stisser?

Mr. STISSER. No—but I think we ought to talk to our field staff.

Mr. RICHARDSON. Mr. Stisser, do you have any of the interviewing sheets that your interviewers would use with you?

Mr. STISSER. Yes, sir.

Mr. RICHARDSON. I see a problem in looking at this interviewing sheet. It says "15-minute period now" on the top at one side. And over on the other side in a green area it says "15 minutes ago."

Mr. STISSER. Yes.

Mr. RICHARDSON. Now, you just stated that the interviewer asks "what are you listening to now." And is it 15 minutes ago, as your form says, or is it in the prior 15-minute period, as you said?

Mr. STISSER. It is as I said. In that space where it says "15 minutes ago" they write in—I mean if it were now—that is between 3:45 and 4. The person is credited in that section if they were listening at any time, of course, during that 15-minute period.

Mr. RICHARDSON. Mr. Stisser, each of the members has a copy of one of your interviewing sheets. Would you briefly explain how one of your interviewers will conduct the interviews and place the information on these sheets?

Mr. STISSER. Sure.

Prior to the survey itself, 3 or 4 days before, they are assigned certain pages and columns and numbers in the telephone directory to copy on their interviewing sheet.

As I said before, they copy 18 numbers on each 15-minute interviewing sheet, and then at a previously assigned time, they start their interviewing.

They dial the number. There is a first box "DA" that means "don't answer."

They allow the phone to ring six either single or six double rings. They put a dot for each time the telephone rings, so that we can keep a record of whether people typically answer their telephone on the third or fourth ring or what.

If after six rings the telephone is not answered, that box is checked.

In our method of survey, since it is in home radio audience only, a "don't answer" telephone call is considered to be a nonlistening home as far as that in home radio survey is concerned.

The second box, "the line is busy," and "refusal."

The first question when the person answers the phone is "this is a Hooper radio survey. Were you listening to the radio when the telephone rang just now?"

We ask the person for station call letters. We ask the person for the program. And we probe there to find any kind of programing information that is identifiable. Typically, people who are listening to the radio will give you a nebulous answer like, "Oh, I am listening to music," or "I am listening to talk."

The programing is nowhere as specific, of course, as it is on television. So the program question is a difficult one. And we try to get some indication.

Then we ask the person to physically leave their telephone, if they will, and look at their dial and tell us about where it is set. Those forms of information are put on that sheet.

After that question is asked, if that person says "Yes, I am listening," after the information is obtained we say "Is anyone else listening to another radio now?" And that is for the same program information. If the first person was not listening, we say, "Is anyone in your home listening to any radio now?" Also program information.

We then go through exactly the same questioning on the previous 15-minute period. We ask the person to tell us how many people were listening to radio when the call came in, and we ask for the age and sex in three age breakdowns. We also, in that section, circle the age and sex of the person who answered the telephone.

Mr. RICHARDSON. How long will an interviewer work at one time period?

Mr. STISSER. Never longer than 2 hours—a 2-hour shift is normal. They have two 2-minute breaks each hour.

Mr. RICHARDSON. Is that each hour or each 15 minutes?

Mr. STISSER. I think it is each 15 minutes—I am not sure. Where that started was back where most programming was network—they used to have commercials during those periods, and I guess they didn't want people disturbed while the commercial was going on.

Mr. RICHARDSON. How do you coordinate to assure that you have continuous interviewing, since you use the coincidental method?

Mr. STISSER. The interviewing is all assigned out of our Wilton, Conn., field staff office. In a typical city, we have at least one interviewer interviewing at all times. The hours are broken, as I said, into 2-hour shifts. A typical interviewer will interview 4 hours a day in two 2-hour shifts, with usually a 2- or 4-hour period in between. This is all coordinated, to answer your question, from Wilton.

Mr. RICHARDSON. Do these interviewers work for other broadcast research measurement firms?

Mr. STISSER. In most cases I do not think so. We would rather have them not but, of course, we cannot control this.

Mr. RICHARDSON. So you do not actually know whether or not they work for other research firms.

Mr. STISSER. We try to find out periodically with a question. When they are first hired, their background so far as any possible connection with stations or advertisers is checked. Periodically we send out sheets to find out what other survey work they do do. Our marketing research interviewers do in many cases, I know, work for other people.

Mr. RICHARDSON. There has been considerable discussion during these hearings about the possibility of an interviewer, under the different types of methods, simply filling out an interviewing sheet. In other words, the person doing the personal interviewing, if it is raining outside, might sit under the eaves and fill out the papers. By the same token, if one were using the telephone method, he might simply write in the results during.

What does your company attempt to do to solve this problem?

Mr. STISSER. This is, I think, the biggest problem of all research companies, and that is controlling the accuracy of their local fieldwork.

We for years have used a system we call nickeling, whereby an interviewer is called on the telephone while she is supposed to be working. We break through between phone calls, if the phone is busy, which it should be. When we break through, we ask for the last two numbers she has called and what each of these people said. Then we in turn call those two numbers back to find out whether they have just been called, and what they have said.

Recently the telephone company came out with what are called watts telephones. This nickeling procedure, instead of being carried

on by our local supervisors, is now carried on directly by our national field staff in Wilson, Conn. Periodically, at unannounced intervals, every interviewer in the country is nickeled. This was back when telephone calls were only a nickel.

Mr. RICHARDSON. Are the interviewers aware that this may occur at any time?

Mr. STISSER. Yes.

Mr. RICHARDSON. But they do not know when?

Mr. STISSER. It is a veiled threat, I think, primarily.

Mr. RICHARDSON. Mr. Stisser, do station managers know the dates at which your interviewing will be concluded?

Mr. STISSER. Normally they do.

Mr. RICHARDSON. Is this all stations, or just subscribers?

Mr. STISSER. All stations.

Mr. RICHARDSON. Do you, before you conduct a survey in each market, send out information that a survey will be conducted at certain periods?

Mr. STISSER. Yes.

Mr. RICHARDSON. Does not this allow a station to what has been described here as hypo, during the interviewing week?

Mr. STISSER. It certainly does. Of course this is a great problem in radio research. It is particularly a problem in markets where you survey only once a year, or once every 2 years. A person could save up their promotional budget for a whole year and put it in during a rating period.

In such cases, we have tried, recently, to get the stations to agree—in these cases of course we do not go in unless we have a station order, which makes it a problem. But in Mobile, Ala., for example, we got, I think, two or three subscribing stations to agree, last year, that we would take a survey sometime between the 1st of January and the 31st of March and set it up that way, with our Wilton field staff. And they did not even tell us in New York when it was done until after the interviewing had been completed.

It seems of course making as many phone calls as we do, once it starts, especially in the smaller markets, everybody knows about it. But at least they did not know about it until maybe the second day.

Mr. BROZMAN. Would it be necessary to advise these people when you were going to conduct the survey?

Mr. STISSER. In our continuing cities, sir, we have set up a pattern of interviewing the first week of every month unless there is a special holiday or the world's series or something during that period. This has been done.

Since these are continuing records, comparability is pretty important.

Also, when you are going in every fourth week—there is a 3-week gap between interviewing—for a guy to promote during one week does not have the same effect as if there were a onetime survey there in a year.

We have tried, in some markets where promotion is a gigantic problem, to set up different weeks, the first week of one month, the third week of another, and not tell anybody. But this way you sometimes have a 6-week gap between interviewing, and other times a 2-week gap.

As a practical matter, it does not work.

Also, in San Antonio, Tex., I remember one time when there was some heavy promotion going on during the first week of the month, which was a rating week, we on our own also surveyed the second and third weeks to find out what difference it made: and the two stations that were promoting so heavily both were higher during the third week than they were during the week they were promoting, which maybe, I guess, indicates that promotion takes some time to build up. I do not think that promotion during the rating week itself always helps the station. It can sometimes hurt them.

Mr. RICHARDSON. Thank you, Congressman Brotzman. Then this actually makes it important that you know the date in advance, so you can do your preliminary promoting before the ratings week starts; is that right?

Mr. STISSER. Yes, sir. As I say, that is the problem.

Mr. RICHARDSON. During the prior year, would you name the markets in the United States which you surveyed, which had the highest sets in use—in other words, the highest percentage of people listening to the radio?

Mr. STISSER. I have a group of them here. Now, this of course again—I have to emphasize this—is home radio sets in use only.

Milwaukee, Wis., has historically been a high sets-in-use market. Recently Fort Worth, Tex., particularly in the morning; Hartford, Conn.; Lansing, Mich.; Little Rock, Ark., in the morning. Those are some examples.

Mr. RICHARDSON. You have listed Milwaukee, Wis. Now, you also stated it consistently has a high sets-in-use figure; is that correct?

Mr. STISSER. Yes.

Mr. RICHARDSON. Would you say that over the last few years it has had the highest sets in use figure of any market in the United States in your surveys?

Mr. STISSER. As far as I can tell, among the big markets. Of course some of your real small markets where television is not as much of a factor is higher.

Mr. RICHARDSON. Are you aware of the fact that under the State lottery laws of the State of Wisconsin it is impossible to hypo in that State, at least as far as giveaway contests, what-have-you, are concerned?

Mr. STISSER. I have heard this is true.

Mr. RICHARDSON. In your opinion, would this have any effect on the number of people listening to the radio—the fact that hypoing does not occur there?

Mr. STISSER. It is an interesting thought. I had never thought about it that way. But it certainly is surprising, with no hypoing, that Milwaukee has had consistently such high sets-in-use.

Mr. RICHARDSON. Would it not tend to result in more diversified radio programing in a multiple-station market?

Mr. STISSER. It could.

Mr. RICHARDSON. Mr. Stisser, I presented you at noon today with copies of the staff analysis of your fieldwork. Have you had a chance to study this analysis?

Mr. STISSER. Yes, I have.

Mr. BROTZMAN. Mr. Stisser, before you go into that, while we are on the question of hypoing—how many different ways are there to hypo a radio market?

Mr. STISSER. As many as there are different ways of promoting, sir. Stunts, giveaway contests, everything. Having been in the business for 11 years, I must have heard two or three hundred different ways.

Mr. BROTZMAN. All promotional activities, is that correct?

Mr. STISSER. Right.

Mr. BROTZMAN. Anything to stimulate listening to that particular station?

Mr. STISSER. That is right.

Mr. BROTZMAN. Or to tune in to that particular program?

Mr. STISSER. It is normally promoting station call letters.

Mr. BROTZMAN. Actually, though, this kind of thing goes on all the time in this business: doesn't it?

Mr. STISSER. True.

Mr. BROTZMAN. Isn't this a commonly accepted practice?

Mr. STISSER. Yes.

Mr. BROTZMAN. When you use the word "hypo"—you are talking about something above and beyond the normal practice?

Mr. STISSER. Yes; I think that is what I would mean.

Mr. BROTZMAN. This term—I just wanted to be sure I understood it—is the promotional activity you find right around rating time.

Mr. STISSER. Or maybe just an increase in the jackpot or the promotion that is being run all the time.

Mr. BROTZMAN. I see.

Mr. STISSER. One thing on that promotion. We have had a long-standing policy, where we take some specific action with a particular type of promotion. They have what are called "Don't say 'hello' campaigns," where a radio station will run on the air announcements saying, "We are conducting a survey. If your telephone rings don't say 'hello,' say 'station X,' and we will give you \$500."

Of course, at the same time or right after that we start interviewing, and we get people answering the phone with somebody's call letters. In such a case we put an asterisk and note the figures, and put a statement in our reports which describes the promotion and warns the user of the report saying that we do not know how much influence it did have, but it was being done.

Mr. BROTZMAN. When a real hypo operation comes to your attention, you call this to the attention of the subscriber in your report?

Mr. STISSER. We try to avoid them as much as we can. It is very difficult, with the number of radio stations, to find out about all promotion that is being run. And it would be a difficult job for us to editorialize on whether something was a hypo or just a consistent promotion.

Actually also we feel that our function is, to the best of our ability, to reflect the situation as it exists at the time we interview. How the station is run I do not really believe is our province. We try to avoid hypo periods as much as we can. I think that is a better answer than trying to stick a note up.

Mr. RICHARDSON. Thank you, Congressman Brotzman. I would like to identify for the record a memorandum to Charles P. Howze, Jr., chief counsel, from Rex Sparger and Robert E. L. Richardson, "Subject: 'Analysis of the Hooper Field Work in Comparison With the Published Report for the Dallas, Tex., Market.' Time period: October through December 1961."

Mr. Stisser, have you had a chance to look over this analysis?

Mr. STISSER. Yes, I have.

Mr. RICHARDSON. Have you any complaint in relation to this analysis—you may, of course, bring it up at this point and we will discuss it. Do you have any such complaints?

Mr. STISSER. I just have a few very small things.

On the second page, the second paragraph, it says "The call started at 7:01, and as each call was placed, the interviewer wrote down the time the call was placed." Just by 15-minute periods. The exact time of each call is not written. You were going to change that 417 to 427.

Mr. RICHARDSON. It has been changed in all the copies.

Mr. STISSER. We got into a long discussion here, and it does involve policy and opinion, and the problem of what you do with the station that is licensed to operate daytime only and has varying sign-off hours. What we have tried to do is to not penalize this station in our reports, by giving them an adjusted share. For example, in an afternoon index, if they sign off at 5 o'clock, to publish their figures from 12 noon to 5 o'clock.

On page 6 here it is confusing, but I think that I—the adjustment factor which is used to come up with these figures by Hooper is not known to the staff—we can certainly make it available if it has not been.

And down below that, I think you get into what the adjustment policy is on the broad base coverage—in the opinion of the writers "Hooper should subtract any listeners that fall into the signoff 30-minute period area." This is exactly what we do in the adjustment.

Mr. RICHARDSON. Our problem was that the results did not come out quite the same.

Mr. STISSER. This happened in a couple of cases, yes.

There is one more arguable fact, and statisticians, I am sure, will be arguing this for years.

You state at the bottom of page 8:

The actual number of responses for this time period should be 615, because the "lines busy and refusals" and "don't answers" should not be included in the sample size.

Since they are a part of our figures that we publish, I think they should be included in the sample size. A "don't answer" home, as I said before, we consider to be a nonlistening home. So therefore in the sampling, it is almost like a home that we actually talk to and they say they are not listening. But that is just a personal disagreement with you.

I think those are the only slight things that I have any comment on at all.

Mr. RICHARDSON. Are there any other disagreements in relation to the staff analysis?

Mr. STISSER. No, sir.

Mr. RICHARDSON. I ask that this be supplied for the record of the hearings.

Mr. Moss. Is there objection?

Hearing none, the item will be included in the record at this point.

Mr. RICHARDSON. Mr. Chairman, there are also three attachments to this memorandum. I would ask that they also be included in the record.

Mr. Moss. Without objection, they will be included at this point.
(The memorandum together with the attachments referred to follow:)

MEMORANDUM

Date: December 6, 1962.

To: Charles P. Howze, Jr., Chief Counsel.

From: Rex Sparger and Robert E. L. Richardson.

Subject: Analysis of the Hooper fieldwork in comparison with the published report for the Dallas, Tex., market—time period: October through December 1961.

In June 1962, the writers, in an interview with Frank Stisser, president of C. E. Hooper, Inc., asked for the fieldwork on a Dallas, Tex., market published report. Mr. Stisser had the October through December 1961, Dallas interviewing sheets in his office, and the writers secured them without giving anyone at Hooper a chance to alter any figures on the interviewing sheets. (The writers chose the Dallas, Tex., market because the subcommittee had received complaints from some broadcasters that Hooper favored those stations under group ownership who subscribed to Hooper reports in several markets. The McClendon Corp. owns KLIF in Dallas, Tex., and is one of the largest subscribers to Hooper, subscribing in several markets.)

As will be noted from looking at the attached Hooper report for Dallas, Tex., October through December 1961, Hooper publishes a share of the radio audience, along with sets in use for broad day periods. In this report, which is a Monday through Friday report, the share of the radio audience is given for each station in the market on a 7 a.m. until 12 noon basis, and on a 12 noon until 6 p.m. basis for October through December. The radio sets in use is given for all listening in each one of these broad time periods.

The sample size is also given for these two time periods. Hooper also lists the same type chart for an October-November period, and for a November-December period.

On pages 1-L, 2-L, 1-R, and 2-R of the Hooper report, listening is reported on an October through December basis for each 30-minute period from 7 a.m. until 6 p.m. For each of these 30-minute periods, the total number of homes listening as a percentage base of total homes in the sample are listed under radio sets in use. The program for each station during that 30-minute period is listed; a rating for each 30-minute period is listed for each station, and a share of the radio audience is given for each station for each of these 30-minute periods. A sample size for each 30-minute period is not listed. Listening is also given for other AM and FM stations.

The subcommittee staff has tabulated all of the listening from the fieldwork done in Dallas. It has secured all of the compilation data which was made by Hooper, and has made a thorough study of every segment of the listening from all of this data. Regarding the published report, the staff has checked the figures on share of the radio audience and radio sets in use for the two broad periods 7 a.m. until 12 noon, and from 12 noon until 6 p.m., on the October through December chart as published in the report. The staff has checked the rating and share of the audience for each of the stations in the Dallas market for every 30-minute period in the Hooper report. It has also croschecked the radio sets in use for each of these 30-minute periods.

The staff's analysis of the fieldwork of the Hooper organization for this time period in Dallas shows the following:

It was obvious that the staff had received all of the fieldwork for this report because, for each week of the month, interviewers had done interviewing on a continuous basis from 7 a.m. in the morning until the close of the report period (6 p.m.). The calls started at 7:01, and as each call was placed, the interviewer wrote down the time the call was placed. Of course, Hooper does not use the same interviewer for this 11-hour period but, as the interviewers change, the sheets are compiled and the result is a continuous period of interviewing for each day of the week from 7 a.m. until 6 p.m.

Sample size.—By combining the calls made for October, November, and December, the low sample for any 30-minute period in this report was 854 responses. The high sample for any 30-minute period was 981 responses, and the average number of responses for a 30-minute period was 921. Hooper states that there will be a home sample of approximately 900 during each one-half hour period. Important: The reason the staff says "responses" as to the figures just given, is that for each call placed, two responses are received—a response as to the listen-

ing as of the moment the call is placed and a response as to the listening 15 minutes prior to the time the call was placed. In other words, to receive the number 854,427 calls were placed. It should be realized that after interviewing on a Monday through Friday basis, 1 week each for 3 months, the Hooper sample only amounts to an average of 461 different homes for each 30-minute period.

The published sample size for the period October through December, Monday through Friday average, from 7 a.m. until 12 noon, listed in the report by Hooper is 9,166 responses. This is exactly the number which the staff tab shows. For the period on a Monday through Friday basis of 12 noon until 6 p.m., the published Hooper report for October through December shows a sample size of 10,890. The staff tab and a check of the worksheets of Hooper shows that the sample size was actually 10,888. Of course, this difference of two responses is inconsequential.

As mentioned above, Hooper does not give a sample size for each 30-minute period in that breakdown. It is the opinion of the staff that such a sample size should be listed for each 30-minute period.

Listeners on a 30-minute basis.—The staff checked for every 30-minute period to ascertain whether the exact number of persons who were listening to all of the radio stations as mentioned in the compilation of data by Hooper for each 30-minute period was correct. This tabulation showed that with the exception of the 10 until 10:30 period in the morning, the staff tabulation agreed exactly with that compiled by Hooper. At 10:30 a.m. the staff tab showed two more listeners than that shown by Hooper. It is believed that this one variance for a full day's listening is of little consequence. As far as listening to the respective stations is concerned, the staff tab varied from Hooper's in the following places:

1. Radio station 570: Staff tab for each 30-minute period agreed through the day with Hooper's.

2. Radio station 820: Staff tab showed one less listener at 7 a.m. than Hooper showed, and two more than Hooper showed at 10 a.m.

3. Radio station KBOX: Staff tab showed one more listener at 1:30 p.m., and one less at 5 p.m.

4. Radio station KIXL: Staff tab showed one more listener at 7 a.m., one less at 8, two more at 8:30, one less at 1:30 p.m., one less at 2:30, one less at 3, one less at 3:30, and six more at 5:30.

5. Radio station KLIF: Staff tab showed two more listeners at 8 a.m., two less at 8:30, one less at 2 p.m., one more at 2:30, 3, and 3:30 p.m.

6. Radio station KNOK: Staff tab showed one less listener at 8 a.m., two less at 10, and one less at 5:30 p.m.

7. Radio station KRLD: Staff tab showed two more listeners at 7 a.m., one more at 8:30, one more at 2 p.m., and one more at 5:30 p.m.

8. Radio station KRZY: Staff tab showed three less listeners at 7 a.m., and complete agreement for rest of the day.

9. Radio station KSKY: Staff tab showed one more listener at 7 a.m., and agreement for the remainder of the day.

10. Radio station KVIL: Staff tab showed one less listener at 8:30 a.m., and one more at 5 p.m.

11. Radio station WRR: Staff tab was in complete agreement throughout the day with Hooper.

12. Other stations (those not listed previously): Staff tab showed one less listener at 7 a.m., two less at 10, one less at 12:30 p.m., and four less at 5:30 p.m.

13. Don't know (meaning that the person responding did not know to which station he was listening): Staff tab showed one more listener at 7 a.m., one more at 12:30, two less at 5:30 p.m. (Attachment No. 1 shows these differences for each 30-minute period.)

Excluding the time periods of 7 a.m. and 5:30 p.m., it is the opinion of the staff that the difference between the listeners for the respective stations is small (in most cases only one listener plus or minus, for a station in a 30-minute period), and that they could normally be made in the compilation of data as a report is produced. Out of 260 possibilities, the staff tab varied with that of Hooper by one listener in 18 places. It varied with the Hooper tabulation by two listeners in six places out of the 260. The rest were in agreement.

The tabulations at the 7 to 7:30 a.m. period and the 5:30 to 6:30 p.m. period varied much more than at the other periods. This is caused by the fact that some stations sign on at different times during the winter hours because of the "daytimer" problem. At the 7 to 7:30 a.m. time period, Hooper showed Radio Station 820 with one more listener than it had, KIXL with one less, KRLD with two less, KRZY with three more, KSKY with one less, "Other" with one more,

and "Don't Know" with one less listener than did the staff tab. At 5:30 p.m., Hooper showed KIXL with six less listeners than the staff tab, KNOK with one more, KRLD with one less, "Other" with four more and "Don't Know" with two more. This 5:30 to 6 p.m. differentiation was caused by the fact that Hooper considered KIXL as going off the air at 5:30. All listening to KIXL was then placed in either the "Don't Know" or "Other" column. (See memorandum regarding the 6 to 10 p.m. Hooper report wherein the problems of the system used here by Hooper are explained in detail.)

It should be noted that the pluses and minuses add up to the proper total in all of these time periods in the comparison except for the 10 a.m. period which was mentioned above where Hooper showed two less listeners than did the staff tab.

It should also be noted that on the 7 a.m. to 6 p.m. basis, radio stations 570, KBOX, KVIL, and WRR had the same number of listeners combined under the staff total as they did under the Hooper total. Radio Station KNOK had four additional listeners; Radio Station KRZY had three additional listeners, and the "Other" column had eight additional listeners. Radio Station 820 had one less listener; KIXL had four less; KLIF had two less; KRLD had five less and KSKY had one less under Hooper than was shown by the staff tab.

Basically, considering all the computations made, the variance here, with the one exception of the 5:30 p.m. period, could normally be expected in such a tabulation operation and is satisfactory as far as the staff is concerned.

Of course, all tabulations regarding the published report come from the number of listeners for each station for each 30-minute period. Realizing this, the staff tabulated all of the other calculations for the ratings and share for each station for each 30-minute period, using the basic Hooper listening figures, with the exception of the 7 to 7:30 period in the morning, the 5 to 5:30 and 5:30 to 6 periods in the afternoon. The results are as follows:

COMPARISON OF STAFF TABULATION WITH THAT OF HOOPER IN RELATION TO RATINGS
FOR EACH 30 MINUTE PERIOD

As will be noticed from the attached compilation,¹ the ratings for each station from 7:30 a.m. until 5 p.m. are exactly the same under the staff tabulation as those produced by Hooper. (Of course, this is using the Hooper listening figures for each station for each 30-minute period.)

COMPARISON OF THE STAFF TABULATION WITH TABULATIONS MADE BY HOOPER IN
RELATION TO THE SHARE OF AUDIENCE FOR EACH STATION FOR EACH 30-MINUTE
PERIOD—7:30 A.M. UNTIL 5 P.M.

At no place for any station was the variance of the share between these periods more than one-tenth of 1 percent. This one-tenth of 1 percent variance occurred in 17 different time periods out of the total of 209 possibilities. Thus, with the exception of the 7 to 7:30 a.m., and the 5 to 5:30 to 6 p.m. periods, the published report of Hooper shows no major errors in relation to the information from the field data. (See attachment No. 2.)

At the 7 a.m. period, Hooper listed no audience for KIXL or KRZY. It stated that the December sign-on time was 7:30 a.m. for both stations. The actual tab shows that station KIXL had a rating of 1.4 percent for 7 a.m., and a share of the audience of 5.6 percent, whereas KRZY had a rating of 0.6 percent and a share of the audience of 2.3 percent for this same time period. Both the rating and the share for these two stations were placed in the "Other" column. Mr. Stisser stated that since these stations do not come on the air during every month of this survey before 7:30 a.m. no listening is given for them at this time. It is the opinion of the writers that since these stations did have listening, at least at some time during the report period, listening should be given and then, if Hooper wants to state that in December the station did not come on until 7:30, this would be satisfactory. These stations had, respectively, for KIXL a share of 5.6 percent and for KRZY a share of 2.3 percent of the audience. This gave KIXL more of the audience only taking the 2 months at this time period than stations 570, KVIL and WRR had for the 3 months. It was the same listening that radio stations 820 and KNOK had for the 3 months. KIXL should get some credit for this listening, as should KRZY for the listening it had.

¹ Attachment No. 2.

The same problem exists in the afternoon wherein the Hooper report states that KIXL signs off in December at 5:15 p.m., as does KNOK, KRZY, and KVIL. The listening to these stations was as follows:

1. KRZY showed no listening between 5 and 6 during this period, so the result is all right for that station.

2. KVIL had a rating of 1 percent and a share of 8 percent of all listening in the market at 5 o'clock. It showed no listening from 5:30 to 6.

3. Radio station KNOK had a rating at 5 o'clock of 0.7 percent, and a share of 5.7 percent, and at 5:30 KNOK had a rating of 0.3 percent and a share of 2 percent.

4. KIXL had a rating at 5 o'clock of 1.7 percent and a share of 13.8 percent, and at 5:30 p.m. a rating of 1.6 percent and a share of 11.1 percent.

Clearly, since these stations had this listening, even though the statement is made in the report that they sign off in December at 5:15 p.m., they should be credited for the listening for the other months, either on a prorated basis, or on an average basis for the 3 months. This matter has been called to the attention of Mr. Stisser. It is obvious, from looking at the comparison of ratings and share of audience between the staff tabulation and that of Hooper, that this has thrown the entire ratings and share off for the 5 to 5:30 and 5:30 to 6 p.m. periods. (Attachment No. 2.)

See attachment No. 3 for a comparison of the share of radio audience during the two broad time periods between the Hooper report and the staff tabulation, using the number of listeners which Hooper claimed each station had.

In the morning hours, the staff tab is comparable to that of Hooper. However, in the period from 12 noon to 6 p.m. the situation is not the same. This, once again, is caused by the station's going off at sunset. Hooper puts a + after each of these stations, stating: "The above measurements are adjusted to compensate for the fact that radio stations KIXL, KNOK, KRZY, KSKY, and KVIL sign off at local sunset."

On the broad day part breakout from noon to 6 p.m. Hooper has certainly tended to favor those stations that go off at sunset, whereas in the pages depicting listening on a 30-minute basis, the stations are hurt. The adjustment factor which is used to come up with these figures by Hooper is not known to the staff. The staff did subtract the listening from 5:30 to 6 p.m. from these stations and then, by subtracting the number of total calls made during this 30-minute period, tabulated the results for these stations. There is still a difference as is shown below:

	KIXL	KNOK	KRZY	KSKY	KVIL
Hooper tabulation.....	13.7	6.3	2.0	1.8	3.6
Staff tabulation.....	13.1	6.5	2.0	1.8	3.8

It should be pointed out regarding the basic data above, that the Hooper total of the share of audience comes to 102.4 percent, whereas that of the staff comes to 100.1 percent. Clearly, this excess by Hooper is in relation to the giving of additional shares to the stations that sign off at sunset. It is admitted by the writers that the problem of the stations' signing off at sunset is a hard one to cope with by the rating services; however, in this case, Hooper has tended to harm stations in the 30-minute breakout periods and tended to help them in the overall share periods on the broad day-part base. It is the opinion of the writers that in the breakouts for the 30-minute basis, Hooper should record the listening that the stations had during that period and then designate the fact that they did sign off at a certain time during certain months. On the broad base coverage, it is the opinion of the writers that Hooper should subtract any listeners that fall into the sign-off 30-minute period area and subtract the sample size at that time and get the share for each of the stations with this smaller sample.

RADIO SETS-IN-USE ON THE MONDAY THROUGH FRIDAY 7 A.M. TO 12 NOON AND 12 NOON
TO 6 P.M. BREAKOUTS

As was mentioned above, the radio sets-in-use figure is the percent of the homes in the sample called who were listening to the radio. This figure given on the Share of Radio Audience sheet for October through December of 1961 was 14 percent between the hours of 7 a.m. and 12 noon, and 9.9 percent between the

hours of 12 noon and 6 p.m. The staff tab for this shows 14.15 percent for 7 a.m. to 12 noon, and is in agreement with the 9.9 percent from 12 noon to 6 p.m. Once again, the variance here between the staff and Hooper is extremely small and of no great consequence.

WEIGHTING FACTORS USED IN THE PRODUCTION OF A HOOPER REPORT

The first figure that the Hooper organization gets for any 30-minute period after the total number of listeners and the number of listeners per station is the sets-in-use figure. The formula explained below is that used by Hooper to arrive at sets-in-use. The simple way of arriving at a sets-in-use figure would be to take the number of persons listening and divide that by the number of calls placed. Hooper, however, does not use this method, claiming that such a total would be low.

Before explaining the sets-in-use adjustment, it should be pointed out that when a call is placed, the Hooper interviewing sheets have four columns wherein the results of that call are recorded. These columns are: "Don't Answer," "Lines Busy and Refusal," "No," and "Yes." When a dialing is made and a phone is not answered, the result will go in the "Don't Answer" column. If a dialing is made and the line is busy, and/or if the person answers and then refuses to complete the interview, the result goes in the "Lines Busy and Refusal" column. If the person answers and says he was not listening, it goes in the "No" column, and if he answers and he was listening, it goes into the "Yes" column. The yeses and the noes are added together to make up a "Yes and No" column. With this as background, the sets-in-use figure for each 30 minutes is compiled as follows:

Takes the "Yeses" (persons who said they were listening) and divide this by the total in the "Yes" plus "No" column for each 30-minute period.

Multiply the result of this calculation times the "Lines Busy and Refusals" column. The total of this multiplication equals X.

To get the sets in use, take the yeses plus the X figure and divide this by the total responses in that 30-minute period. The result is the preliminary sets in use. This figure is then multiplied by 4 percent. (It is the explanation of Frank Stisser that Hooper has discovered through tests made that by dialing each number called eight times, instead of the six which Hooper dials, they would receive 4 percent more persons who listened to the radio.) For this reason, they take 4 percent of the sets-in-use figure which they come up with, and add it to the sets-in-use figure and this is the final sets-in-use figure which is listed for each 30-minute period in the canary pages of the Hooper report.

The following example is taken from the 7-7:30 a.m. data for the Dallas report on an October through December basis:

1. Yes answers.....	181
2. Yes and no answers.....	615
3. Lines busy and refusals.....	103
4. Total responses.....	¹ 854

¹ The actual number of responses for this time period should be 615, because the "Lines Busy and Refusals" and "Don't Answer" should not be included in the sample size.

(The other figure, to complete the 854, would be the "Don't Answers," which in this case totaled 136.)

To apply the formula, the following steps are taken:

- (a) Divide 615 into 181, equals 0.29430.
- (b) Take .29430 times 103 equals 30 or X.
- (c) 30 plus 181 equals 211.
- (d) Divide the 211 by the 854 responses equals 24.7 percent (preliminary sets-in-use figure).
- (e) Take the 24.7 percent times 4 percent equals 1.0 percent (rounded).
- (f) 24.7 plus 1.0 equals 25.7 (the Hooper sets-in-use figure for the 7-7:30 a.m. period).

It is the staff's opinion that this formula tends to be complicated, and that since it is used and used as a weighting factor, it should be explained in the Hooper report. Some will disagree as to whether the assumption which is made here, that the "lines busy and refusals" would produce the same percentage of listeners as the satisfactorily completed calls, is proper. The same argument would result in relation to the adding of 4 percent because only six dialings are made on each call.

After the sets-in-use figure is reached for a 30-minute period, the rating for each station for this 30-minute period is ascertained. As explained above, the "don't knows" are averaged into the rest of the stations proportionately; thus, take the total number of listeners minus the "don't knows" and divide this figure into the sets-in-use figure for the period. The result is the value of each listener.

Example: Using the 7 a.m. period once again, note that the sets-in-use figure is listed as 25.7. There were 181 persons listening at this time to the radio in the Hooper sample. Four of these listeners were recorded in the "Don't Know" column. Subtract these 4 from the 181, leaving 177. Take the 177 into the 25.7, and this will give a figure of 0.145, which is the rating value for each listener. Take this times the number of listeners for each station and the result is the station's rating. For example: For Radio Station 570, take the 0.145 by the 7 listeners it had, and this would give a rating of 1.015 percent. Rounding this, it would give a rating of 1 percent.

The share for each station for each 30-minute period is reached by once again subtracting the "don't knows" from 181, leaving 177. Since the desired result is the share for each station in relation to "total listening," divide the 177 into 100. This would give a figure of 0.565 for each listener. As an example, once again: Station 570 had seven listeners. Take 7 times 0.565, which equals 3.955, or rounded, it gives a share of 4 percent.

The only weighting done in relation to the share is when the "don't knows" are averaged equally into all of the other stations.

Hooper does put a statistical variance chart using a 1.9 sigma in the inside cover of the back page. This chart has been in the Hooper reports for many years. It is currently out of date in relation to the small ratings being given to radio stations. The lowest rating which it shows is a 1, and it shows ratings from 1 to 10, then a 15, 20, 25, 30, 35, 40, 45, and 50. As is obvious from looking at the yellow pages (the only place where Hooper gives ratings to respective stations), a chart should be drawn showing the reliability of a rating in tenths up to 1 point, and then from 1 to 20 points. It is doubtful that at any place any station receives a rating of over 20 under the Hooper system. Hooper could also serve its clients if it would put a statistical variance chart in its produced reports showing variance in relation to share, because this is the only breakout made by Hooper on the broad day-part basis as is signified by the white sheets in the attached Hooper report. It is obvious that this would cause some trouble, because the share is taken from the number of actual responses. In other words, using the 7 a.m. period, it would be taken from 181 responses because this is the total that goes to make up the share for all stations. It is admitted that this could become complicated and difficult on the part of the rating service; however, for an ideal-type service, such should be included in a report.

If such a variance chart were placed in the Hooper reports, for station shares, it would tend to indicate the smallness of the sample from which the breakouts occurred. In relation to this report, the sample would be 181 for 7 o'clock, but it would reach a low of 53 at 3 p.m.; 53 responses being the total number listening to radio on all calls made on a Monday through Friday basis currently, and 15 minutes ago, for the 3 months wherein the Hooper organization took this sample in Dallas, Tex. Obviously, this is a very small sample and the public should be aware of this fact.

CONCLUSION

In summation in relation to this analysis of the field report for Hooper in the Dallas market, the staff is of the opinion that Hooper did an unbiased job in the production of this report. The sample size, for shares, considering the fact that it is compiled on a 5-day basis for 3 months is very small (of course, only 1 week for each month).

The recommendations of the staff concerning this Hooper report are that the Hooper organization fully explain the weighting factors it uses to reach its sets-in-use figure, since currently the public is unaware that they exist: that it explain more clearly what the total number of actual calls in any 30-minute period is: in other words, the fact that two responses may come from one call: and that the random sample, when it is stated to be 900, might only be 450 different homes.

Mr. Frank Stisser has at all times cooperated fully with the writers. He has answered in detail any questions asked by the staff. Other than the examples mentioned above when it is believed Hooper should make some changes, the

company, basically, does what it says and says what it does. Its sample size, looking at the actual number of responses, is actually small, and its sample universe is certainly not the best in that the company only makes nontoll calls in metropolitan areas; however, this is explained in its reports.

One thing that isn't explained is the fact that Hooper does cluster in a telephone directory. By that is meant that each interviewer will copy 18 numbers on each interviewing sheet covering a 15-minute period. These numbers are normally copied in clusters of 6 for each 15-minute period—6 from a page in the first third; 6 from a page in the middle third; and 6 from a page in the last third of the telephone directory. For the next report period, the same interviewer will pick up on the same pages and continue the clustering process. It is probable that Hooper should state in the report that it does cluster in the telephone directory.

The C. E. Hooper Co., Inc., will allow any subscriber to tabulate the field work for any report if the subscriber makes the request and does the work at the company offices. It is the opinion of the writers that such a policy tends to alleviate questions about the reliability of a company's reports.

ATTACHMENT NO. 1.—Comparison of staff tabulation with information supplied by C. E. Hooper, Inc.

DALLAS—OCTOBER—DECEMBER 1961 REPORT, MONDAY—FRIDAY, 7 A.M. TO 6 P.M.

	570	820	KBOX	KIXL	KLIF	KNOK	KRLD	KRZY	KSKY	KVIL	WRR	Other	D.K.
A.M.													
7.....		+1		-1			-2	+3	-1			+1	-1
7:30.....													
8.....				+1	-2	+1							
8:30.....				-2	+2		-1			+1			
9.....													
9:30.....													
10.....		-2				+2						+2	
10:30.....													
11.....													
11:30.....													
12.....													
P.M.													
12:30.....												+1	-1
1.....													
1:30.....			-1	+1									
2.....					+1		-1						
2:30.....				+1	-1								
3.....				+1	-1								
3:30.....				+1	-1								
4.....													
4:30.....													
5.....			+1							-1			
5:30.....				-6		+1	-1					+4	+2

Plus (+) means Hooper showed this additional number of listeners.

Minus (-) means Hooper showed this fewer number of listeners than the staff tabulation.

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ATTACHMENT No. 2.—Comparison of staff tabulation with information supplied by C. E. Hooper, Inc., on shares and ratings

DALLAS—OCTOBER—DECEMBER 1961 REPORT, MONDAY—FRIDAY 7 A.M.—6 P.M.

	570	820	KBOX	KIXL	KLIF	KNOK	KRLD	KRZY	KVIL	WRR	Other
A.M.											
7:00 S				-5.6				-2.3			+7.9
7:00 R				-1.1				- .6			+2.0
7:30 S					+0.1						
7:30 R											
8:00 S											
8:00 R											
8:30 S											
8:30 R											
9:00 S											
9:00 R											
9:30 S	-0.1				- .1		-0.1				
9:30 R											
10:00 S		-0.1			- .1						
10:00 R											
10:30 S					- .1					-0.1	
10:30 R											
11:00 S											
11:00 R											
11:30 S		- .1			- .1		- .1				
11:30 R											
12:00 S		+ .1			+ .1		+ .1				
12:00 R											
P.M.											
12:30 S											
12:30 R											
1:00 S					- .1						
1:00 R											
1:30 S											
1:30 R											
2:00 S											
2:00 R											
2:30 S											
2:30 R											
3:00 S				+ .1							
3:00 R											
3:30 S											
3:30 R											
4:00 S											
4:00 R											
4:30 S					+ .1						
4:30 R											
5:00 S	+ .1	+ .3	+2.0	-13.8	+ .6	-5.7	+ .7		-8.0	+ .2	+24.1
5:00 R			+ .2	-1.7	+ .1	- .7	+ .1		-1.0		+3.0
5:30 S	+ .2	+ .8	+1.6	-11.1	+2.1	-2.0	- .2			+ .3	+8.4
5:30 R		+ .1	+ .2	-1.6	+ .3	- .3					+1.1

S equals share; R equals rating.

ATTACHMENT No. 3
HOOPER TABULATION

	520 k.c.	820 k.c.	KBOX	KCUL	KIXL	KLIF	KNOK	KRLD	KRZY	KSKY	KVIL	WRR	Other AM/FM
7 to 12 a.m.	4.2	6.7	14.6	1.0	9.1	25.3	6.1	16.6	3.1	1.5	3.4	6.1	2.1

STAFF TABULATION

7 to 12 a.m.	4.3	6.6	14.6	1.0	9.0	25.3	6.1	16.6	3.1	1.6	3.4	6.1	2.1
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HOOPER TABULATION

12 to 6 p.m.	2.9	6.8	17.5	2.3	13.7+	26.0	6.3+	10.7	2.0+	1.8+	3.6+	5.6	3.2
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STAFF TABULATION

12 to 6 p.m.	2.9	6.8	17.3	2.3	12.8	25.8	6.0	10.5	1.8	1.8	3.3	5.6	3.2
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Mr. RICHARDSON. Also, Mr. Stisser, I am giving you what may be attachment No. 4. Copies are in front of the members at this time. This has to do with homes potentially contacted during the same 30-minute period. Would you look that over carefully?

Mr. STISSER. I think I know exactly the point you are driving at, and your point is well taken.

This is a sample size thing. The point is that some of our—when we publish a 900 duplex coincidental sample for a half-hour period—and I believe the Madow report pointed this out a little, too—since we are asking what the person is listening to right now and in the previous 15-minute period, we are getting 900 different responses. But it does not come out that there are exactly 450 different homes called. I believe the figure is exactly 375—because the period of the report is a half hour, and the interview recall is 15 minutes.

Mr. RICHARDSON. Even more important, Mr. Stisser, however, would it not be important that you would have two responses from the same home part of the time going into the same 30-minute period?

Mr. STISSER. I see your point. That is right. I do not really know technically whether that is worse. I mean, it is true, but how bad it is from a purely statistical standpoint, I do not know.

We very often, as I said before, using duplex, it is purely an economic thing. Since we ask the pure coincidental questions first, we can always run a pure coincidental report, and we do quite often to check on the validity of this duplex method. As a matter of fact, if any client ever wanted it, we would always publish a straight coincidental report.

Mr. RICHARDSON. This problem at least, you would agree, could lower the effectiveness of your results?

Mr. STISSER. Yes.

Mr. RICHARDSON. Do you have any objections as to this being included as attachment No. 4?

Mr. STISSER. No, not at all.

Mr. MOSS. Do you have another item there for the record?

Mr. RICHARDSON. Yes. Could this be included in the record as attachment No. 4?

Mr. MOSS. Without objection.

(The material referred to follows:)

ATTACHMENT No. 4.—THE DISADVANTAGE OF THE DUPLEX COINCIDENTAL METHOD OF SURVEY AS CONDUCTED BY VARIOUS AUDIENCE RESEARCH COMPANIES

The following situation can occur when the interviewing is done with a 15-minute recall and the report is published with 30-minute breakdowns:

Homes potentially contacted during a 30-minute period

<i>Coincidental (a.m.)</i>	--S: 00--	<i>15-minute recall</i>
Same home—Results recorded in different 30-minute period. (Station could receive only 1 response from each home within period.)		Prior 15-minute period.
Do.....	S: 01	Do.
Do.....	S: 02	Do.
Do.....	S: 03	Do.
Do.....	S: 04	Do.
Do.....	S: 05	Do.
Do.....	S: 06	Do.
Do.....	S: 07	Do.
Do.....	S: 08	Do.
Do.....	S: 09	Do.
Do.....	S: 10	Do.
Do.....	S: 11	Do.
Do.....	S: 12	Do.
Do.....	S: 13	Do.
Do.....	S: 14	Do.
Same home—Results recorded in same 30-minute period. (Station could get 2 responses within the period.)	S: 15	Do.
Do.....	S: 16	Do.
Do.....	S: 17	Do.
Do.....	S: 18	Do.
Do.....	S: 19	Do.
Do.....	S: 20	Do.
Do.....	S: 21	Do.
Do.....	S: 22	Do.
Do.....	S: 23	Do.
Do.....	S: 24	Do.
Do.....	S: 25	Do.
Do.....	S: 26	Do.
Do.....	S: 27	Do.
Do.....	S: 28	Do.
Do.....	S: 29	Do.

Possible results: A station could receive two responses from the same home within the same published 30-minute time period.

Exceptions: (1) Home not listening 15 minutes prior to contact, and (2) home listening but to a different station 15 minutes prior to contact.

This could affect the rating and share on each 30-minute breakdown for the various stations. It results in 45 contacts within each 30-minute period if only 30 contacts are attempted. Obviously it inflates the sample size.

Mr. RICHARDSON. Mr. Stisser, you were also given a memorandum entitled "To Charles P. Howze, Jr., Chief Counsel, from Rex Sparger and Robert E. L. Richardson. Subject: Staff Analysis of Special Hooper Radio Audience Index for Dallas, Tex., November and December 1961, Monday through Friday Evening Report."

Have you had a chance to look over this memorandum?

Mr. STISSER. Yes.

Mr. RICHARDSON. Do you find any objection to this memorandum?

Mr. STISSER. No, none.

Mr. RICHARDSON. Mr. Chairman, I ask that this also be included.

Mr. MOSS. Is there objection?

Hearing none, it will be included at this point in the record.
(The memorandum referred to follows:)

MEMORANDUM

Date: October 4, 1962.

To: Charles P. Howze, Jr., chief counsel.

From: Rex Sparger and Robert E. L. Richardson.

Subject: Staff analysis of special Hooper radio audience index for Dallas, Tex., November and December 1961, Monday through Friday evening report.

The staff tabulated the interviewing data for this report on two separate occasions. In comparing their tabulations with the results as reported by Hooper in its published report, it was ascertained that with the exception of "The Share of the Audience," listed for radio station KIXL from 6 until 10 p.m. on a Monday-through-Friday basis, this report is accurate. Other variances in the report which were found are of such minute detail that it is the opinion of the staff that they are of no consequence.

The sample size of 5,025 which is listed in the published Hooper report is correct.

The sets-in-use of 10.1 percent as stated in this report is correct. (See explanation of sets-in-use as explained in the regular Hooper report for the October through-December period of Dallas, 1961.)

The number of listeners found in the staff tabulation varies only insignificantly with the number found by the Hooper tabulation department. In the case of stations 820, KRLL, KVIL, WRR, and KCUL, the staff tab varied from the Hooper tab only one listener per station. It is the opinion of the staff that this is not of consequence and that either the staff or the Hooper tabulating department could have erred in checking this raw data. All other tabulations except those in relation to KIXL were identical.

The only disagreements which the staff has with the Hooper organization concerning this report are as follows:

The first discrepancy and the only one of consequence as far as the staff is concerned is in relation to station KIXL in Dallas. It programs and broadcasts on both AM and FM facilities. In this report, Hooper recorded AM and FM listening together as one for KIXL. Since KIXL-AM is supposed to go off the air at sunset, the Hooper organization did not list any share for KIXL after 6 p.m. The FM facility of KIXL does, however, broadcast at night. The staff tabulations showed that the Hooper tabulators had placed the KIXL-FM listeners in either the "Other" column or in the "Don't know" column and that on the interviewing sheets themselves, "Other" was often written above KIXL and KIXL-FM. The staff tabs show that there were 29 listeners between 6 and 10 p.m. to KIXL-AM and FM. Nine of these people listened to KIXL-AM and 20 listened to KIXL-FM. (The reason why nine of these listeners would have been recorded under KIXL-AM when that station was off the air is not known. Probably, the persons made mistake in saying KIXL when the Hooper interviewers called them, when in actuality they meant KIXL-FM, or the Hooper interviewers may have forgotten to place FM after the KIXL call letters. The other possible reason is that KIXL-AM was illegally broadcasting after sun-down.)

These 20 listeners gave radio station KIXL-FM a share of 7.4 percent of the total listeners between 6 and 10 p.m. during the 2 months for which this special report was produced. It should be pointed out that this is a larger share than that given to radio station 570, which had a 3.5 percent and that given to WRR which had a 6.6 percent. The writers have called this point to the attention of Mr. Frank Stisser, president of Hooper, Inc., and he agreed that a mistake was made and that the situation should be changed.

The other discrepancy in relation to this report is as to where the persons listening to KIXL after 6 p.m. were placed in the tabulation. In the November tabulation, they were placed in the category entitled "Other" by the Hooper tabulators. In the December report, however, the listeners were placed in the "Don't know" column. The listeners who are placed in the "Don't know" column (which means that the persons did not know which station they were listening to) are prorated between the other stations who had listeners. (If station A had 20 percent of the listeners, it would get 20 percent of the "Don't knows" and if station B had 32 percent of the listeners, it would get 32 percent of the "Don't knows.") This taking of listeners from a station which is supposedly off the air and putting them in the "Don't know" column will then in-

crease the share of audience of all of the stations, whereas if these listeners were placed in "Other" it would leave the percentages of listeners to the respective stations constant. It is the opinion of the staff that although this is minor in this case, it is something that should be corrected by the Hooper organization. Whichever choice the company makes, it should be consistent with that choice and place all listeners in either the "Don't know" column or the "Other" column.

CONCLUSION

It is the belief of the writers that when a station gets only a small percentage of the audience in a radio market, that station is greatly hurt when it is not credited with the listening it receives. It is extremely important for such a station to be listed in the report. This is especially true for an FM station. If a station is not listed, it has a hard time selling its time to national advertisers. However, if it is listed with even a small percentage of the audience, such is helpful and some national advertising may be obtained. Because of the importance of ratings in the buying of national spot time, any practice which takes listenership away from a low-rated station when that station actually has the listenership should be stopped.

It should be pointed out that the writers picked up the Hooper interviewing sheets from C. E. Hooper, Inc., in New York City and that the company did not have the chance to alter in any way the interviewing data given to the writers. As mentioned above, the only discrepancy of consequence in this report is the one wherein KIXL was not listed from 6 until 10 p.m. Otherwise, the report is substantially accurate.

Mr. RICHARDSON. Mr. Stisser, if I were a radio station subscriber and I did not like the way my ratings looked in Kokomo, Ind., could I come to either New York City or Wilton, Conn., and tabulate the results for that survey?

Mr. STISSER. Yes, sir.

Mr. RICHARDSON. Have you in the past presented to any station owners the telephone numbers of homes called in a prior report?

Mr. STISSER. If it has ever happened, certainly not often. We have had them requested of us many times. We do not feel it is fair. They can look at the interviewing or anything they want. We feel that the family has already done us a favor by answering our interview, and they should not be bugged by station people.

Mr. RICHARDSON. Now, you interview basically the first week of every month in your major markets, is that correct?

Mr. STISSER. Correct.

Mr. RICHARDSON. In your interviewing, as is pointed out in the memorandum which has been included in the record, Hooper has interviewers working at different sections of the telephone book in a respective city, is that correct?

Mr. STISSER. Yes.

Mr. RICHARDSON. Each one of these interviewers will take for each 15-minute period a third of her numbers from one page in the first third of the telephone book, a third from the second third of the telephone book, and a third from the third section of the telephone book, is that correct?

Mr. STISSER. Right.

Mr. RICHARDSON. Now, Mr. Stisser, since I am the station owner from Kokomo, Ind., could I not come up, get the numbers that were placed on last month's interviewing—since you only have the number—could I not call the telephone company and find out who that number belongs to, and through knowing your system, in each of the three areas, could I not project what numbers will be called for the next month?

Mr. STISSER. I guess in answer to that it is possible. I think it would be extremely difficult with the checks we have on our interviewers—I assume you are trying to get at our interviewers?

Mr. RICHARDSON. No, no, not your interviewers; the numbers you would call.

Would it surprise you that upon receiving the interviewing for the Fort Worth, Tex., area from you for October of 1961, that we had Mrs. Betty Lantrip, one of the subcommittee secretaries make this projection? She wrote the numbers down, and then the numbers for the next survey were given to her, and she was 88 percent accurate on the numbers you called for the following month?

Mr. STISSER. I am amazed.

Mr. RICHARDSON. You can see how this could happen, though?

Mr. STISSER. Yes.

Mr. RICHARDSON. Would it not be better to solve this problem that Hooper either, one, not use a clustering method in the phone directory or, two, use some system whereby the numbers would be chosen and mailed from your office to the interviewers in the field, so this situation could not happen?

Mr. STISSER. I do not see how the second would solve the problem. I guess the answer is to certainly not let any station people find out what numbers we called previously.

I think your idea of not clustering is a good one. It is again a means of sampling. It would be far better to take every n th number. But with the amount of telephone numbers our interviewers are writing down, we feel that this system makes their job a little easier, without losing too much accuracy.

Mr. RICHARDSON. Do you not think it fair, though, that a former subscriber have a right to look at the results from the interviewing?

Mr. STISSER. Certainly. I think all people in the research business have to feel that they live in a glass house.

Mr. RICHARDSON. But by the same token, should you not be able to figure out some way where they could not project from the prior numbers into the next sample?

Mr. STISSER. Maybe by covering up the phone numbers that were called, or something like that.

Mr. RICHARDSON. I imagine you will try to work on this in the immediate future.

Mr. STISSER. No station has every tried it, as far as I know.

Mr. RICHARDSON. Do you think they would tell you, Mr. Stisser, if they tried it?

Mr. STISSER. No; but I think I would find out about it.

Mr. RICHARDSON. Would you identify this information for us?

Mr. STISSER. This is the Hooper radio billing for the fiscal year, April 1961 through March 1962, which is our last complete fiscal year.

Mr. RICHARDSON. Did you have any income from national sources off of national reports?

Mr. STISSER. No; we published no national reports at all.

Mr. RICHARDSON. All of your income comes from local radio station market reports?

Mr. STISSER. Yes.

Mr. RICHARDSON. By compiling your data, you have a certain number of lines busy and refusals, is that correct?

Mr. STISSER. That is correct.

Mr. RICHARDSON. These are weighted proportionately into the rest of your sample, is that correct?

Mr. STISSER. They are prorated.

Mr. RICHARDSON. Prorated. Do you think that this is a legitimate weighting factor?

Mr. STISSER. I do not think it is a weighting factor. The only thing you know about the lines busy or refusal is that the home is occupied. All we do is, we take these homes that we were unable to contact by phone and we assume that they are listening in the same proportion as the people we actually talk to during that period. I think from a practical standpoint it is the only fair thing to do.

Mr. RICHARDSON. Wouldn't actually the people that were talking on the phone not be listening to radio?

Mr. STISSER. It could be.

Mr. RICHARDSON. It would be more probable that they were listening to the person talking to them on the phone?

Mr. STISSER. But someone in the home may be listening.

Mr. RICHARDSON. Mr. Chairman, that is all of the questions from the staff.

Mr. Moss. Mr. Rogers.

Mr. ROGERS of Florida. Your area designations are just cities?

Mr. STISSER. We call it city zone. It is typically, sir, the nontoll telephone area.

Mr. ROGERS of Florida. In a metropolitan area?

Mr. STISSER. In certain large metro areas we use a combination of phone books. In other words, we have interviewing staffs in various counties or telephone directories in addition to the sample city. We try, in the big metropolitan areas, to cover as much of the census-defined metropolitan area as we can.

Mr. ROGERS of Florida. Now, do you give ratings, as such, to various stations, or do you just tell them what their listening audience is?

Mr. STISSER. We do publish ratings per se, by half-hour periods, typically.

Mr. ROGERS of Florida. And do you survey all of the stations?

Mr. STISSER. Yes, sir. We report all stations that have 1 percent of the audience or more.

Mr. ROGERS of Florida. Whether they are subscribers or not?

Mr. STISSER. Always, yes.

Mr. ROGERS of Florida. Can anyone subscribe?

Mr. STISSER. The service is offered to all of them; yes.

Mr. ROGERS of Florida. No one is refused if they desire to?

Mr. STISSER. Not unless they have not paid their bill or something like that.

Mr. ROGERS of Florida. You make surveys out of the regular time period on a specific request from a radio station, is that right?

Mr. STISSER. Yes; we do some special surveys, particularly of special events like election day or a hockey game or a basketball game.

Mr. ROGERS of Florida. For a particular radio station?

Mr. STISSER. Yes.

Mr. ROGERS of Florida. I see. Are those results published in booklet form?

Mr. STISSER. Yes, it is an entirely different type of book. It is a sheet of paper saying "Special Report" and usually put in a brown folder instead of the orange report.

Mr. ROGERS of Florida. Do you in that report survey all of the stations, or just the one that requested it?

Mr. STISSER. All stations, again.

Mr. ROGERS of Florida. Has the pattern generally been the same, or does that station usually improve in its rating?

Mr. STISSER. Normally in a situation where a station orders a special report, there is something special going on—maybe a sports event of some type. So normally, or a lot of times, the rating will be higher than it is during a normal broadcasting period.

Mr. ROGERS of Florida. Would this be an advantage for a station and for advertisers, to show that their rating is higher than it would be in the normal rating period?

Mr. STISSER. I think in such a case it might help them in trying to sell the basketball games to a sponsor; yes.

Mr. ROGERS of Florida. Do you rate just the program—is that what you mean?

Mr. STISSER. Typically the special reports are that way; yes.

Mr. ROGERS of Florida. Just a program?

Mr. STISSER. Right, a certain time period.

Mr. ROGERS of Florida. And you would not cover it like you normally do, every 15 minutes, every 30 minutes?

Mr. STISSER. That would make it a nonspecial report at that point.

Mr. ROGERS of Florida. Even though it is out of your regular time?

Mr. STISSER. Oh, yes. We do a number of different reports—particularly in these nonregular markets where we do not interview every month. We may get an order to do a March report this year and a June report next year.

Mr. ROGERS of Florida. I believe you said that the stations are advised when you make these reports?

Mr. STISSER. Yes.

Mr. ROGERS of Florida. How do you advise them?

Mr. STISSER. By letter, sir.

Mr. ROGERS of Florida. Would it be done when you make a special survey as well?

Mr. STISSER. Yes, a special survey. The only time all stations are not notified of a survey is what we call a pilot survey where it is done for one station, it is typed, the report is very carefully marked "For Management Use Only." This is typically a period where they are interested in a new program that they have put on the air or something and want to find out what impact it has had. And they do not want their competitors to know they have changed. That is very seldom done, though—almost never.

Mr. ROGERS of Florida. But it could be done?

Mr. STISSER. It could be done.

Mr. ROGERS of Florida. And they could use this to show an advertiser?

Mr. STISSER. No, no.

Mr. ROGERS of Florida. What would prevent that?

Mr. STISSER. The markings on the report—it is in big letters marked "Confidential—For Management Use Only." The main reason for this, in addition to not having it given to other stations, is that the sample is usually very small.

Mr. ROGERS of Florida. But if it had a high rating, what is to prevent them from showing it to an advertiser?

Mr. STISSER. If we ever found out about it, we would try to do something.

Mr. ROGERS of Florida. I realize that. But it is published and turned over to them, is it not?

Mr. STISSER. Yes, it is typed.

Mr. ROGERS of Florida. How many copies would you give them?

Mr. STISSER. Normally one.

Mr. ROGERS of Florida. The one copy?

Mr. STISSER. Yes.

Mr. ROGERS of Florida. It could be used to show advertisers?

Mr. STISSER. It could be.

Mr. ROGERS of Florida. There is no way to prevent that then, unless you know about it? Would you then do more surveys?

Now, why is it that you think it is better to have different diary-keepers, or different samples, rather than permanent samples?

Mr. STISSER. Sir, radio measurement is extremely difficult, programming is similar, it is hard to identify, very hard for people to remember what they have listened to on the radio. Therefore what we really believe in is a coincidental method. The telephone makes the coincidental economically possible, as far as in-home radio measurement is concerned. Unfortunately, it makes it almost impossible to get a total radio audience figure.

Mr. ROGERS of Florida. Now, when you approach radio stations, I presume you do either send out letters or salesmen?

Mr. STISSER. Right.

Mr. ROGERS of Florida. And advise them of your service: do you require that they enter the contracts with you before a survey is done?

Mr. STISSER. Yes. It is not a formal contract. It is usually a confirming letter from them. Many times where they are new subscribers we will confirm it, and have them sign the confirmation. But it is done before the survey.

We have a policy of never selling a station a report once information is available unless all of the clients to that report agree, which will very seldom happen, of course.

Mr. ROGERS of Florida. In other words, if a station placed No. 1 or even 2, and had not previously subscribed, even before you published the report, you would not advise them of that or give them the opportunity to subscribe.

Mr. STISSER. No, sir; we would not.

Mr. ROGERS of Florida. You have never done that?

Mr. STISSER. Not to my knowledge.

Mr. ROGERS of Florida. Suppose no one had subscribed?

Mr. STISSER. We would not have done the report.

Mr. ROGERS of Florida. You never make a survey unless you have subscribers?

Mr. STISSER. That is true.

Mr. ROGERS of Florida. Have you any recent changes in your operations?

Mr. STISSER. None specifically, sir; I do not know exactly what you mean.

Mr. ROGERS of Florida. Well, in your method of operation. Have you had any recent changes?

Mr. STISSER. We are continuing to try to get better and better ways to check on the accuracy of our interviewing. The WATTS phone, I think, is probably one of the bigger things that has happened.

Our method, outside of adding the dial reading question and the audience composition and age and sex of the respondent question, has not changed for many years.

Mr. ROGERS of Florida. Have you changed the base of your survey?

Mr. STISSER. No.

Mr. ROGERS of Florida. No change in numbers?

Mr. STISSER. No, sir.

Mr. ROGERS of Florida. What generally is the base of your survey?

Mr. STISSER. Our minimum sample for reporting any figure is 900 for a rating. Typically what we publish most of are the index sheets, which are day-part indexes. Our samples runs 5,000 and 6,000 per day-part in these typically.

Mr. ROGERS of Florida. What area would that cover?

Mr. STISSER. Seven a.m. to twelve noon, Monday through Friday.

Mr. ROGERS of Florida. Maybe I have not made myself clear. I wondered—you call how many numbers on a survey, how many people do you contact, what is the base of your sample?

Mr. STISSER. I see. The sample, as I say, varies all over the place. Our minimum sample for reporting anything is 900.

Mr. ROGERS of Florida. You would contact 900 homes, is that correct?

Mr. STISSER. No. This is 900—

Mr. ROGERS of Florida. 900 questions?

Mr. STISSER. No.

Mr. ROGERS of Florida. All right. I will let you finish.

Mr. STISSER. From each interview, from each phone call we get two 15-minute interviews. Therefore, as Mr. Richardson just pointed out in that memo, this can get down to—what was the figure?—600—and some on a particular half-hour period.

Mr. RICHARDSON. On a particular half hour, it got down to as low on completions as 54 for a 3-month period.

Mr. STISSER. Then you can get—

Mr. ROGERS of Florida. Explain that. I did not hear that.

Mr. STISSER. He was changing the base again to completed calls. As I read some figures before of our attempted calls—in some of these markets we were only completing about 50 percent. We use—we consider as part of our sample size a “don’t answer,” for example.

Mr. ROGERS of Florida. You say you use 900.

Mr. STISSER. A minimum of 900 for any period is our minimum sample size. In a typical market we publish a monthly morning and afternoon index which is based—because duplex is confusing, let’s change it to calls. We make 60 an hour—we have typically 55 hours of interviewing. So this is 3,300 calls per month.

These are published on a 2-month moving average, so our minimum sample would be 6,600 per index, in this case.

Now, that is in the smallest markets. Our report—

Mr. ROGERS of Florida. What do you mean by the smallest market? What is the smallest market?

Mr. STISSER. Oh, we get down into some very small markets. I was just trying to think of some examples. Markets under 100,000.

Mr. ROGERS of Florida. Where the community is 100,000 or 100,000 listeners?

Mr. STISSER. Where the population of the town is 100,000.

Mr. ROGERS of Florida. All right.

Now, you said 6,600?

Mr. STISSER. 6,600 calls, yes, sir.

Mr. ROGERS of Florida. Now, is that including your duplicate questions?

Mr. STISSER. No, this is calls.

Mr. ROGERS of Florida. And how large a sample, now? That is the minimum. What is the largest?

Mr. STISSER. Well, our New York City sample is the largest, I think. In New York City our last report covered September to December, duplex coincidental sample of 62,577, which means a little over 31,000 phone calls.

Mr. ROGERS of Florida. 31,000 phone calls. Do you think you could give a proper sampling for a city of 100,000 on 50 phone calls?

Mr. STISSER. No, sir. As I said, we would publish nothing on a smaller sample than 900.

With radio, the listening levels are lower than television, so you typically need a bigger sample.

Mr. ROGERS of Florida. Do you feel that you cannot give an adequate sample under the 3,300?

Mr. STISSER. For a broad time period, such as I was describing, I think that is true, yes, sir.

Mr. ROGERS of Florida. Now, do you see any advantage in using some type of meter rather than making telephone calls?

Mr. STISSER. I think there are advantages. I think economics is what prohibits this.

In radio, you would have to have one attached—a typical family has four or five radio sets, some of which are portable, and being carried all over the place. I do not think it is possible in radio, unfortunately.

Mr. ROGERS of Florida. And to make the number of samples necessary would not be economically feasible?

Mr. STISSER. That is true.

Mr. ROGERS of Florida. Do you sell to advertisers?

Mr. STISSER. We offer our services to advertisers and advertising agencies, yes.

Mr. ROGERS of Florida. As well as to the stations themselves?

Mr. STISSER. Yes, sir.

Mr. ROGERS of Florida. Do you sell all of them in perhaps the same survey?

Mr. STISSER. Yes. The advertising agencies buy the reports we publish and these are the same reports that go to the stations.

Mr. ROGERS of Florida. What about nonsubscribers? I believe you stated, though, that you listed them, whether they do subscribe or not.

Mr. STISSER. Yes.

Mr. ROGERS of Florida. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Younger.

Mr. YOUNGER. Thank you, Mr. Chairman.

When you say that the sampling on radio is pretty thin, it seems to me, looking over this set for Fort Worth, that is pretty much an understatement.

Mr. STISSER. I am afraid that is true, sir.

Mr. YOUNGER. For instance, I am looking over these interviewing sheets. The highest report on any of them—and there are only 2 or 3 out of the group where there were 4 found with listening on out of 18 calls.

Mr. STISSER. Yes.

Mr. YOUNGER. Many of them did not find one at all. Some of them found one. I doubt—I did not average it, but I doubt that if averaged out on the 18 calls, all the way through the years—that you would find that the average would be 2 radios on and listened. So if you had 900 calls, you would probably find 100 listeners.

Mr. STISSER. That would be sets in use of about 18—which is about what did happen. Our latest Fort Worth, sets-in-use percentage, homes we found listening, were 26.4 percent from 7 to 9; from 9 to 12, 14.6 percent; from 12 to 4, 11.3 percent; and from 4 to 7 p.m., 15 percent. And that is, especially that 26 figure, fairly high as compared to what we find in other markets.

Mr. YOUNGER. It would be 10 to 12, 13 percent on the average would probably be good, on an average?

Mr. STISSER. As far as the in-home audience itself is concerned, that is right.

Mr. YOUNGER. You do not make television surveys?

Mr. STISSER. No, sir.

Mr. YOUNGER. Why?

Mr. STISSER. Primarily because we do not feel that we could make any money in the television rating business. This is honestly the reason.

Mr. YOUNGER. You have not sold your television rights?

Mr. STISSER. We did it one time, sir. We did not sell our television right. I guess Mr. Borker here can explain the details better than I. We have had an agreement with ARB. This was shortly after Mr. Hooper died. And ARB—this ARB agreement expired when they were bought out by CEIR—I believe it was about a year ago.

Mr. YOUNGER. So there was a time when you could not legally make those surveys anyway?

Mr. STISSER. That is right.

Mr. YOUNGER. You pretty well dropped out of that field?

Mr. STISSER. True.

Mr. YOUNGER. Did you ever have an agreement with Nielsen?

Mr. STISSER. Yes, sir—before my time.

Mr. YOUNGER. The Hooper Co. did have?

Mr. STISSER. I believe it was part of the Hooper Co.—Mr. Hooper personally, also. This had to do with national ratings.

Mr. YOUNGER. It seems rather strange that for the length of time Hooper has been in this business that you would not develop the field, when television came in, which rather usurped the field from radio—

Mr. STISSER. I am sorry we did not.

Mr. YOUNGER. You say now you do not think you could make any money out of it. The other people say they do not see how you can rate radio.

Mr. STISSER. It is a very competitive business, sir.

Mr. YOUNGER. You must be in a specialized business, each one of you, when you doubt whether the other one can do it and make money. But this is certainly a pretty thin field.

Mr. STISSER. Actually we make an awful lot of calls, sir, even to come up with as few listeners as we do. That is why we have to make so many, I agree. The sets-in-use levels are low, though; you are right.

Mr. YOUNGER. And in these samples it must be pretty hard for them to say what station, because they are just listening to music.

Mr. STISSER. This is one of the great problems.

Mr. YOUNGER. I would say 60 to 70 percent of the answers would be, "Well, we are just listening to music."

Mr. STISSER. Right.

Mr. YOUNGER. So that it is pretty hard to identify a station just by music.

Mr. STISSER. Very true.

Mr. YOUNGER. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. No questions.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. Just a couple, Mr. Chairman.

You have been in this business for about 16 years. Has the percentage of people listening to radio increased appreciably over that 16-year period? Do you find it almost constant? Or what is the general reaction?

Mr. STISSER. I can only talk to the in-home part of the radio audience. With the advent of television, particularly nighttime listening levels in radio went down considerably. That home entertainment function seemed to go to television. Daytime, in-home radio sets in use in the last several years I think have been going up. There seems to be more in-home, daytime radio listening. It varies all over the place. When there is an important news event, of course, sets in use are affected tremendously. But to answer your question, nighttime sets in use took a big drop with the advent of television. The daytime sets in use, in the last several years, seemed to be going up.

Mr. BROTZMAN. I suppose automobile radio affects this.

Mr. STISSER. Of course, we are not measuring automobile—part of it, either—but just the in-home part seems to be increasing, too.

Mr. BROTZMAN. I was reading here, while you were testifying, from this report. I notice in the front here you have a code of practice governing use of the radio Hooper rating. Is this code of practice an innovation, or has it been utilized over a period of time?

Mr. STISSER. This has been in our reports for as long as I can remember.

Mr. BROTZMAN. I noticed one particular part here, self-regulation among subscribers. I would just like to ask you a couple of questions about that.

In this, any subscriber or group of subscribers can ask that you suspend service of some other subscriber if they are violative of the code of practice, is that correct?

Mr. STISSER. Right.

MR. BROTZMAN. Since you have been president, has this complaint ever been made, so that you were called upon to suspend subscribers?

MR. STISSER. Yes, sir.

MR. BROTZMAN. Is that correct?

MR. STISSER. Yes.

MR. BROTZMAN. What nature of complaint would come to you that would cause you to do this?

MR. STISSER. Typically misleading advertising, or any published printed matter that violated these specific things in the code of practice there—listing other stations call letters, in ads, or listing a competitive station by call letters is a very typical one. There have been even cases of out-and-out changing of figures.

MR. BROTZMAN. Now, in the back I see a chart for determining the reliability of a rating. In the early part of your testimony you said that the results were not projectable.

Do you intend to project the results of a survey by utilization of this chart?

MR. STISSER. No, sir.

MR. BROTZMAN. Or is this to assist the user to understand your rating?

MR. STISSER. The latter is the case. We have had this chart in our reports for many years. I think it is primarily an effort on our part to say to these people, "A rating is not an absolute; it is purely a calculated guess."

MR. BROTZMAN. Just as a matter of interest, who worked this out?

MR. STISSER. I do not know, sir. Some statistician. I am not sure I know exactly what it is myself.

MR. BROTZMAN. Have you looked at these, Dr. Arkin?

MR. ARKIN. Yes; they are correct. They are standard charts.

MR. BROTZMAN. What does 1.9 sigma mean?

MR. ARKIN. That means that approximately 94 times out of a hundred the sample will be within the predicted range as given here, or the sampling error will not exceed that which is stated on the chart. It is a rather strange coincidence, the 1.9. Usually it is stated as 2 sigma. Why they took 1.9, I don't know.

MR. BROTZMAN. Your testimony is, that it is a correct factor?

MR. ARKIN. Yes, sir; these are correct charts.

MR. BROTZMAN. I have no more questions.

MR. YOUNGER. May I just ask this. I was going to ask—do you differentiate between AM and FM?

MR. STISSER. We list both in our report, sir, if they have sufficient audience.

MR. YOUNGER. I did not notice in the interrogation—

MR. STISSER. If there was an FM-only station, it is listed by its call letters with the FM.

MR. YOUNGER. No. When you interview a person—you do not ask them whether they are listening on AM or FM?

MR. STISSER. No. We simply say, "What radio station were you listening to?" and ask them for programming and dial reading information. Many times the fact—particularly where you have a combined AM and FM facility, the fact that they were listening at the FM part of it comes out when you ask them to check the dial and they give you a megacycle reading instead of kilocycles.

Mr. YOUNGER. Do you find in general there is more listening now on FM than AM?

Mr. STISSER. Considerably more, particularly in some markets.

Mr. YOUNGER. Thank you.

The CHAIRMAN. Well, did you say you have considerably more FM in some markets than AM?

Mr. STISSER. No, sir. I thought the question was are we finding more FM listening, and I said we were finding more—not more than AM, but more than there used to be.

Mr. YOUNGER. It is on the increase, is what I was trying to ascertain.

The CHAIRMAN. But you will find in the record you said more listening to FM than AM.

Mr. STISSER. Thank you, sir.

Mr. RICHARDSON. Mr. Chairman, one question for Mr. Stisser. To make sure the record is clear, when you say the sample size is 900, that means approximately 450 different homes that had been called in a 30-minute period, is that correct, Mr. Stisser?

Mr. STISSER. As you pointed out, it is really 375.

Mr. RICHARDSON. 375 different homes?

Mr. STISSER. Yes, sir.

Mr. RICHARDSON. Also, as pointed out in the memorandum which you have approved, at one of these time periods the number of homes called, or at least the responses in a 30-minute period for the months of October, November, and December was 54, is that correct?

Mr. STISSER. Is that in the thing here?

Mr. RICHARDSON. Yes.

Mr. STISSER. Fifty-four listeners?

Mr. RICHARDSON. Fifty-four responses.

Mr. STISSER. If I read this, I am sure that is right, yes.

Mr. RICHARDSON. Which would mean there were 27, or somewhere in that neighborhood, of homes in that period. If there were 54 responses, would there not have been 27 homes who answered in that period?

Mr. STISSER. Probably, yes—half as many.

Mr. RICHARDSON. And actually in many of these cases, when you are dividing the listening into shares, as you do on a 30-minute basis, you get to where the station on top and the lowest station in the market could all be within statistical variance as explained in the chart in the back of your book?

Mr. STISSER. True, sir.

Mr. RICHARDSON. And you have, of course, stated here today that these are approximations?

Mr. STISSER. Calculated guesses.

Mr. RICHARDSON. All right. Also in relation to your code, I give you a sheet of paper from the Tucson, Ariz., market. It is entitled "Metropolitan June-July 1961 Official C. E. Hooper Radio Audience Index, 7 a.m., to 6 p.m."

Is this not a violation of your code?

Mr. STISSER. In several ways that I can see right away. No. 1, all stations are listed by call letters. No. 2, they have on their own averaged hour figures, which is statistically unsound and prohibited.

Mr. RICHARDSON. Have you in the past canceled radio station KTKT for such action?

Mr. STISSER. I don't really remember. It must have been a long time ago if we did.

Mr. RICHARDSON. Then you would say that this is a violation of your code, quite clearly, at least in several respects?

Mr. STISSER. It certainly is.

Mr. RICHARDSON. Mr. Chairman, I would like for this to be included in the record. It is an example of a situation wherein local stations use survey information by listing all of the call letters and the ratings or shares for the different stations, and take them around to local advertisers and therefore hurt all of the other stations in the market.

The CHAIRMAN. Well, do you identify that as such?

Mr. STISSER. Sir, I have never seen the sheet before. I assume these are our Tucson figures. I do not have our report with me. It is all right with me, though. It looks like it was ours, yes.

The CHAIRMAN. Is this taken from the record, Mr. Richardson?

Mr. RICHARDSON. Mr. Chairman, this was picked up when we were doing our work in Tucson, Ariz., and shown as a method used by stations to at least try to take business from other stations in a local market. One of the stations there was circulating a large number of this type of promotional material.

The CHAIRMAN. Well, was it of the Hooper firm?

Mr. RICHARDSON. Yes, it does state on it, "Official C. E. Hooper Radio Audience Index."

Mr. STISSER. It was not printed by us. It was put out by a station.

The CHAIRMAN. Was it mimeographed from your records?

Mr. STISSER. That, as I say, I do not know, sir. I would have to check the figures.

The CHAIRMAN. Will you check that and see, in order that it may be correct? With that understanding, it will go in the record.

Mr. STISSER. Yes, sir.

(The document referred to follows:)

Tucson, Ariz., metropolitan area—June-July 1961, official C. E. Hooper radio audience index, 7 a.m. to 6 p.m.

SHARE OF AUDIENCE

	A.M.- S.I.U.— 14.6	P.M.- S.I.U.— 12.0	Average		A.M.- S.I.U.— 14.6	P.M.- S.I.U.— 12.0	Average
KTKT-----	39.4	43.2	41.3	KOLD-----	6.4	7.5	6.95
KCEE-----	10.1	13.6	11.85	KCUB-----	5.2	5.9	5.55
KMOP-----	12.2	7.2	9.7	KTAN-----	4.9	4.2	4.55
KTUC-----	8.7	8.2	8.45	KAIR-----	3.1	2.3	2.7
KEVT-----	7.4	4.6	6.15				

(EDITORIAL NOTE.—The following is the official Hooper report as supplied to the subcommittee by Mr. Stisser, for June-July 1961, Tucson, Ariz.)



HOOPER *RADIO* AUDIENCE INDEX

CITY: TUCSON, ARIZ.

MONTHS: JUNE - JULY, 1961

SHARE OF *RADIO* AUDIENCE

TIME	RADIO SETS-IN-USE	KAIR	KCEE	KCUB	KEVT	KMOP	KOLD	KTAN	KTKT	KTUC			OTHER AM & FM	SAMPLE SIZE
MONDAY THRU FRIDAY 7:00 A.M.-12:00 NOON	14.6	3.1	10.1	5.2	7.7	12.2	6.4	4.9	39.4	8.7			2.3	5,003
MONDAY THRU FRIDAY 12:00 NOON-6:00 P.M.	12.5	2.3	13.6	5.9	4.6	7.2	7.5	4.2	43.2	8.2			3.2	6,759

"Radio Sets-in-Use" is the percentage of Total Homes which are listening to the radio. Where listening to a second program over a second radio set is reported in a home, that fact is reflected in both the "Radio Sets-in-Use" and in the individual station "Shares." "Share of Radio Audience" represents the proportion of the total radio audience listening to a particular station.

Where an FM station duplicates its corresponding AM station's program schedule in its entirety, the FM station mentions are combined with the AM station's mentions.

The Code of Practice governing the use of "RADIO HOOPER RATINGS" applies to this "RADIO AUDIENCE INDEX."

© C. E. Hooper, Inc., 1961.

Mr. RICHARDSON. Also, in the back of your pocketpiece, on the chart on variance which we have just been discussing, it is based on ratings from 1 to 10, and then 15, 20, on up to 50. Is that correct?

Mr. STISSER. Yes.

Mr. RICHARDSON. Actually in most cases are not ratings lower than these percentages shown here?

Mr. STISSER. Many times they are; yes.

Mr. RICHARDSON. Should not a chart be included which would have lower rating figures here, so that they could be projected for error?

Mr. STISSER. I believe that that is a just criticism; yes.

Mr. RICHARDSON. That is all, Mr. Chairman.

The CHAIRMAN. I imagine you have been all over this, but what does "DA" mean?

Mr. STISSER. "Don't answer," sir.

The CHAIRMAN. Or "Didn't answer"?

Mr. STISSER. It rang six times and nobody answered the phone.

The CHAIRMAN. "Didn't answer."

Mr. STISSER. "Didn't answer"—you are right; I'm sorry.

The CHAIRMAN. What does "LB" and "REF" mean?

Mr. STISSER. "Lines busy" and "Refusal."

The CHAIRMAN. Very interesting. I believe you have gone into that.

In your Dallas, Tex., October to December 1961 Broadcast Audience Measurement—you are familiar with this, I assume?

Mr. STISSER. Yes, sir; I have a copy right in front of me.

The CHAIRMAN. Well, you notice that there is on the very first page of the chart—"Radio Sets in Use, Monday to Friday, 14.0." What does that mean?

Mr. STISSER. Sir, that means that 14.0 percent of the homes, telephone homes, that we called during this 3-month period, said they were listening to the radio.

The CHAIRMAN. Fourteen percent of the telephone homes called from 7 a.m. to 12 noon, Monday through Friday?

Mr. STISSER. Right.

The CHAIRMAN. That had their radio sets on?

Mr. STISSER. Yes.

The CHAIRMAN. All right. You show "570 kilocycles, 4.2." What does that mean?

Mr. STISSER. That is a share of radio audience figure. That means in the morning hours they had 4.2 percent of the radio audience.

The CHAIRMAN. Well, now, are all of those following, including the final—"Other, AM and FM, 2.1"—are they supposed to add up to 100?

Mr. STISSER. Approximately, sir. They sometimes are 100.1, with rounding off. But they are supposed to add to 100, yes, sir.

The CHAIRMAN. I thought perhaps so. I could not get 100 out of it. But that is what it is supposed to be—the percentage.

Mr. STISSER. Right. This is based on 100 percent. As I say, we are sometimes two-tenths of a point off.

The CHAIRMAN. In other words, if there were 14 percent of homes that had the radio on, then 570 had 4.2 percent of those that were on?

Mr. STISSER. That is right.

The CHAIRMAN. Well, thank you very much, Mr. Stisser, for your cooperation with the staff and the committee and for your appearance here today and the presentation of your operation.

Mr. STISSER. Thank you.

Mr. RICHARDSON. Dr. Arkin, have you any comments to make?

Mr. ARKIN. No, I have no comment on this, sir.

The CHAIRMAN. Thank you very much, sir.

The committee will adjourn until 10 o'clock in the morning.

(Whereupon, at 5:15 p.m. the committee was recessed, to reconvene at 10 a.m., Friday, March 15, 1963.)

BROADCAST RATINGS

FRIDAY, MARCH 15, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

This morning we have Mr. Albert Sindlinger, of Sindlinger & Co. Mr. Sindlinger, will you be sworn?

Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SINDLINGER. I do, sir.

The CHAIRMAN. Will you identify yourself for the record, Mr. Sindlinger?

TESTIMONY OF ALBERT E. SINDLINGER, PRESIDENT, SINDLINGER & CO., INC.

Mr. SINDLINGER. My name is Albert E. Sindlinger, S-i-n-d-l-i-n-g-e-r.

I am president of Sindlinger & Co. Our main office is in Norwood, Pa. My home address is 100 Morton Avenue, Ridley Park, Pa.

The CHAIRMAN. Would you tell us something about your company?

Mr. SINDLINGER. I have a prepared statement, Mr. Chairman.

The CHAIRMAN. Very well. You may present it if you cover that in your statement.

You may proceed.

Mr. SINDLINGER. Our interest in broadcasting goes back to 1920, when, as a radio ham operating station 8AIX, we conducted field tests with Dr. Conrad's 8XE, which later became KDKA in Pittsburgh.

Since U.S. broadcasting, first radio and then television, is an entertainment medium sponsored by the advertisers, it has to have an estimate of the size of its audience.

A theater has a boxoffice to record its audience size via paid admissions. Newspapers and magazines have ABC circulation figures.

In 1948, we incorporated Sindlinger & Co. and our first commercial research endeavor was to install in Philadelphia the first instantaneous electronic radio and television measurement system—called Radox.

Not being married to any rating research method or system, we spent the years through 1956 experimenting with all the known techniques

to develop an objective radio and television measurement system, while we were building up our national probability sample of U.S. counties for our basic services which were started in early 1957.

In 1956, we set forth these basic policy decisions:

First, we determined that all media reports would be published on a syndicated basis, so that the buyer and seller of media would receive exactly the same data.

Second, no study would ever be—nor ever has been—conducted in order to prove one media better than another. Thus, we could never become obligated to any specific media.

Third, we determined that all our intramedia studies for radio, television, newspapers, magazines, and so forth, would be based upon people, rather than households, for households don't do things; it's people who do things. Our research techniques operate so that all media data are people oriented; that is, media reports are based upon what the respondent, himself (or herself), said he (or she) did yesterday. Adults are never asked for hearsay reporting of what other adults do.

I am going to add a sentence here. This is true of all our radio work. However, in some of our studies for television and newspapers, we do report what another member of the household says someone else does, but such data is so labeled.

Back to the text. We were pleased to read (pt. IV, p. 17) the 1958 report of the NAB radio research committee where they recommended the use of individuals as the unit of measurement. Also, we have observed during the past week that the Television Bureau of Advertising is now advocating "people" data.

Fourth, data from different research methods would never be combined, such as meters with diaries, with personal interviewing, with mail interviewing, with telephone interviewing, and so forth.

Fifth, since all rating data are subject to sampling error, we publish the sample size for every rating statistic in every report and provide the client with sample tolerance Nomograms so that the statistical significance of every figure can be compared.

Sixth, we took the position that our basic responsibility was to provide data as accurate and reliable as we could make it, and to tell the client exactly how we gather and process all data, so that the client would be aware of all biases which are inherent in all sample research.

Seventh, we assumed the further responsibility for the control of and the use of our data where promotion was involved.

With your permission, we would like to repeat for this record, a summary of our viewpoint on the broadcast rating concept as we stated it on June 26, 1958, when we appeared before the Committee on Interstate and Foreign Commerce of the U.S. Senate:

The broadcast rating, where it is used to measure only the size of an audience, has only one dimension.

The "size of rating" has become embedded in many people's minds, to the point where they consider that 20 is twice as good as 10, without any consideration of the quality of the 20 against the quality of the 10.

Our continuous media studies for newspapers, magazines, radio, and television, show conclusively that the compatibility of the audience—with the advertiser's product—is far more important than the single dimension of size, which is reflected by a rating. Yet the broadcast rating, as it is most commonly used, places so much emphasis on size of audience.

The broadcast rating appeals to most of us in America who have educated and trained ourselves to oversimplification. We like alphabet abbreviations.

We like the business index—everything that gives us quick, in an abstract way, some fast information. We like pills and capsules to correct all our ills. But what we don't like to do is to figure something out for ourselves. We want everything quick.

The broadcast rating is a quick abstract guide, and it is very popular.

Obviously every station, network, artist, advertiser or agency wants to be best, but size, as determined by a rating, is not always necessarily the best.

In striving for the highest broadcast rating with the biggest audience, the logical conclusion is to imitate the programs that have the highest rating.

But, imitation can only perpetuate "more of the same." And "more of the same" can only result in mediocrity.

That's the problem in using the rating as the criterion to measure broadcasting.

As stated, this was our position in 1958 and it remains our position today.

But, there is another reason why a rating used as one dimension is wrong: A rating is never as precise as it is thought to be. All sampling, ours or anyone else's, is subject to sample tolerance.

To determine sample tolerance, we utilize two standard deviations rather than one standard deviation, because our data are designed for use in making business decisions rather than for use as promotion.

One standard deviation means that 68 times out of 100 a statistic reported to a client will fall within the calculated confidence limits. In other words, with one standard deviation 32 times out of 100, a reported statistic could fall outside the calculated confidence limits.

Now, when you use two standard deviations—as we do—this means that 95 times out of 100 a statistic reported to a client will fall within the calculated confidence limits, and the chances of a statistic falling outside the confidence limit is only 5 out of 100, rather than 32 times out of 100 when you use one standard deviation.

If you use one standard deviation, you are saying to your client, that if you provide three different rating figures, the chances are that one of them will fall outside the confidence limits.

When you use two standard deviations, as we do, you are saying to your client that if you provide 20 different rating figures, the chances are that 19 of them will fall within the confidence limit and only one will fall outside.

Since we provide our clients with many research services in addition to radio and television data—and because it is our policy to inform our clients exactly how we operate—we produce, and have available, many technical papers or appendixes.

1. I have here a 99-page appendix which accompanied a presentation we made before the American Statistical Association in Minneapolis last September. Here we outline our methods and procedure for our weekly reports on consumer confidence and consumer buying plans for many consumer durable items.

2. Here is another technical appendix for newspapers, which outlines how we measure each day of each week, readership of daily and Sunday newspapers in all the major U.S. markets.

3. This appendix explains how we measure product use (by brand) on over 100 household products and buying plans for specific consumer items with newspaper readership.

4. This appendix explains our weekly and monthly automobile services—where our data are used in Detroit for production control and marketing decisions.

5. This appendix explains in detail how we measure buying plans for 16 durable items among the audiences for 36 different magazines.

6. This appendix explains our television activity service.

7. This appendix outlines how we are making intramedia data on a "yesterday" basis—on radio, television, newspapers, magazines and direct mail, available for electronic computer use by our clients. And, as stated, all intramedia data comes from a single individual, reporting what he (she) did "yesterday"—utilizing the same technique.

8. Here is a technical appendix for an important trademark court case.

9. This appendix, which we have provided to you, members of the committee, explains our radio activity service which has been in operation since July of 1962.

If each of you will turn to this set of charts, I would like to have this set of charts and this white piece of paper as I read them.

Mr. BROITZMAN. When you were referring to the radio activity book, is that the one you hold in your hand?

Mr. SINDLINGER. Yes.

Mr. BROITZMAN. And then the chart—

Mr. SINDLINGER. That is it. Yes.

What we do with the sample chart is explain the mathematical range of rating tolerances. While it may sound interesting, we have endeavored with this set of charts to make it simple, make it clear.

For our first example, we will select a television program with a 20.0 rating—which is a good one for a television program.

Turn to chart No. 1 where we use a sample of 100 interviews.

If we interview 100 people and find 20 people viewing a specific TV program—we would report the rating as 20.0 or 20 percent—the center point of the horizontal bar.

However, the mathematical true rating with a sample size of 100, at 20 percent activity, is somewhere between 12 percent (left end of bar) and 28 percent (right end of bar).

The tolerance is a plus or minus 8.0 on the 20-point rating, or 40 percent.

What this means is this: By the mathematical law of chance a second sample of 100, utilized at the same time under identical conditions could conceivably produce only 12 viewers or a 12-percent rating, while a third sample of 100, utilized at the same time under identical conditions, could conceivably produce as many as 28 viewers or a 28-percent rating.

The 12 viewers represent the lowest limit of chance and the 28 viewers represent the highest limit of chance with a sample of 100 and an activity of 20. Continued samples of 100 used at the same time under identical conditions could produce viewers numbering anywhere between 12 and 28 for the same TV program: 5 times out of 100, the figures could be anything.

Now let's go to chart No. 2, line B. We still use the 20.0 rating example—but have increased our sample to 150. With a sample of 150 a 20.0 rating would be based upon 30 people reporting viewing of the TV program.

The mathematical law of chance says that with another identical sample of 150 it is conceivable that only 20 people would be found—producing a rating of 13.5, the lower limit of chance, the left-hand part of the bar.

On the other hand, with another identical sample, the upper limit of chance could conceivably produce a rating of 26.5—represented by 40 people.

Turn to chart No. 3, line C. Now we use a sample of 300. Sixty people in this sample produce a TV rating of 20.0. By the mathematical law of chance—as we have explained—the lower limit could conceivably produce a rating of 15.4 (46 people) and the upper limit could conceivably produce a rating of 24.6 (74 people).

So our plus or minus tolerance here is 4.6 and our range is 23 percent.

Now let's go to chart No. 4, line D. We have increased the sample size to 1,000. Here our 20.0 rating comes from 200 people. Again, by the mathematical law of chance, another identical sample of 1,000 could conceivably produce a rating of 17.5 (175 people) at the lowest limit and another identical sample of 1,000 could conceivably produce a rating on the upper limit of 22.5 (225 people) for the same TV program.

With chart No. 5, line E, we increase the sample to 2,000.

Now our 20.0 TV program rating is based upon 400 people. The mathematical law of chance here reduces the range of tolerance from the low limit of a conceivable 18.2 rating (364 people) to the upper range of a conceivable rating of 21.8 (436 people).

With chart No. 6, line F, we step up the sample to 7,000—now our 20.0 TV rating is based upon 1,400 people, and by the mathematical law of chance, the lower limit rating is reduced to 19.0 (1,330 people) and the upper limit rating is reduced to 21.0 (1,470 people) for the same TV program.

Now, with chart No. 7, line G, we step up the sample to 15,000.

Here our 20.0 TV rating is based upon 3,000 people. The mathematical lower limit now is a rating of 19.3 (2,895) and the upper limit rating is 20.7 (3,105 people) for the same TV program.

Chart No. 8, while it may look complicated, summarizes what we have been discussing.

And we have added on the right-hand side of the chart the sample sizes that you would get for each of these ratings. In other words, the lower limit with a sample of 100 would produce 12 viewers and with a sample of 15,000 the lower limit would produce 2,895 viewers, or the upper limit at the bottom of the page would be 3,105 viewers, the difference being 105 viewers, or plus or minus 0.7 of a percent, or with a range of 4 percent.

Now let us examine the range of rating tolerance for a radio station or program. We will select a 2.0 rating for this example, as this is about average for certain time periods.

Turn to chart No. 9, line H, where we have a sample of 100—a rating of 2.0.

At this level of activity with a sample of 100 the statistical or mathematical range is from 0 to 4.8. In other words, another identical sample of 100, with a 2-percent activity, could conceivably produce no listeners—a zero rating—while another sample of 100 could conceivably produce 4 or 5 listeners.

In our judgment, a sample of 100 is entirely inadequate to measure any activity which is as low as 2 percent.

Turn to chart No. 10, line I, where we increase the sample to 150.

Again, a 2.0 rating with one sample could conceivably produce no listeners—while another sample could conceivably produce as many as four listeners.

Now, to chart No. 11, line J, where we have increased the sample size to 300.

A radio rating of 2.0 with a sample size of 300 would mean that we had 6 radio listeners reporting for the station or program, being the 2.0.

The statistical range with a 300 sample size is 0.4 on the lower limit—and 3.6 on the upper limit.

This means that while 1 sample of 300 produced 6 radio listeners for a specific station with a 2.0 rating, another identical sample, due to the mathematical law of chance, at 2 standard deviations, could conceivably produce only 1 radio listener to our example station—while a third identical sample of 300 could conceivably produce 10 or 11 listeners.

Again, in our judgment, a sample of 300 to measure any 2.0-percent activity—is a waste of time and money.

When you get into small sample sizes, you can't have tenths of listeners. You have to have at least one.

Now, go to chart 12, line K. We now use a sample of 1,000 to measure radio. A radio rating of 2.0 would be 20 people in the sample for our example station or program.

Statistically, the lower limit is 1.1 and the upper limit is 2.9.

With a sample of 1,000, at two standard deviations, when we are measuring a 2.0 percent activity, it is possible that another identical sample of 1,000 could conceivably produce only 11 listeners—while a third identical sample of 1,000 could conceivably produce as many as 29 listeners.

Mr. BROTZMAN. Could I get that again? I want to be sure to hear that specifically, the last line of testimony?

Mr. SINDLINGER. Yes. With a sample of 1,000, at two standard deviations, when we are measuring a 2.0 percent activity, it is possible that another identical sample of 1,000 could produce only 11 listeners, while a third identical sample of 1,000 could conceivably produce as many as 29 listeners.

Mr. BROTZMAN. Thank you.

The CHAIRMAN. These are figured on the same program of 1,000, 300, 150, 100 samples?

Mr. SINDLINGER. That is right.

Now we go to chart 13, line L, which increases the sample size for a radio rating to 2,000—where a 2.0 rating produces 40 people listening.

Here the range for the lower limit is 1.4 (28 people) and the upper limit is 2.6 (52 people).

Chart No. 14, line M—increases our radio sample to 7,000—which is the sample we use for our individual Saturday and Sunday radio reports, where we combine 2 months together.

With a 7,000 sample, our 2.0 rating now has 140 people listening.

With this sample size the range's lower limit is 1.7 (119 people) and the upper limit is 2.3 (161 people).

The CHAIRMAN. Where do you get that in this chart?

Mr. SINDLINGER. There, if you will look at chart No. 16—

The CHAIRMAN. I am looking at 14.

Mr. SINDLINGER. If you will flip back to 16, you will see the lower limit on these charts. Chart 14 is line M on chart 16.

The CHAIRMAN. Thank you.

Mr. SINDLINGER. Now, if you go to chart 15, line N, this increases the radio sample to 15,000, and our 2.0 rating now has 300 people listening to our example radio program or station. And, you will observe that we have reduced our tolerance range from the lower limit of 1.8 rating (270 people) to the upper limit of a 2.2 rating (330 people).

Chart No. 16 summarizes the radio situation we have been discussing. Here it becomes clear why a sample of 1,000 or less is inadequate for any radio measurement where a radio rating can be at the low activity rate of 1.0 and less—to 2.0 or slightly more.

However, while a 2.0 radio rating may sound low—when the figure is projected to people—it's a big audience on a network basis. For example: Currently our base for radio projection on a national basis is 136,321,000 people 12 years and older. Two percent represents an audience of 2.7 million.

Up to now we have discussed only two rating figures with various sample sizes. Now, turn to chart 17. Here we have a full range of ratings with a sample of 100.

For this chart and the next six charts—the black horizontal bars show the tolerance range or limits for each rating on the scale. The white line in the center of each horizontal bar is the rating point—the left end of each bar represents the lower confidence limit and the right end the upper confidence limit—at two standard deviations. Where the bars overlap—this means that there is no significant difference between one rating figure and another.

I would like to repeat that. Where the bars overlap, this means that there is no significant difference between one rating figure and another.

For example, with chart No. 17—with the sample of 100—there is no significant difference between any rating under 3.0. There is no significant difference between a rating of 2.0 or 10.0; between a 5.0 and a 15.0 rating; between a rating of 10.0 and 20.0; between 15.0 and 30.0; between a rating of 20.0 and 35.0.

Mr. BROTZMAN. May I interrupt for a minute, please?

Mr. SINDLINGER. Yes.

Mr. BROTZMAN. I hate to break in, Mr. Chairman, but so I can understand this, I have to.

Your statement was, I believe, that where the bars overlap, there is no significant difference in the rating, is that correct?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. So what you were doing here is going down the left-hand side of the chart where we see the numbers 0 through 40; is that not correct?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. And because the overlap is demonstrated there between the bars this is how you were able to arrive at the conclusions? Is that correct?

Mr. SINDLINGER. That is right. I was reading where the bars overlap.

Mr. BROTZMAN. Thank you.

Mr. SINDLINGER. However, there is a significant difference between a rating of 3.0 and 15.0; between a 10.0 and 25.0; between a rating of 15.0 and 35.0.

So you can say that three is different from 15, but 3 is not different from 4. But there is a significant difference between 10 and 25; and there is a significant difference between 15 and 35.

You can measure broad figures, as broad as I have outlined them, but not narrow figures, with a sample of 100.

Chart No. 18, with a sample of 150, is only slightly better than a sample of 100.

Let's go to chart 18, with a sample of 150. I won't spend much time on this, because you can see from the chart that there is only a slightly improved sample.

Chart No. 19 is based upon a sample of 300. With a sample of 300, a radio or television rating reported to be 1.0 or less—at two standardized deviations—is not significant.

What I am saying here is that any rating produced from a sample of 300 or less, producing 1 percent, is not significant! It could be zero, or anything.

There is no significant difference between a rating of 2.0 or 3.0 or 4.0. However, there is a significant difference between a rating of 1.0 and 5.0, and between 5.0 and 15.0, and between 10.0 and 20.0, and between 15.0 and 25.0, and between 20.0 and 30.0. But, there is no significant difference between radio and TV ratings of 15.0 and 20.0, or between 20.0 and 25.0, or between 25.0 and 30.0, or between 30.0 and 35.0, or between 35.0 and 40.0.

I would like to leave the text for just a second to point out why we have done this. There are many advertisements that say that station A has a rating of 18.2 and it is first, and station B has a rating of 16.1 and it is second and station C has a rating of 15.0 and it is third. Any one of those three stations can be first, second, or third. There is no significant difference in a sample of 300 between those three figures.

Back to the text.

With Chart No. 20, we have increased our sample to 1,000. Here, there is no significant difference with any rating figure under 1. In other words, with a sample of 1,000 to measure ratings of stations, that is a rating of 1, there is no significant difference.

There is no significant difference between 0, 0.4, 0.2, 0.5, or what, or between 1 and 2 or, between 2 and 3—or, between 3 and 4—or between 4 and 5.

Again, I repeat, this is using a sample of 1,000.

However, there is a significant difference between a rating of 5 and 10 and between 10 and 15 and between 15 and 20.

But, it is conceivable that a rating of 20 on one sample of 1,000 could be 25 with another identical sample of 1,000.

And, as the chart shows—when you get up to ratings above 25—there is the possibility of there being no significant difference between 25 and 30—between 30 and 35—between 35 and 40. Again we're talking about a sample of 1,000.

Chart No. 21 shows a sample of 2,000, and as the chart shows, when the sample gets up to this size, rating figures begin to have more significance. With this sample there is significance between a 2 rating and a 1 rating.

And, there is significance between a rating of 1 and 5 and 10 and 15; and 20 and 25 and 30 and 35, etc.

Chart No. 22 is based upon a sample of 7,000. Here we find that a radio or television rating of 2.0 is significant by itself and is significant when comparing it with 5.0 rating, between all the rating points plotted on this chart. In other words, when you use a sample of 7,000, the figures become significant by themselves.

Now we go to chart 23, which is based upon a sample of 15,000, and you can see from this chart how the larger sample of 15,000, reduces the range of statistical tolerance for all the rating points shown on the chart.

When a client knows the statistical tolerance of radio and television ratings, as we have shown them to you here (and our clients know this), they are in a position to make their business decisions more objectively.

This is why all of our reports for radio and television and for all the other services we produce—show the sample size for every statistic we produce.

Up to now, we have been talking about sample tolerance, which appears to have been originally developed by Abraham De Moivre in his 1733 mathematical treatise which the author believed then had no practical applications, other than a solution of problems encountered in games of chance—cards, dice, roulette, etc.

He didn't then know about radio and television ratings. However, the mathematical law of chance which we have been discussing is based upon the assumption that your sample is perfect, i.e., the cards are not marked, the dice are not loaded and the roulette wheel has perfect balance.

But no sample for attitude and opinion research is perfect, ours, or anyone else's.

Samples and techniques

We consider there are three fundamental objectives of sampling:

1. The original drawn sample must reflect the defined universe being measured as accurately as possible.
2. The portion of the completed sample from which data are projected must be as representative of the original sample as possible.
3. The methods used to gather and produce data must be as free of human bias as possible.

During the years from 1948 through 1956, while we were developing the foundation of our present business to weekly measure consumer's opinions on the state of the economy and their buying plans—we had the unique opportunity to experiment and work with every known technique used for radio and television rating in order to accomplish the three objectives set forth.

Let me summarize this experience:

A. From 1948 through 1950 we operated Radox, the first instantaneous electronic radio and television rating service. (See pp. 1 through 5 of this Radio Activity Technical Report.) Radox utilized a fixed panel of 642 households within the city of Philadelphia. We discovered seven major objections to the use of a fixed panel using an electronic device for objective sampling:

1. A high proportion of households refused to have a "gadget" attached to their sets.

2. With people moving and/or deciding not to cooperate after a "gadget" had been placed on their sets, it was difficult to maintain the proper characteristics of the original sample.

3. After a while, our experience with a fixed sample was that people became biased cooperators and not typical.

4. With a fixed panel, the location of the sample was defined. Interested persons through various means could control the rating results within the homes of the fixed panel. In fact, with our Radox experience, an outside party was able to obtain the addresses of our fixed Radox panel.

5. People had to be rewarded in one way or another in order to insure their continued cooperation to leave the "gadget" attached to their radio and television sets.

6. With the publicity attached to the publication of ratings in the press—now I am referring to the publicity in 1948—people within the fixed sample knew they were part of a rating service and became conditioned—they would ask our service men when they called to service their sets if they were "doing the right thing."

7. With the use of our Radox electronic system, we were measuring tuning of the set and not who or how many (if any) were viewing.

The fixed panel gave us cumulative data—but, it was cumulative data from a group of cooperators. We decided to sacrifice the cumulative concept for more objective data—which would come from using a different sample of different people for each day's interviews where we could use the "people's concept."

B. Why we use a telephone sample, knowing that 20 percent of households nationally do not have telephones and 3 to 4 percent have unlisted numbers, is explained on pages 6 through 12 of this appendix.

But, the advantages outweigh the disadvantages, as follows:

1. Speed of gathering data.
2. Economy in cost enabling utilization of large samples.
3. Flexibility for callbacks to reach lines busy and not-at-homes.
4. People are more impersonal and tend to be more honest over the telephone than when interviewed in person.
5. Over 80 percent of population now have telephones, in many communities it's 95 percent. In some communities, it is as high as 98 percent.
6. Telephone books provide ideal sampling frames for randomized selection of sample elements.
7. People will answer a telephone where they hesitate to permit a stranger in their front doors.
8. Complete dispersion of the area being surveyed is achieved, thereby, no clustering is required.
9. People can be called back, repeatedly, until they are reached; thus, a not-at-home formula to compensate for not at homes is not required.
10. A high completion of the original sample is possible with the way we have developed and utilize the telephone for interviewing (see pp. 21 through 29 of this appendix).

C. Telephone books as sample frame: The telephone books, for each county within the basic sample, provide a random base for all listed telephone numbers.

All telephone books servicing a sample county are utilized, so that interviewing is not restricted just to nontoll areas.

All telephone numbers are selected at random throughout the telephone books. Each sample selection is made at our headquarters in Norwood, Pa. (see pp. 15 through 20), and all numbers are selected on a scientific *n*th basis. There is no clustering of telephone numbers on a page in the telephone book.

New telephone books, as they are issued each year, provide automatic changes in the telephone-owning population. As a market's telephone population increases or decreases, the telephone book reflects this change and the sampling ratio for each market is changed accordingly. Los Angeles and Arizona are good examples.

I might deviate for a minute to say that in Los Angeles at the present time, and in Arizona, we are making almost twice as many interviews today as we did 10 years ago because of the increase in the population.

D. No rating week: In order to make the callback, feedback interviewing method work for our radio service (see pp. 21 through 30 of this technical appendix), and for all other services, it is necessary to draw a new sample for each day of each week and all interviewing is conducted on an every-day-of-every-week basis. Thus, there is no defined rating week where stations might put on special promotion or programs to attract unusual listening.

When a special event occurs on a single day and a rating for that day is desired—let's say there is a special-event night, a prizefight or something like that—then we would augment our interviewing for tomorrow so we could measure 1 day.

E. What is measured: Our radio activity and television activity research reports are based upon interviewing within the 187 sample markets that compose our basic sample. (See pp. 13 through 15.)

Since the basic sample markets are representative (as they were drawn on a random probability basis) of each of the 4 regions of the country (the sum of the 4 regions being 48 States), broadcast rating data collected within the basic sample are projectable to each of the 4 regions and to the total conterminous United States insofar as the data relate to the overall activity of radio listening and television viewing; that is, the magnitude of radio listening and television viewing.

The data are also projectable, nationally and regionally, for networks' radio listening and television viewing, insofar as it occurs among individuals whose residence is within the sample markets.

However, the radio and television activity reports are not measuring and reporting for every individual radio and television station in the 48 States.

Since our technique is based upon what individual respondents, residing within the sample markets did yesterday, as far as radio listening and television viewing is concerned, our technique measures the listening and viewing of the respondent on the basis of where he or she was yesterday.

If a respondent listened to the radio yesterday at home, radio stations located outside the sample market, with a signal too weak to be heard in the market, cannot be measured. However a salesman residing in a sample market driving in his automobile and listening to the radio yesterday could report listening to radio stations located in counties several hundred miles away from his residence within a sample market.

We have the example of a man who was interviewed in Beverly Hills, Calif., where he reported listening to the radio at a hotel in New York yesterday morning, at the barber shop in Chicago's O'Hare Field yesterday noon, and in his automobile in California last night.

And, we have examples where a person interviewed within a sample market today—watched television yesterday in a place not within the sample market or in other sample markets.

F. All listening and viewing measured: Since our concept is to measure what people did yesterday (that is, radio listening and television viewing) and where they listened (for radio), our technique measures all listening yesterday that the respondent recalls to report. Radio listening can take place in any combination of rooms within the household, in the basement, garage or patio—in his [her] automobile if driving or as a passenger—at a public place (that is, hotel, restaurant, store, tavern, cafe, beach resort, sport event, et cetera)—at a friend's house. Since the technique measures what the respondents reports he [she] did yesterday, radio listening is not confined to any particular radio set or sets. Radio listening is measured for:

- (1) In-home plug-in sets.
- (2) In-home battery portables.
- (3) Automobile radios.
- (4) Transistors in an automobile, being carried by hand or where the transistor is being listened to while watching a sporting event.
- (5) Radios in public places or at friends' homes.

The same is true for television—we measure what the respondent reports he watched yesterday wherever the viewing occurred.

G. Large sample size: Our radio activity service is based upon a sample of a minimum of 776 daily interviews, 5,400 weekly and about 24,000 monthly—every radio and television interview is with a different individual.

Each Saturday and Sunday radio report is based upon a cumulation of 2 months' interviewing: that is, eight or nine Saturdays and eight or nine Sundays. Thus, the sample size for the Saturday radio report and the Sunday radio report is near 7,000.

Weekday reports for radio are issued monthly. All the Mondays through Fridays are combined for the month; that is, minimum of 20 days for each month with a minimum sample of over 15,000.

The exact sample size utilized for each weekday, Saturday, and Sunday report is published with each report, and the sample size for each male and female rating becomes a part of the report. (See pp. 67 through 69 of this appendix.)

Our television reports, since August 1957, have been issued each month and/or for each week for the evening that Du Pont sponsors its television program, the exception being that during January and February 1961 we conducted research for all TV network programs—on a full-scale 7-day-of-each-week basis—and, we issued an individual television report for each and every day for the 2 months.

But, we had to give this up—on a daily basis—and have continued television measurements only on the 1 day of each week where we have a client. We hope to be able to resume our daily television service in the near future to report for the other 6 days of the week.

METHODS FOR RADIO AND TELEVISION RATINGS

In summary, here are the different methods for providing radio and television ratings:

First is the electronic meter which uses a fixed panel like our Radox. We have already explained why we do not use this technique.

Second is the diary technique. However, we do not use the diary because we are interested in a continuous flow of data—people will not keep diaries continuously—and if they did, we would then have a fixed panel—to which we object.

Third is the telephone coincidental technique where you telephone people to find out what they are doing at the time of the call. But, this technique limits your data to in-home listening or viewing. You can't yet telephone at random to a person in an automobile or to a person on a beach or at a public place. Also, our experience with telephone coincidental for radio was this: A person answering the telephone was most likely to be near a television set and would most likely be watching television; they were not likely to report radio listening upstairs by a son or daughter or a husband's downstairs radio listening or in another part of the house.

For television: We discovered that the person most likely to answer the telephone was the secondary viewer—that is, if a female was watching a drama—husband most likely answered. If a male was watching a sporting event, a female was most likely to answer.

Fourth technique is the personal coincidental. Here again you are measuring in-home activity only—with the problem of not-at-homes.

Fifth technique is the personal interview with the roster recall. Here we have the problem again of being able to interview only those people who are at home and will answer the door. Callbacks for personal interviewing, to reach the not-at-homes, are very expensive and impractical.

How do we get our data on radio and television? We can explain this best by playing for you some actual interviews which we have recorded, with the telephone "beeper" to make it legal for recording.

In my prepared text, I was going to play for you first a telephone interview, but since the time is short, I will skip this part and I would like your permission to play a 10-minute interview so you can hear from the recording exactly how we gathered this data.

The CHAIRMAN. Very well. But I don't think we can take it down for the record.

Mr. SINDLINGER. I can give her the reel to copy if she wants to.

The CHAIRMAN. I think perhaps the record can just show that an example was given and explained by you.

Mr. SINDLINGER. There is an interview with a female and an interview with a male.

As you listen to this interview, you will see we are gathering information in greater depth than just an interview. After you listen, I will explain, why we go into the depth we do.

This is an interview with a female.

(Whereupon, a recorded interview was played.)

Mr. SINDLINGER. I would like to let you listen to a male. This one is about 8 or 9 minutes.

These numbers are selected at random.

(Whereupon, a recorded interview was played.)

Mr. SINDLINGER. That is how we gather our data. Earlier, you will recall, I said we try to minimize the size of the rating and try to emphasize the quality of the audience. This is why in this interview you heard us talk to this person about attitudes toward the economy. You heard us measure the buying plans for automobiles. Our clients from Detroit like Chrysler, Ford, and General Motors want to know what time of the day they can reach people on radio and television who have plans to buy different kinds of automobiles.

So this is why I said earlier that our concept is to measure radio and television so that the data becomes compatible with the audience for the product, rather than the size of the rating.

Now, I would like to summarize.

Through the years we have endeavored to develop research techniques that meet the standards of accuracy required by our clients.

In the past, we have concentrated our efforts and utilized our techniques in the direction of the advertiser—who demands the facts. We have directed our sampling technique in areas where our data could be checked out—like forecasting new automobile buying plans—which later can be checked out with actual sales—we report automobile buying plans to Chrysler, Ford, and General Motors on a weekly basis.

We have attached to this statement two charts that show our record of accuracy in this field since July 1957—where buying plans are correlated with registrations, known sales.

As a matter of interest, our report for the last week in January estimated 527,000 new automobile buying plans for the month of February. Automotive News for March 11, 1963, estimates that February sales were 526,773. Our estimate for March buying plans, as reported to our clients the last week in February, is 592,000.

We take the position that if our sampling technique can measure and report what people say they are going to do next month, next 2 months, next 3 months and for next 6 months when it comes to what they plan to buy, they certainly can tell us, with reliable accuracy, what they did “yesterday” when it comes to radio listening, television viewing, newspaper and magazine reading, and so forth.

Within the next few weeks, we plan to announce to the networks, advertisers, and agencies how we are prepared to make our media raw data, with the actual sample counts, available on IBM punched cards and on tapes for computer use. Such data are now being made available to our automobile clients.

CONCLUSION

When the advertisers, the networks, and the advertising agencies have the kind of data available to them which we have been talking about, we think they will be able to take the emphasis off the size of a rating and put the emphasis on the quality of the audience, which has been our concept all these years. With our data available from large samples for computer use by both the buyer and seller, we hope we can remove some of the confusion that has prompted these hearings.

Thank you for your consideration.

The CHAIRMAN. Do you wish the appendix referred to, to be included in your statement?

Mr. SINDLINGER. If you please, sir, yes.

The CHAIRMAN. I am not sure that it can be shown in black and red when printed, but it can be shown.

Mr. SINDLINGER. It is not necessary to show these two charts. I just wanted to show these to you gentlemen.

The CHAIRMAN. All right.

Mr. BROTZMAN. Pardon me, Mr. Chairman.

I wonder if the charts that this gentlemen prepared should not be made a part of this record. I am referring to this Sindlinger Custom Service and also the radio activity charts. They may be too large, I do not know. This one was of particular value, I thought, Mr. Chairman, on the Sindlinger Custom Service, showing the different bar graphs that he has demonstrated.

The CHAIRMAN. Yes, that can be included, but I do not think we can put these larger exhibits referred to in the record. They are too bulky and, I think, unnecessary.

Mr. BROTZMAN. Yes.

(The charts referred to follow :)

Sindlinger CUSTOM Service

CHART PRESENTATION TO SHOW THE STATISTICAL TOLERANCE
OF VARIOUS SAMPLE SIZE
FOR RADIO & TELEVISION RATINGS

TO ACCOMPANY
PREPARED STATEMENT
BY
ALBERT E. SINDLINGER
PRESIDENT, SINDLINGER & COMPANY, INC
FOR
THE HOUSE COMMERCE COMMITTEE SPECIAL
SUBCOMMITTEE ON INVESTIGATIONS
REP. OREN HARRIS, CHAIRMAN



*Restricted by copyright**

SINDLINGER & COMPANY, INC. LUdlow 6-5100

Market Analysts

RELEASED: MARCH 12, 1963	SINDLINGER BUILDING NORWOOD, PENNSYLVANIA
CENTRAL OFFICE	
N. Y. OFFICE:	441 LEXINGTON AVENUE NEW YORK 17, NEW YORK MURRAY HILL 7-8883

BROADCAST RATINGS

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CHART #1. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE

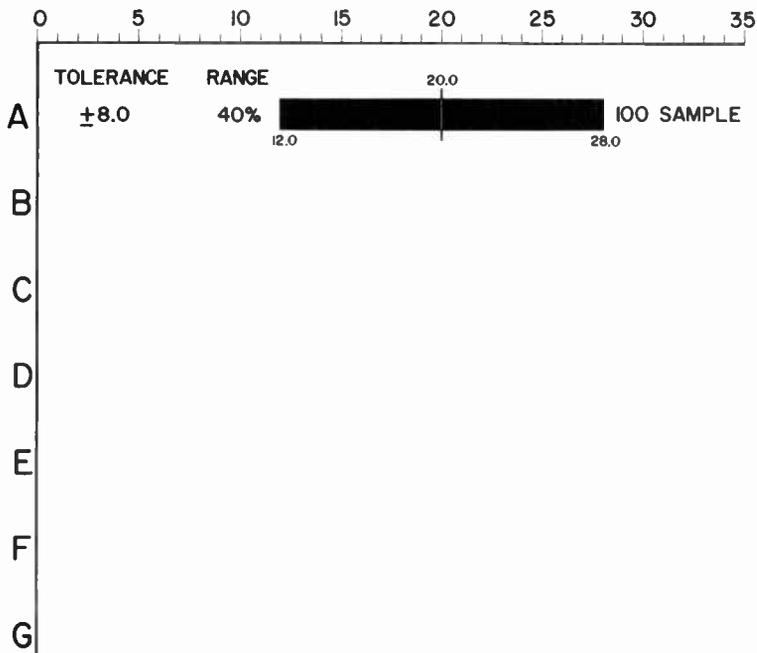




CHART #2. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE

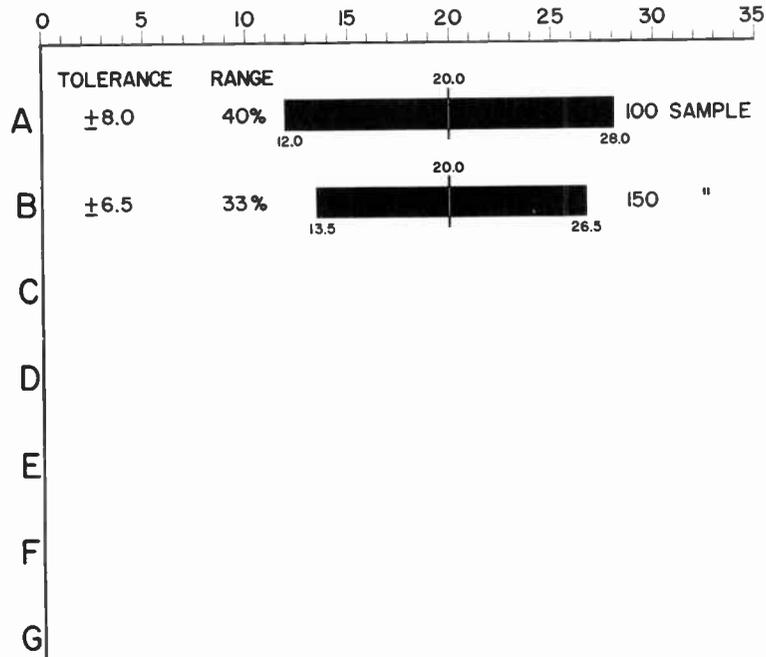




CHART #3. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE

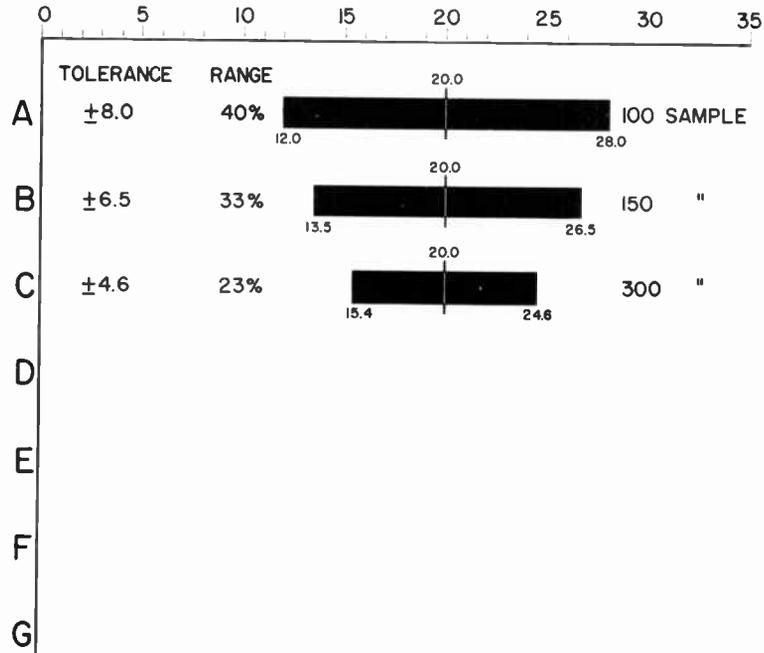
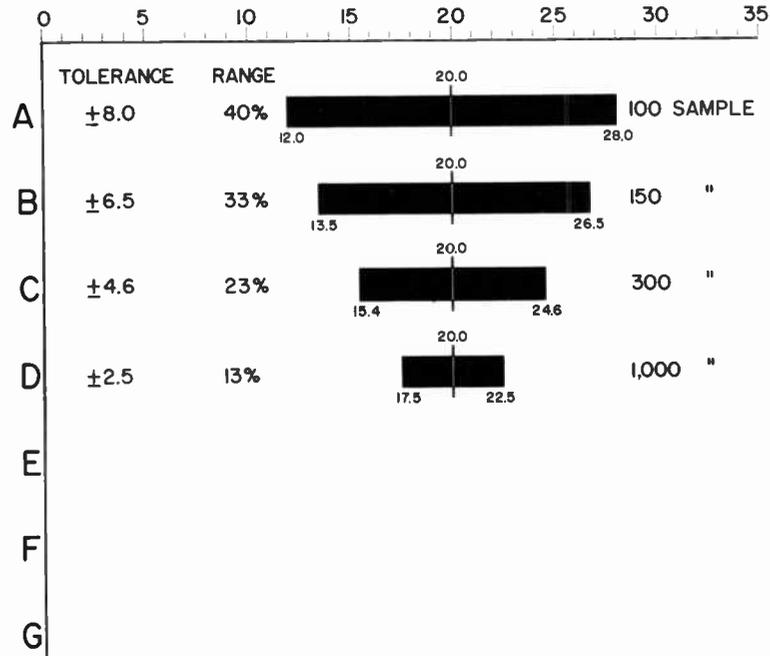




CHART #4. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE



BROADCAST RATINGS



CHART #5. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE

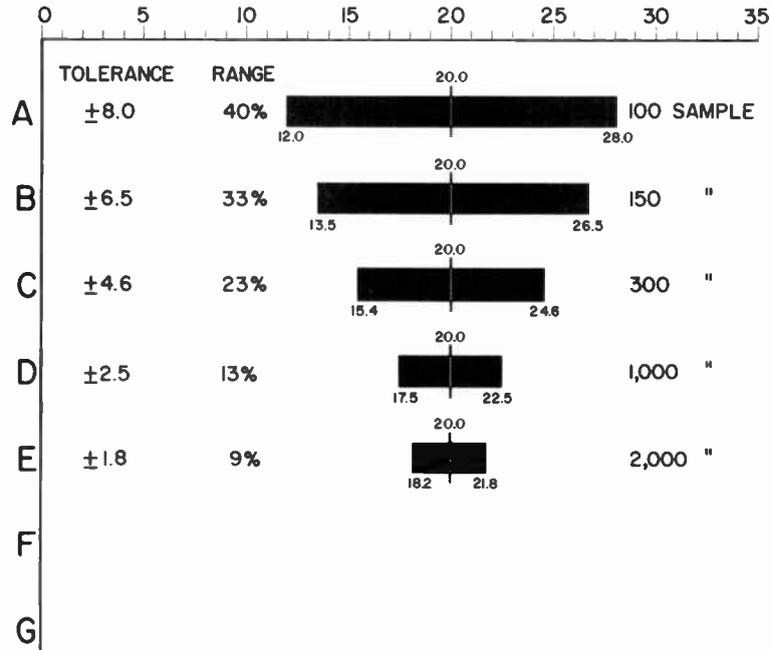
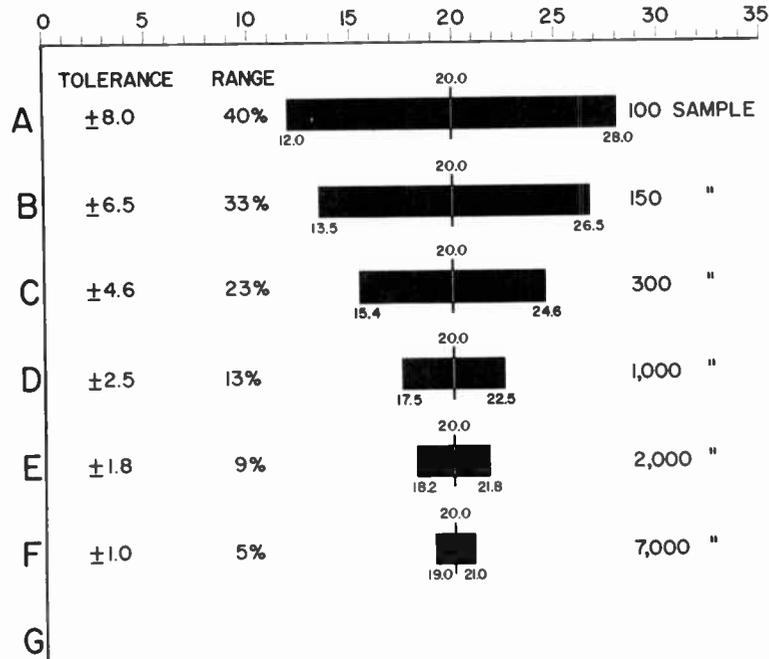




CHART #6. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE



BROADCAST RATINGS



CHART #7. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE

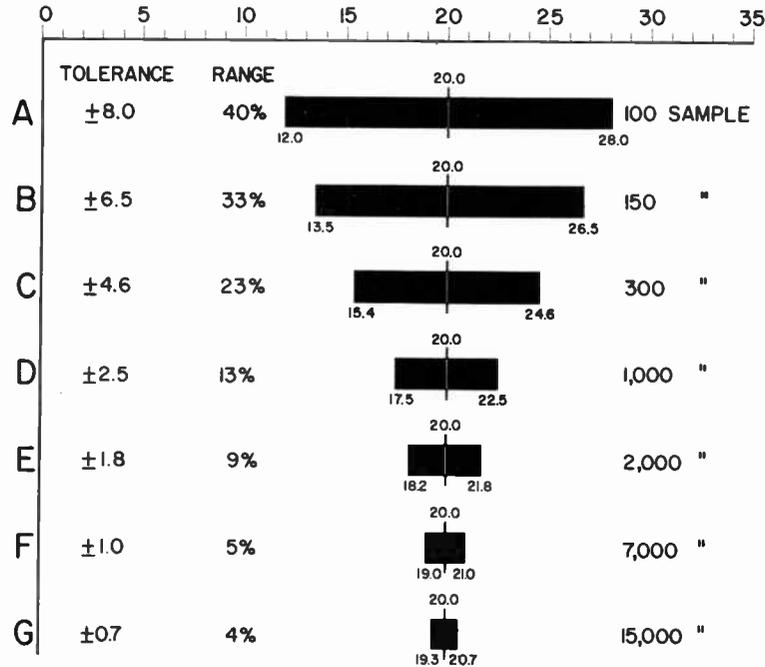
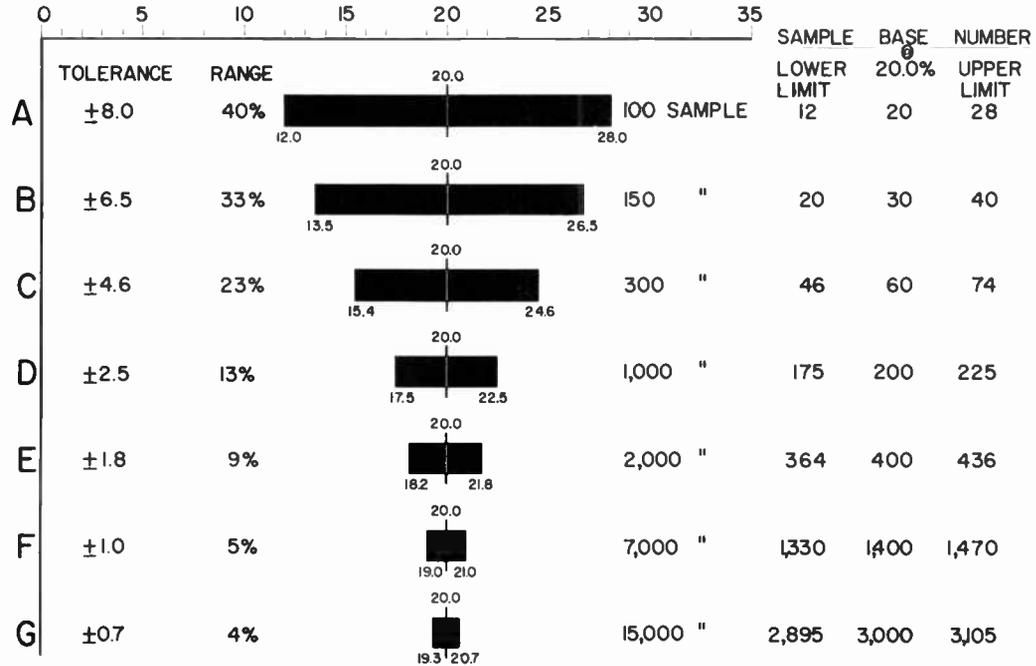




CHART #8. STATISTICAL TOLERANCE OF A 20.0 TV RATING WITH VARIOUS SAMPLE SIZE



BROADCAST RATINGS

745



CHART # 9 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING WITH VARIOUS SAMPLE SIZE

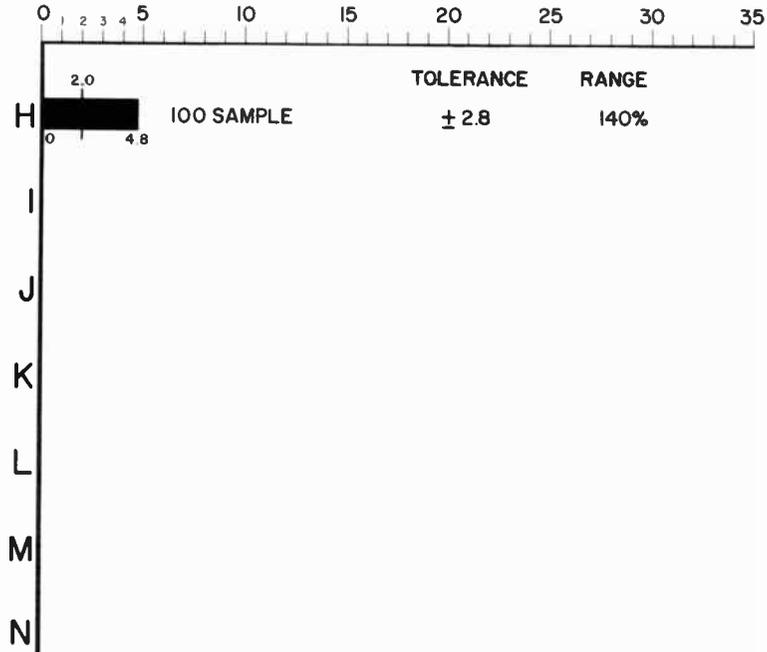




CHART #10 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING WITH VARIOUS SAMPLE SIZE

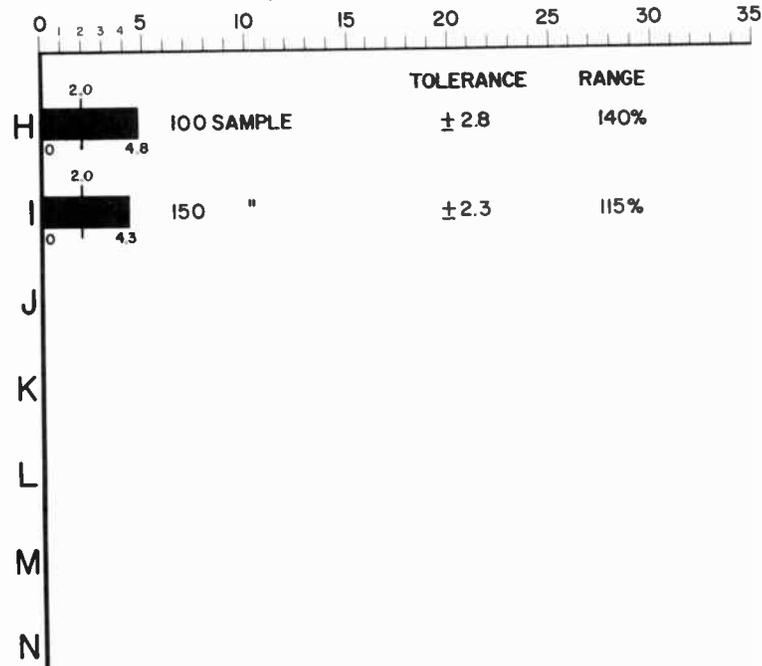
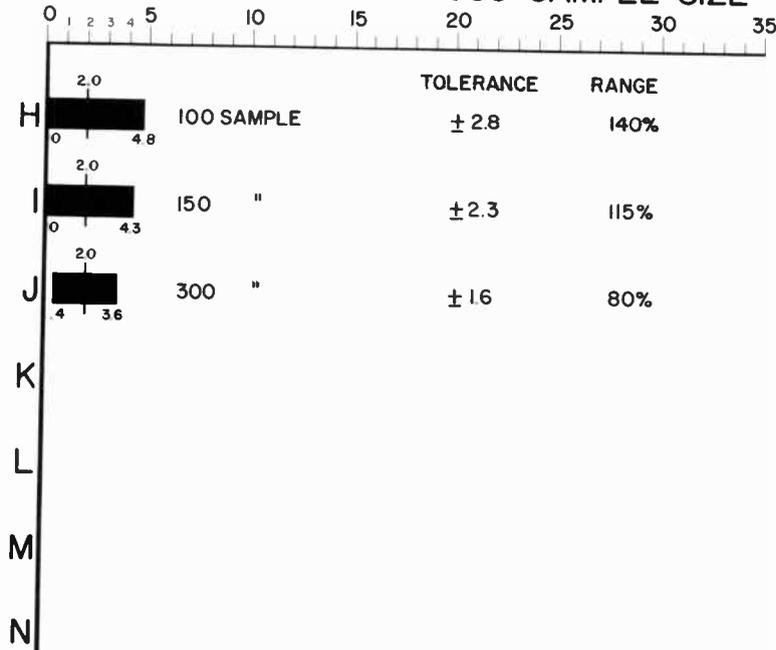




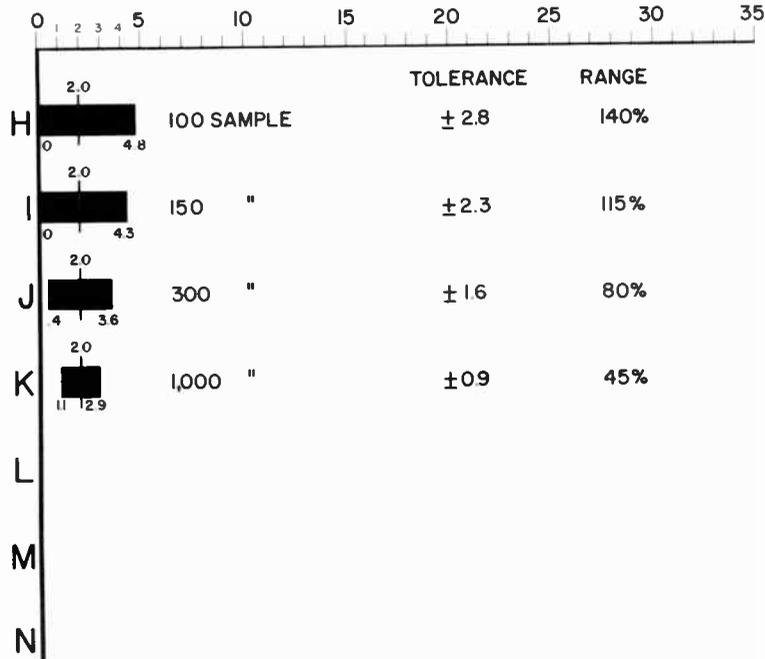
CHART # II STATISTICAL TOLERANCE OF A 2.0 RADIO RATING WITH VARIOUS SAMPLE SIZE



BROADCAST RATINGS



CHART # 12 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING WITH VARIOUS SAMPLE SIZE



BROADCAST RATINGS



CHART** 13 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING
WITH VARIOUS SAMPLE SIZE

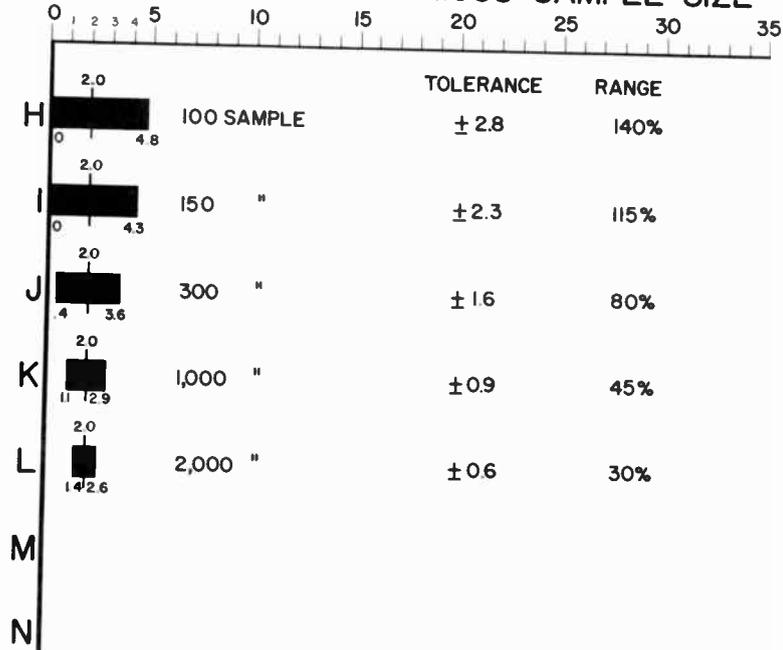
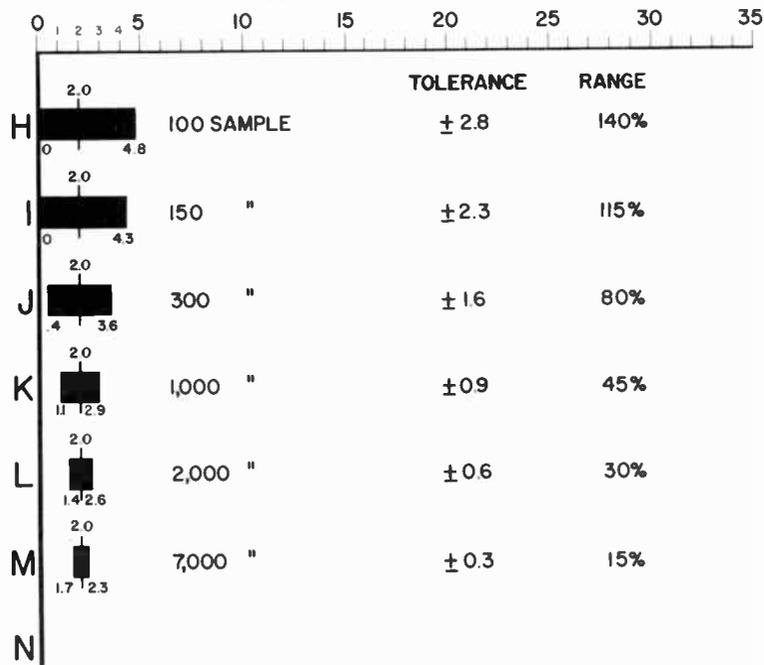


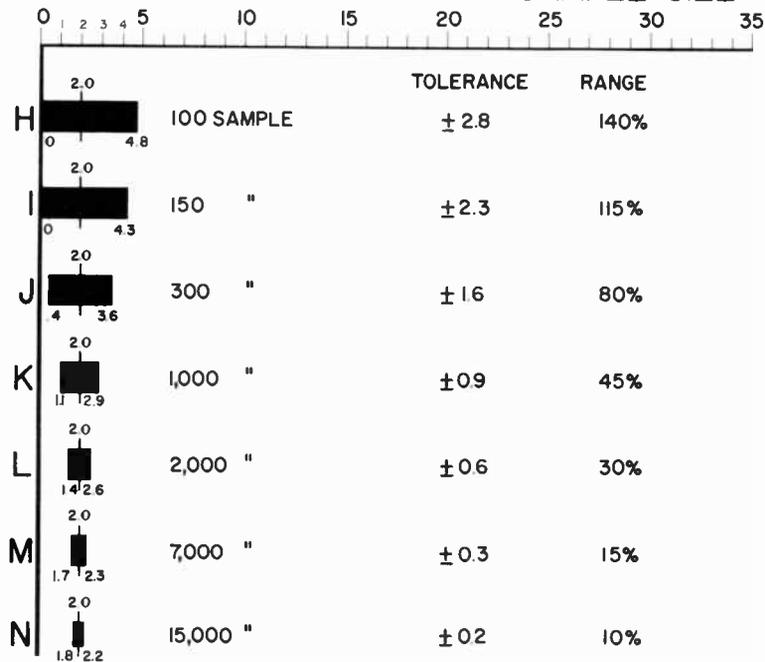


CHART # 14 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING
WITH VARIOUS SAMPLE SIZE





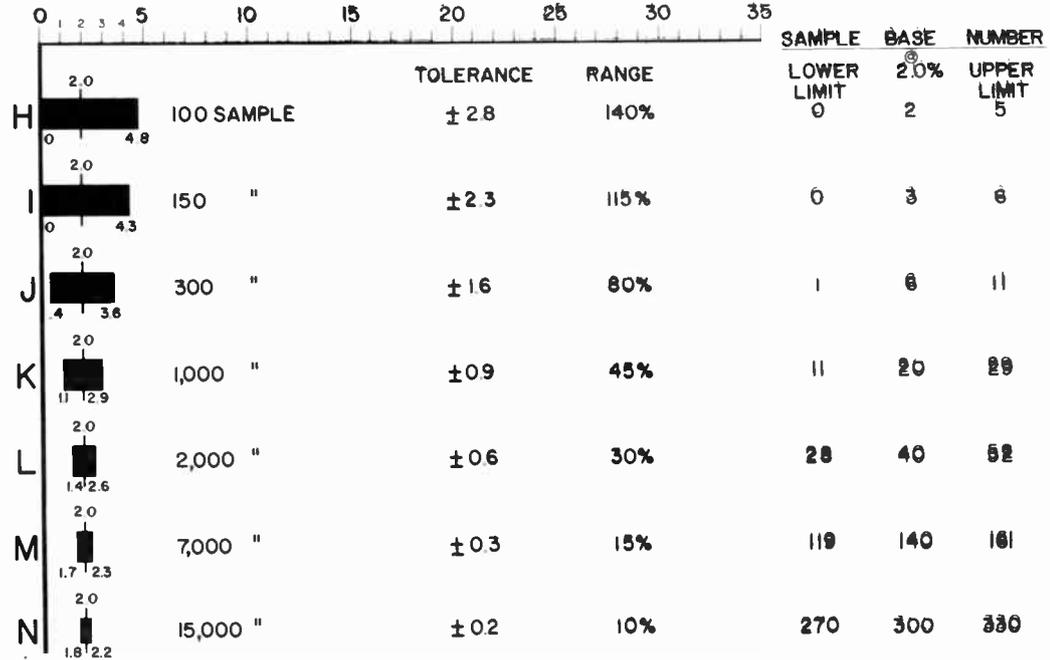
**CHART # 15 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING
WITH VARIOUS SAMPLE SIZE**



BROADCAST RATINGS



CHART #16 STATISTICAL TOLERANCE OF A 2.0 RADIO RATING WITH VARIOUS SAMPLE SIZE

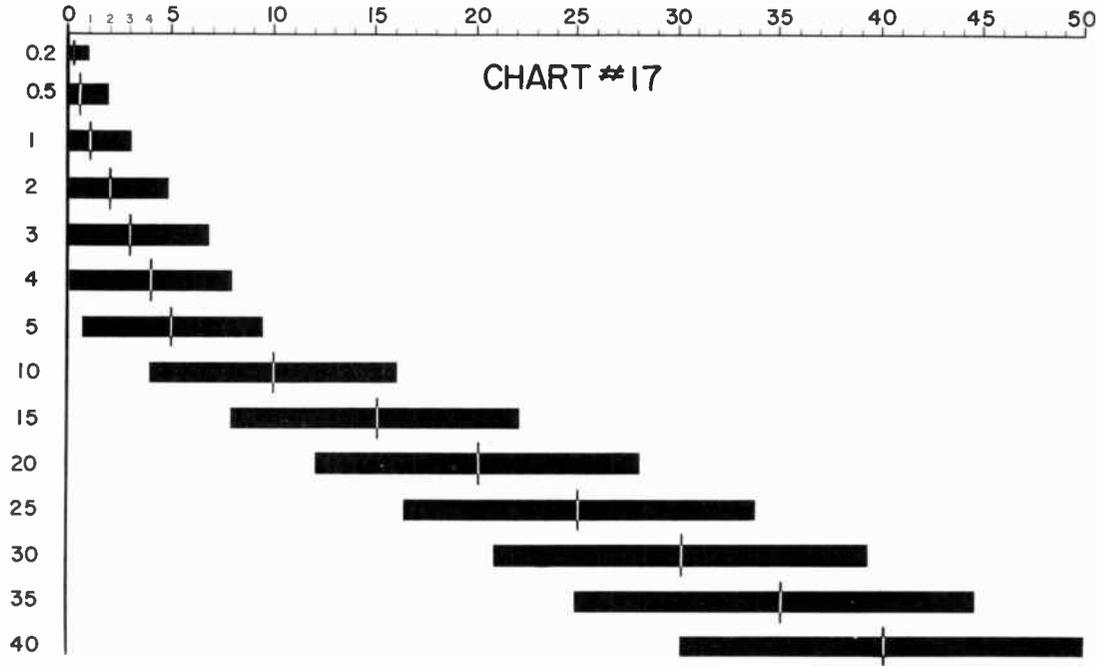


BROADCAST RATINGS

753

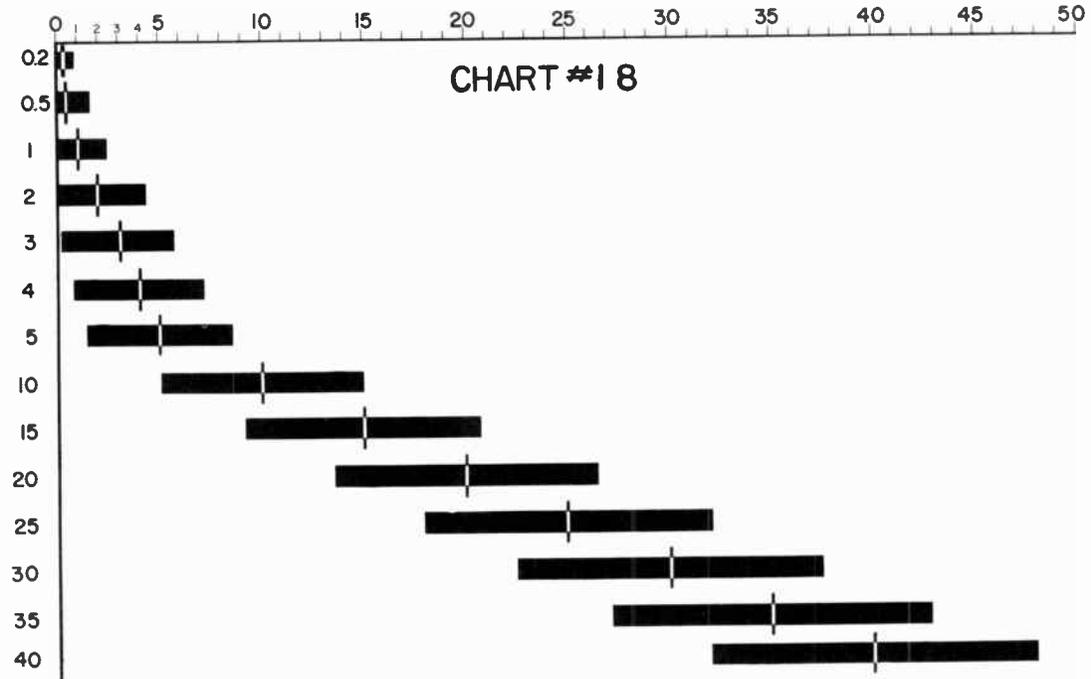


TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 100



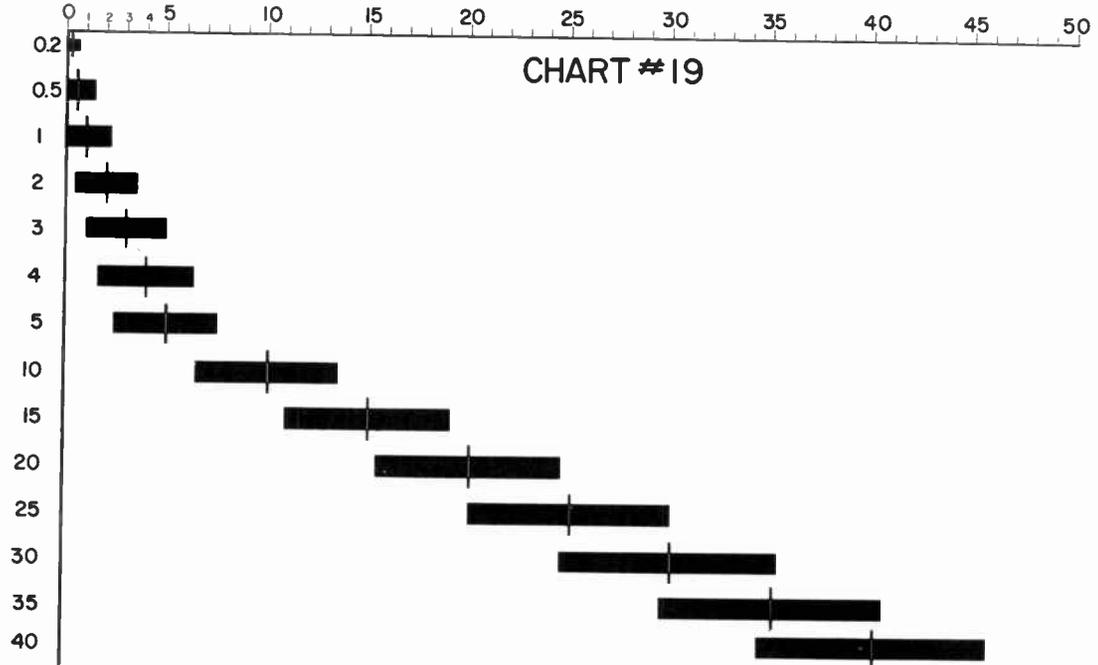


TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 150





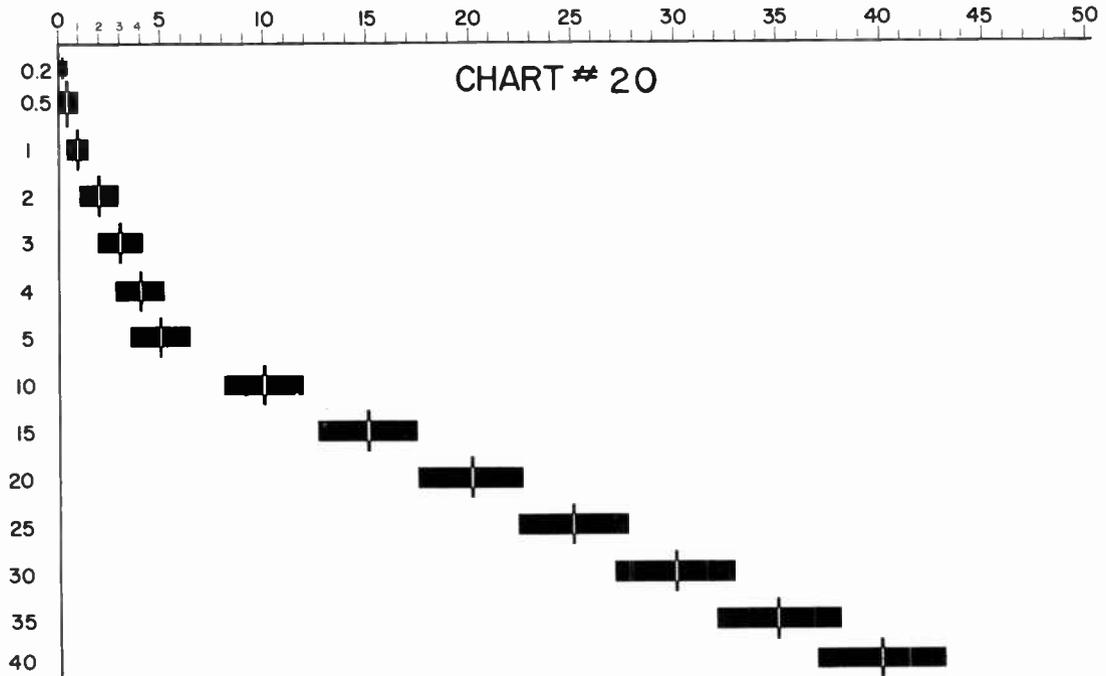
TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 300



BROADCAST RATINGS



TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 1,000

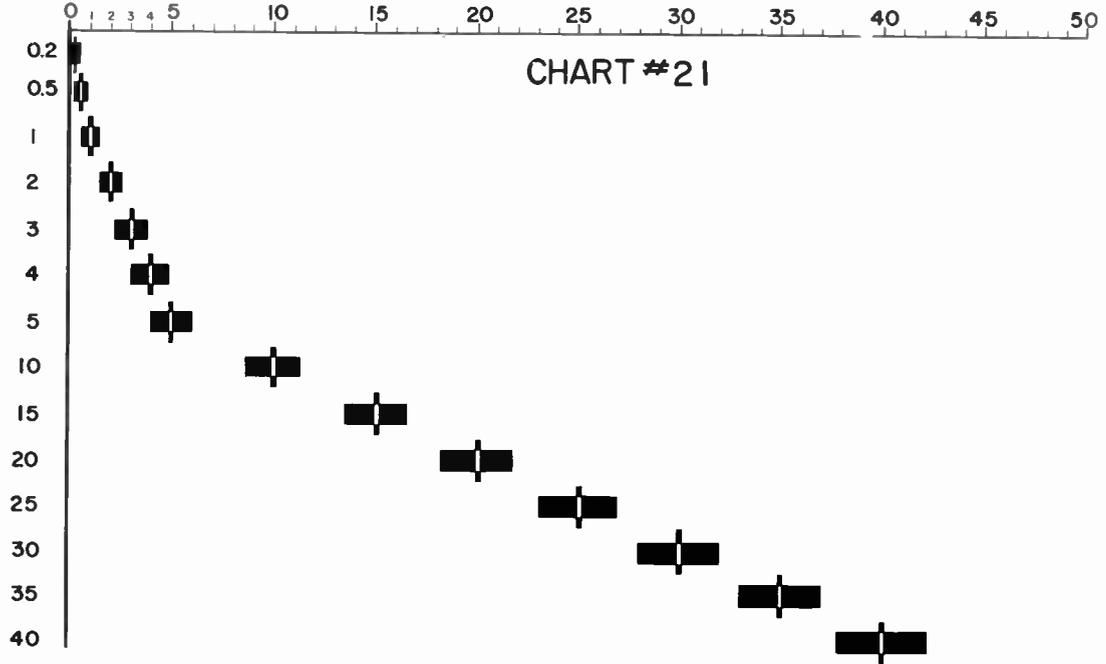


BROADCAST RATINGS

757

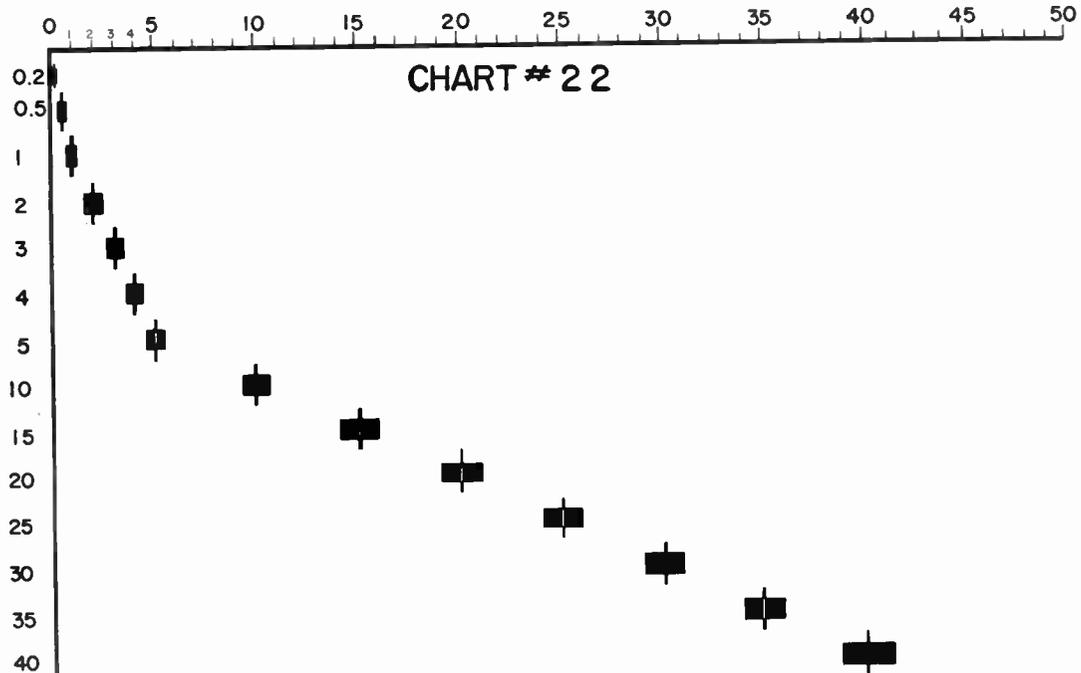


TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 2,000



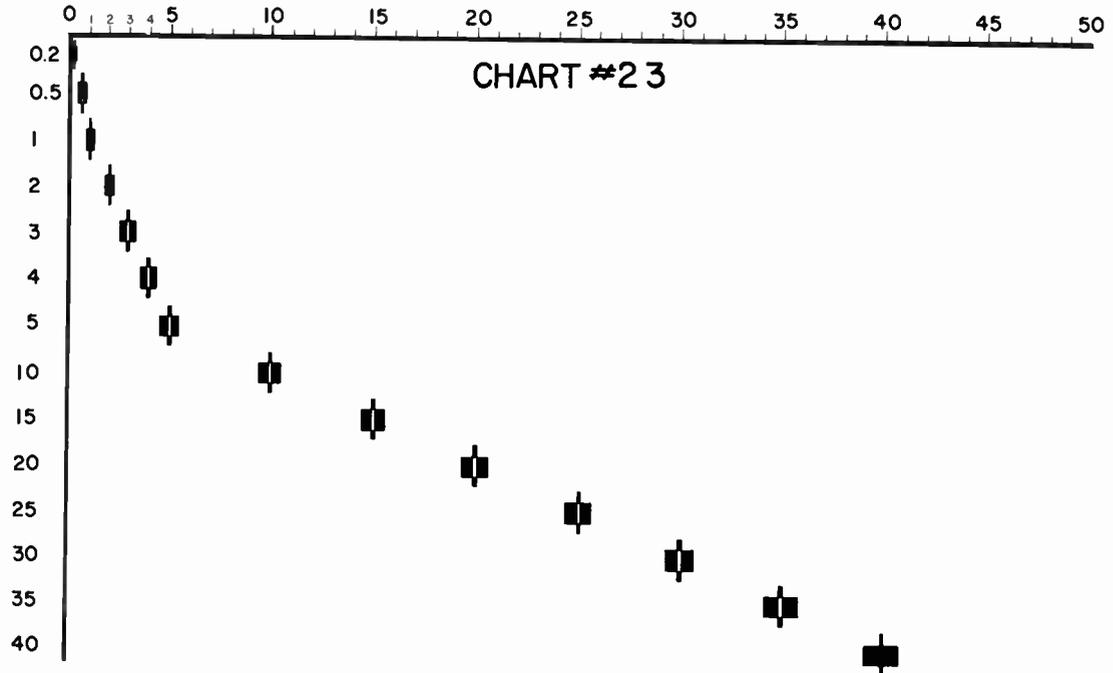


TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 7,000





TOLERANCE RANGE FOR RADIO & TELEVISION RATINGS WITH SAMPLE SIZE OF 15,000



BROADCAST RATINGS

The CHAIRMAN. Do you have any questions, Mr. Richardson?

Mr. RICHARDSON. Yes.

The CHAIRMAN. You may proceed.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Mr. Sindlinger, the information you just gave us pertaining to calls, are those all calls placed or are they completed calls?

Mr. SINDLINGER. In my prepared statement the numbers were attempts. The reports show the completed calls.

Mr. RICHARDSON. The reports shows completed calls and do not include "don't answers?"

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. Would they include "lines busy?"

Mr. SINDLINGER. They would not.

Mr. RICHARDSON. Would they include refusals?

Mr. SINDLINGER. No.

Mr. RICHARDSON. What happens when you have half of an interview completed and the person then refuses to continue?

Mr. SINDLINGER. Let us assume that you fill in the sample—I explained we have a different sample for each day of the week—you fill in a sample for today's interviewing. You got half way through the interview and you refused to continue. It would be noted on a sheet we have, a prelist sheet. Two weeks from today you would go back in the sample and we would attempt to interview your household again.

Mr. RICHARDSON. Let us say I continue to refuse.

Mr. SINDLINGER. We would make another try, and, then, after the second attempt, we would drop you out of the sample. The net result of that is about 8 to 10 percent of the total numbers, the original numbers.

Mr. RICHARDSON. You mentioned you were a corporation. Where is your corporation incorporated?

Mr. SINDLINGER. Pennsylvania, 1948.

Mr. RICHARDSON. Is your stock sold openly?

Mr. SINDLINGER. I own the majority of the stock.

Mr. RICHARDSON. How many full-time employees does Sindlinger & Co. have?

Mr. SINDLINGER. In Norwood, we have approximately 93; in New York, we have 2; and in the field, we have approximately 380 to 390.

Mr. RICHARDSON. These people in the field, are these your interviewers?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. Are they full time?

Mr. SINDLINGER. They work for us 7 days a week.

Mr. RICHARDSON. How many hours a day?

Mr. SINDLINGER. Three to four hours a day.

Mr. RICHARDSON. May they work for any other research organization?

Mr. SINDLINGER. We ask them not to.

Mr. RICHARDSON. Have you found those that did?

Mr. SINDLINGER. Yes.

Mr. RICHARDSON. What happens?

Mr. SINDLINGER. We reprimand them or tell them not to do it again. In one case we fired a person.

Mr. RICHARDSON. Do you measure currently, in relation to this study or these hearings, anything other than network radio?

Mr. SINDLINGER. As far as radio is concerned, we are only measuring network listening.

Mr. RICHARDSON. In television is your report syndicated?

Mr. SINDLINGER. No. Our television report at the present time is available for anybody else to buy, but we only have one client, which is the Du Pont Co.

Mr. RICHARDSON. Local radio, why do you not measure it?

Mr. SINDLINGER. There are two very good reasons. We would never attempt a local survey with a sample size of less than 2,000 to 3,000, and, to conduct that type of study would cost from \$5,000 to \$10,000, and very few stations can talk that kind of money.

Mr. RICHARDSON. Let us take a market with 10 AM commercial radio stations, Mr. Sindlinger. If only 10 percent of the sample had the sets on, what size of a sample would you need to adequately measure those 10 AM radio stations?

Mr. SINDLINGER. A minimum of 2,000.

Mr. RICHARDSON. Would a sample of 300 do a satisfactory job?

Mr. SINDLINGER. I think I could guess the figures better than that. The answer is "No."

Mr. RICHARDSON. Would a sample of 600 do a satisfactory job?

Mr. SINDLINGER. Not by our criteria.

Mr. RICHARDSON. Would a sample of 1,000 do a satisfactory job?

Mr. SINDLINGER. Not by our criteria.

Mr. RICHARDSON. Fifteen hundred?

Mr. SINDLINGER. No.

Mr. RICHARDSON. Two thousand?

Mr. SINDLINGER. You approach it.

Mr. RICHARDSON. In your publications, Mr. Sindlinger, you have stated in your technical manual on page H—

Mr. SINDLINGER. H?

Mr. RICHARDSON. H, yes. The Sindlinger Radio Activity Service is based upon a sample of a minimum of 776 calls daily.

Mr. SINDLINGER. Right.

Mr. RICHARDSON. Fifty-four hundred weekly and about 24,000 monthly?

Mr. SINDLINGER. Right.

Mr. RICHARDSON. Is this a sample size, or is this the number of calls completed?

Mr. SINDLINGER. It is a sample-size base. It is attempted number of calls.

Mr. RICHARDSON. For any of your reports, would you have a sample size of 24,000?

Mr. SINDLINGER. No, because the reports are broken down by week-days, the 5 weekdays, and then by Saturday by itself, and by Sunday by itself.

Mr. RICHARDSON. You also have, once again mentioned on page 37, in the margin, the radio sample averages 24,000 monthly.

Would that not also be the number of calls placed, and would that not be an overstatement in relation to what your sample sizes would be in any publication?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. On page No. 38 of your technical report, you state: "However, the radio units produce 5,400 each week." Would that not be for 7 days each week?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. And your sample for a 5-day basis would not be that large for each week?

Mr. SINDLINGER. It would be five-sevenths of that.

Mr. RICHARDSON. In your report itself, take series C on the inside of the front page, the last sentence in the lower lefthand column—

Thus, the radio sample averages a minimum of 776 daily, 5,400 weekly, and about 24,000 monthly.

That also is the number of calls placed, and would not be the sample for any one report, is that correct?

Mr. SINDLINGER. Yes.

Mr. RICHARDSON. However, you do, on the outside of your report, state the actual sample size for each report?

Mr. SINDLINGER. Yes.

This on the cover is the sum of the figures that are shown in the canary-colored pages for males and the rose-colored pages for females.

Mr. RICHARDSON. Do you not think that this possibly should be clarified so that people will not think you have a sample of 24,000 in any one report?

Mr. SINDLINGER. You are correct.

Mr. RICHARDSON. Yesterday, Mr. Seiler testified that his company had found little difference between those persons who were not at home or would refuse to take the diaries under his system and those who took diaries. You have explained here this morning that you have a callback system.

What has been the finding of Sindlinger & Co. in relation to those people whom you did not interview in the first contact?

Mr. SINDLINGER. The people that answer the telephone, first, are easy to reach, are an entirely different kind of people, in many respects, than the people who do not answer the telephone, or are not at home and are hard to reach.

I will give you an example. We discovered this. Prior to 1956, when we were experimenting with automobile-buying plans, we would get an activity of buying plans of 2 to 3 percent, and this is very low. We would get an activity for the consumption of gasoline which was very low, and it suddenly dawned on us one day that the people who are out in their cars and who are burning up gasoline are the ones who consume the most, and these were the people who are hard to reach. So that is why we keep calling people back, once they fall in the sample, because 65 percent of all the buying plans for new automobiles come from people who do not answer the telephone the first time you try to reach them.

This is one reason why automobile data is so accurate, because people who are so hard to reach are so different from the people who are easy to reach.

Mr. RICHARDSON. Would you apply this same reasoning to listening to radio?

Mr. SINDLINGER. Yes, because the people who are easy to reach are heavy television viewers, and the people who are hard to reach are the heavier radio listeners. A person who is hard to reach does most

of the radio listening in his car, and the people who are easy to reach have a tendency to do more television viewing than radio listening.

Mr. RICHARDSON. Then, I assume you disagree with Mr. Seiler's contentions yesterday?

Mr. SINDLINGER. Very violently, yes.

Mr. RICHARDSON. In your system you are limited to the number of listed telephone homes in your perspective sample, is that correct?

Mr. SINDLINGER. This is one of the sacrifices we have, yes.

Mr. RICHARDSON. This will, to a certain extent, lower the efficiency of your overall results?

Mr. SINDLINGER. As a technique, by itself, but, when you compare the high completion you can get over a telephone versus personal interviewing, it is still a higher completion ratio.

Mr. RICHARDSON. It is a higher completion ratio, but will it not lower your results?

Mr. SINDLINGER. Yes.

Mr. RICHARDSON. From what you described earlier as the perfect situation?

Mr. SINDLINGER. Right. This is the fault, part of the fault of not having the perfect sample, correct.

Mr. RICHARDSON. You have a Nomogram explained in the back of your technical appendix. Would you briefly explain how this is used, or could be used, by a client or one using your product?

Mr. SINDLINGER. Well, let us take this. We also have this in the series C report. It is a little bigger in the series C report. Do you have a copy of the series C report?

Mr. RICHARDSON. We are ready for you to proceed.

Mr. SINDLINGER. If you will turn to this Nomogram No. 1, the long sheet here, and have that in front of you, I will explain this.

This has been prepared for estimating the confidence limits for all of the activities shown under continued study with the basic sample size of 15,000, utilizing the average, weekday measurement for each reporting period.

Let us take an actual report, the Breakfast Club, during 9:15 a.m. to 9:29 a.m., shown as a 3.67 percent, rounded to 3.7 percent.

What we are going to do with this table is to determine what are the confidence limits within which the true population activity would fall. You take a straight edge, and connect the points 3.7 on the scale A you see on the lefthand side, and you can take a piece of paper and put the piece of paper at 3.7. That is 37 per 1,000, and you connect that with the same number on the other side, and from scale B you can read the confidence limits.

The results of this limit are shown to be plus or minus 3 per 1,000. In other words, the purpose of this Nomogram is so that a client can take any figure in this report and lay a straightedge across here and read those tables that I described to you earlier.

These are the statistics for those tables, so that you can reply to any figure in this report.

Now, the second Nomogram on the other side of the page is for a sample of 7,000, approximately. Have I answered your question?

Mr. RICHARDSON. Thank you, Mr. Sindlinger.

You stated you listed the sample size for every statistic published in your reports, is that correct?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. During your last fiscal year, how much income did you have from broadcast measurement services, network?

Mr. SINDLINGER. Our fiscal year runs from July 1 through June 30, and last year our income from broadcast ratings was zero.

Mr. RICHARDSON. What about so far this year?

Mr. SINDLINGER. Our income has been, let us see, I think the figure is about \$65,000 from ABC radio.

Mr. RICHARDSON. You also do television services for Du Pont, is that not correct?

Mr. SINDLINGER. Yes.

Mr. RICHARDSON. I will not ask you the figure here, but, of your total business, what percentage of it is broadcast business.

Mr. SINDLINGER. Oh, let us see, about 8 percent.

Mr. RICHARDSON. You mentioned in your prepared statement that at one time you had a permanent sample, is that correct?

Mr. SINDLINGER. That is right.

Mr. RICHARDSON. Now, under one of the disadvantages of the permanent sample, you said someone had discovered your homes, is that correct?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. Do you know who this was?

Mr. SINDLINGER. Yes.

Mr. RICHARDSON. Would you state who it was?

Mr. SINDLINGER. It was a representative of A. C. Nielsen Co. Mr. Nielsen and Mr. Rahmel.

Mr. RICHARDSON. How did they do this?

Mr. SINDLINGER. They visited the telephone company in Philadelphia. Radox was operated over telephone lines, and the telephone lines' costs were billed to us each month. They visited our operation in Philadelphia—I guess that would be November or December of 1949—and the telephone company showed them the bills, the statements of our Radox operation.

Mr. RICHARDSON. Is not the instantaneous system operated by both of the rating companies that have such a system in New York City now employing a telephone-line method?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. Mr. Sindlinger, I presented to you this morning a copy of an analysis by the staff of your company's operation. Did you receive a copy of that?

Mr. SINDLINGER. Yes.

Mr. RICHARDSON. This is entitled "Memorandum, December 1, 1962, to Charles P. Howze, Jr., Chief Counsel, From Rex Sparger and Robert E. L. Richardson. Subject: Analysis of the Sindlinger Radio Activities Series."

Mr. Sindlinger, did the staff of the subcommittee visit your tabulating operations?

Mr. SINDLINGER. Yes; a number of times.

Mr. RICHARDSON. How thoroughly did the staff of the subcommittee go through your operation?

Mr. SINDLINGER. Very thorough, and I thought it was very competent.

Mr. RICHARDSON. Did the staff ever tabulate the results of one of your national services?

Mr. SINDLINGER. We made everything available to you.

Mr. RICHARDSON. How long would it have taken the staff to tabulate your 24,000 interviews?

Mr. SINDLINGER. I am afraid, being inexperienced, it would have taken you about a month.

Mr. RICHARDSON. In relation to this memorandum which I have given you here, do you have any comments to make concerning it?

Mr. SINDLINGER. No.

My only comment is, I think it is very objective, and I think that the approach was very thorough.

Mr. RICHARDSON. In the information you presented today, I find an inconsistency with our memorandum. That is, on page 3 of the memorandum, I stated, or this memorandum states:

The Saturday or Sunday sample exceeds 3,000 different interviews.

Now, today, you said that your Saturday and/or Sunday sample exceeded 7,000 different interviews. Can you explain that?

Mr. SINDLINGER. Yes.

At the time this was written, we were publishing a Saturday and Sunday report for the 1 month only. The clients wanted to see a 1-month report. However, I advised the client that we would publish the Saturday and Sunday reports on a 2-month basis, because some of the rating figures on Saturday and Sunday were too low with that sample size, so we are now publishing the reports combining 2 months.

Mr. RICHARDSON. So a correction should be made in this memorandum, as far as your current working is concerned?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. For Saturday and Sunday?

Mr. SINDLINGER. This was correct at that time, but this has been changed.

Mr. RICHARDSON. The Saturday and Sunday sample now would exceed 7,000 different interviews?

Mr. SINDLINGER. That is correct.

Mr. RICHARDSON. Mr. Chairman, I ask that this memorandum be included in the record of the hearings.

The CHAIRMAN. Does it coincide in other respects with the information you have outlined today and the correct procedures of your operation?

Mr. SINDLINGER. This memorandum has more detail. I summarized. This memorandum is more in detail than I have outlined today.

The CHAIRMAN. Yes; but does it truly reflect your operation?

Mr. SINDLINGER. Yes; very well.

The CHAIRMAN. With the modification or explanation you have just made?

Mr. SINDLINGER. It does it very well.

The CHAIRMAN. Let it be received for the record.

(The memorandum referred to follows:)

MEMORANDUM

Date: December 1, 1962.

To: Charles P. Howze, Jr., Chief Counsel.

From: Rex Sparger and Robert E. L. Richardson.

Subject: Analysis of the Sindlinger radio activities series (these include series A—the Total Radio Audience and series C—Network Radio Program Audience, plus a group of custom series which includes series D—the Radio

Audience Characteristics: series E—Multiple Media Radio Audience; series F—Product Used by Radio Audience; and, series G—Buying Plans by Radio Audience).

In January 1962, the writers inspected Sindlinger & Co., which is located at Norwood, Pa. (See memo of January 12, 1962, in the subcommittee files). At that time, Sindlinger & Co. produced no reports of current interest to the subcommittee (i.e., rating reports). Its work was done exclusively for advertisers, such as Du Pont, and was only for management use. Sindlinger did not allow any of the information to be published for promotional or advertising purposes.

In the spring of 1962, the Nielsen Co. canceled ABC radio network as a subscribed to its National Radio Index service, and the president of ABC radio, Robert Pauley, approached Sindlinger and asked the company if it would produce a network radio report. Discussions which followed resulted in the series of reports now under discussion. Interviewing for the reports started in July of 1962, and the first report was published in September.

Sindlinger & Co.'s methodology is unlike any of the other rating companies in that it uses a "people" oriented concept rather than "households."

Sindlinger has published a 70-page report (in the subcommittee files), which covers thoroughly the sampling methods used; sample sizes, the ideas behind the interviewing; when the interviewing is done, etc. It is the most complete explanation of methodology encountered by the staff in this field. Also in the subcommittee files are copies of the Sindlinger Radio Activity Reports, series A and C. Each of these reports discusses what is done, how it is done, why it is done, and when it is done.

Sindlinger uses 287 U.S. sample counties to produce all of its services. A map showing these counties is included in every report. (A breakout of four regions in the United States is also shown). Within these sample counties Sindlinger maintains 388 permanent employees who do the actual interviewing. All are women who work an average of 21 hours a week and cannot work for any other research company.

Sindlinger states in series C that the service is a continuous daily study of network radio audience and in series A that it is a continuous daily study of total radio audience. The report explains that it is certainly possible that all network radio affiliates are not covered by the 287 sample counties and that some of the affiliated stations may not be picked up in the daily interviewing.

Sindlinger uses a 24-hour telephone recall system; i.e., Monday in hours preceding and following the local evening mealtime, the interviewers check respondents for listening on the preceding day. This occurs 7 days a week, year round, and is a continuous program of interviewing producing approximately the same sample size each day.

Sindlinger's 388 women interview each day. (Alternates are used when the women desire days off.) Each woman works an average of 3 hours a day, normally conducting either 12 or 13 interviews, 2 or 3 of which relate to the Radio Activity Series. Sindlinger allows approximately 15 minutes for each interview. Interviewers are paid on an hourly basis and are paid each week.

Most of the interviewers have been with Sindlinger for a considerable length of time. New interviewers are hired either by the field staff director or by field supervisors. Voice checks are made on these interviewers from the home office in Norwood, Pa. Each Sindlinger interviewer knows that in later months prior respondents may be called again about their answers to the prior questionnaire. On certain occasions, the interviewers will sign sworn statements as to the validity of their work.

The sample of all listed telephone homes in each of the 287 counties is controlled by the Sindlinger sampling department. Each phone number called is sent from the home office. A field interviewer can never choose alternate numbers.

The interviewer calls, explaining that she is an interviewer for Sindlinger and establishes a conversational relationship with the interviewee. If it is agreeable to the interviewee, the interview will be fully conducted at this time; however, if the person called is busy or is going out for the evening, the interviewer will ask if she can call back at a more convenient time that evening and completes the interview later in the day. The interviewer will dial a noanswer number as many as six different times during the scheduled day to try to find the prospective respondent at home. If this respondent is not reached, he remains in the sample; i.e., the calls were made on a Monday and if after six different calls still the interviewer received no answer, 2 weeks later, on Mon-

day the number will be back in the sample. This is repeated until that specific number is finally reached and interviewed. (Sindlinger claims that through research over the years it has found that there is a difference between persons who are rarely home and those who are home most of the time.)

Only the listening of the person interviewed is recorded. Sindlinger interviews only persons 12 years of age and over, and tries to reach the proper proportion of males and females. Sindlinger contends that even sampling in the evening hours when more men and teenagers will be home, 70 percent of the interviews would still be with females and correcting factors are applied. Sindlinger applies the correcting factor by asking if there is a male over 12 years of age at home, and, if there is, the interview will be conducted with that individual. If the correct sex does not answer and it is needed to balance the sample, the interviewer will call back at a later time to obtain the proper sex.

Contrary to most rating companies, Sindlinger does not limit its sample to nontoll calls. All numbers in the directory within the county are called irrespective of cost. The sample number is called continually until it is answered or is reported disconnected by the telephone company.

Sindlinger uses the 400 telephone directories for the 287 counties. When the telephone directory includes names outside the sample county, those numbers are thrown out of the sample. Sindlinger does not cluster within telephone directories in selecting its sample. The total number of telephones in the county is divided by the desired sample. (I.e., if the interval is 360, a random number is drawn below the base of 360, and then every 360th name after the random number is chosen as a sample telephone number.) The sample numbers are sent to the field ahead of time.

The number of calls attempted for the Sindlinger radio survey averages 776 daily, 5,400 weekly and about 24,000 monthly. The reports are compiled for a Monday through Friday average; a Saturday average and a Sunday average. The specific sample size for every computation is listed in the report beside the computation. No breakout of data is made unless the exact sample size used is given. Sindlinger only breaks out information on the national and/or regional level (there are four regions—East, South, Midwest, and West) to assure an adequate sample size for any breakout.

The September Network Radio Audience Report, Monday through Friday average, used a sample of 16,313 (7,680 males and 8,633 females). The Saturday or Sunday sample exceeded 3,000 different interviews.

The Network Radio Audience Report lists the total sets in use; the rating for each of the networks; "Other" (which includes all independent stations) and for "Don't Know." It also gives a share for each of these groupings. A projected number of individuals in relation to the population is given for each network on a 15 minute basis from 7 a.m. until 1 a.m. The exact sample size is listed for each 15 minute period. (I.e., in the September 1962 report, at 7 a.m., the sample size was 16,313). In breakouts for "male" and "female" sections in the report the exact number listening to each network, the independent stations, and "Don't Know" is listed. (I.e., at 7 a.m., Monday through Friday, there were 1,904 males listening, 24.79 percent of the total sample of 7,680 males. The projected number of males listening to ABC, CBS, Mutual, NBC, "Other" and "Don't Know" is given. The total number for this period may equal more than 1,904, since a listener may listen to more than one network or to a network and an independent station during the same 15-minute period and would be recorded twice. Complete explanations are given throughout the report, as well as in the technical manual as to how the figures should be interpreted.

The interviewer contacts a sample number and determines whether or not the interview can be completed at that time. If so, then the interviewer asks the respondent whether or not he or she listened to the radio at any time between the time he arose yesterday and the time he retired. If the answer is "Yes," the respondent is asked if he listened between the time he arose and 12 noon. If the answer is "Yes," the respondent is probed on a 15-minute basis to discover what periods in this larger time segment he listened to the radio and the stations to which he listened. (This is an unaided recall: i.e., if the respondent does not remember the station he listened to, it is put under "Don't Know.") The same system is used for the other time periods (12 noon to 6 p.m. and the 6 p.m. period until the respondent retired for the evening).

All work is tabulated at Norwood, Pa. The field interview card is the tabulating card under the Sindlinger system. Only information desired currently is tabulated at that time. Later, Sindlinger can go back to the cards for ad-

ditional information. All such cards have been retained since 1957, and any information from the cards can be cross-tabulated at any time. Sindlinger keeps tape recordings of interviews which are available to interested individuals. Any Sindlinger subscriber who believes he has a legitimate complaint will be allowed to come to Norwood and personally tab the information from the cards.

Sindlinger reports show the persons listening to radio: when and where they were listening. Sindlinger makes an attempt to measure all out-of-home listening. Sindlinger admits the recall method's weakness in his system, however, only the person interviewed is asked about listening habits. He is not asked what he thinks others in the home listen to. In the Network Report, all listening is converted to New York time. The Sindlinger reports are syndicated. (ABC radio is currently the only network subscriber and pays \$100,000 a year for the Sindlinger Radio Service, yet at times it is listed in fourth place in the reports.)

Sindlinger not only gives the sample size for each listed statistic, but in each report fully explains statistical variance and presents a two-sigma chart showing the effect of statistical variance on the ratings.

Sindlinger & Co. says what it does and does what it says. This company has solved many problems relating to broadcast measurement which certain other companies in the industry either claim they are researching or say cannot economically be corrected. Among these are:

1. Sindlinger employs an exceptionally large sample as compared to other services.

2. The interviewers used by Sindlinger & Co., are principally full-time employees.

3. Sindlinger & Co., conducts continuous interviewing.

4. A person listening basis is used rather than a household listening basis. (This is especially important in radio research and has been advocated by such organizations as the NAB Radio Research Committee, which in January of 1958 put out a report, entitled, "Radio Audience Measurement" that advocated a person approach in radio measurement.)

5. Full and detailed explanations are given in each published report as to how it should be used; the size of the samples, statistical variance, etc.

6. The Sindlinger report lists all radio listening, whether it be on a network station, an independent station, or whether it comes under "Don't Know." All listening is recorded irrespective of where or how it may take place. (Home, car, business, transistor, etc.)

7. Every listed telephone home in a sample county is prospectively in the sample whether it is a toll call or a long-distance call.

8. Sindlinger & Co., uses a callback system on numbers that are hard to reach, and by employing this system, persons who are hard to reach are brought into the sample.

9. Sindlinger & Co., furnishes a large amount of information about demographic characteristics of the audience from adequate sample sizes.

10. Sindlinger & Co., employs no weighting factors in the production of reports from the raw field data.

The Sindlinger organization does, however, have certain weaknesses which basically relate to the method used. These are frankly admitted by the president of the company, Albert Sindlinger. They are:

1. The company uses a 24-hour recall method.

2. By the system of interviewing employed, nontelephone homes cannot be reached.

3. Homes with unlisted telephone numbers cannot be reached.

Mr. RICHARDSON. Concerning your interviewing, when do your interviewers do their work?

Mr. SINDLINGER. All interviewing for all projects is conducted just before and after the dinner hour, an hour or two before dinner and an hour or two after dinner.

We have conducted studies in various markets to determine what the dinner hour is. In Denison, Tex., it is about 5 o'clock. In New York, it is about 7:15.

Mr. RICHARDSON. Did the Federal Trade Commission ever visit your operation, Mr. Sindlinger?

Mr. SINDLINGER. On many occasions.

Mr. RICHARDSON. Have they gone through the functioning of your different departments?

Mr. SINDLINGER. Very thoroughly.

Mr. RICHARDSON. Yesterday, Mr. Stisser, president of C. E. Hooper, Inc., stated this, in relation to the measurement of radio:

Sir, radio measurement is extremely difficult. Programming is similar. It is hard to identify, very hard for people to remember, what they have listened to on the radio. Therefore, what we really believe in is the coincidental method. The telephone makes the coincidental economically possible, as far as in-home radio measurement is concerned. Unfortunately, it makes it almost impossible to get a total radio audience figure.

In other words, Mr. Stisser is stating that he does not think the recall method for measuring radio is effective. What is your opinion?

Mr. SINDLINGER. I disagree with him. I played these for you. I wish you had more hours to listen to these interviews, as we conduct them over a period of years. I think this statement made 10 or 15 years ago would have been correct, maybe even 5 years ago it might have been correct, because, when the television came in, and prior to that, people did listen to the radio the way they listen to television. They go from station to station. But in the past 4 or 5 years, while we have been conducting these studies, we are observing that people listen to the radio in blocks. They will listen from 7 to 7:15 to one station, and then they go in the car and listen to it on another station.

If you study our reports, you will see that we have a figure of the percentage of people who do not know what station they listen to.

If you interview correctly—and I think our technique is a correct one, or we would not be doing it—if you interview correctly and let the person have time to think—now, as you listen to this interview, we repeated those long questions. The purpose of that is to give the person time to think. I have had many people say to me: “You cannot possibly interview me, and have me be able to tell you what I did yesterday.”

And I will say to them:

“Give me your telephone number,” and I would say the same thing to this committee, “Give me your telephone number, and one of these days you will be called, and we will see whether you can remember.”

I have very seldom failed. The people will say the recall method does not work. When you go at it properly, in the well-organized method the way we operate, it is surprising the number of people who can recall, as you heard a person arguing about whether it was 5 minutes after or 2 or 3 minutes before.

Our theory is that this is the best method we know how to measure total radio, because you heard this girl mention listening to the radio in a car. If she was interviewed coincidental, you would have missed that. You heard this man did all his listening that day in the car. If you had called him on a coincidental, you would miss that completely.

If people lie to you, then we are reporting lies. I do not think they do, because they tell us what they plan to do, and it comes out with sales. They tell us how many people are unemployed in their household. We have been running this test since 1957, and we are never off more than 2 or 3 percent with the Government figures, and we are out 2 or 3 weeks ahead of the Government figures.

They tell us what they plan to do, and it checks out with sales.

This is our concept. The concept is, if you work with the sample of sufficient size with rigorous control of the sample, people can recall what they did yesterday.

I am sorry I made a speech.

Mr. RICHARDSON. In this situation of your interviewing, a lot of your recall is actually more than 24 hours old, is it not? I mean it could be 36 hours in some instances?

Mr. SINDLINGER. Yes.

We are asking a person the last time they bought an automobile, and, not so long ago, a man in Portland, Oreg., said he bought it in 1952.

Mr. RICHARDSON. We are talking about listening to radio. It is over 24 hours old?

Mr. SINDLINGER. Yes. A person who is called at 8 o'clock or 7 o'clock at night is asked for what he did 7 o'clock the previous morning, so, in that respect, it is over 24 hours.

Mr. RICHARDSON. The staff has no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Moss, do you have any questions?

Mr. MOSS. Mr. Chairman, I have no questions, but I would like to express my personal appreciation for the thoroughness of your presentation. It is, in my judgment, the most helpful yet presented to the subcommittee.

Mr. SINDLINGER. Thank you very much.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

I want to join our colleague in complimenting you on the report.

There is one thing, however, that I do not understand, and it is not too well explained here.

On page 14 of your statement—

Mr. SINDLINGER. The statement?

Mr. YOUNGER. Yes.

Mr. SINDLINGER. Yes.

Mr. YOUNGER. On your sixth item, you say:

The telephone books provide ideal sampling frames for randomized selection of sample elements.

And then on eight you say:

A complete dispersion of the area being surveyed is achieved. Thereby, no clustering is required.

Now, how do you select your names out of the telephone book without possible clustering?

Mr. SINDLINGER. Well, you see, the difference between our method and any other method I know of that uses the telephone is that we select the telephone numbers in our headquarters in Philadelphia. We do not send instructions to the field staff on how to fill out the telephone numbers.

We have 13 different interviews a day on 13 different, broad subjects. We are measuring the economy: we are measuring unemployment; we are measuring radio: we are measuring television; we are measuring consumption of cigarettes, the consumption of flash bulbs, and a series of items. So, you start out with the telephone book, and in that

telephone book the telephone company has automatically given you a random list of all the people from A through Z, so, since they go from A through Z, all the A's are together, all the B's are together, and they are alphabetical. They have listed for you on a random basis all these numbers.

Now, let us say, out of this telephone book for all these studies we want to make 35 interviews in one day for a particular book, for all of our services. We would go through everything. In other words, we would pull a random number so that the first number would be pulled on page 12, the seventh number down. Then the second number would be pulled, say, 200 names away from that, and the third number would be pulled 200 names away from that, and 200 names away from that.

So, by pulling the numbers at the same space between the alphabet, you have randomized. I hope I am not making this too complicated.

Mr. YOUNGER. I can see you might randomize the names, but all those people might live on the same street or the same block.

Mr. SINDLINGER. It is hardly likely.

Mr. YOUNGER. I say it could be.

Mr. SINDLINGER. It could be. It is possible. But, you see, if you just took all the Smiths and all the O'Brians, you would probably have a sample of Irish people.

Mr. YOUNGER. Not necessarily, with the Smiths.

Mr. SINDLINGER. Pardon me, that is why I changed to O'Brian.

But you do not take all. You would only have one Smith in here and the next number would be maybe a W and the next one would be an X.

Mr. YOUNGER. That is the one feature of your process, the selection of numbers which you use and used by the other rating bureaus. Some select every tenth or every twelfth or every hundredth name.

Mr. SINDLINGER. As far as I know, we are the only company that selects the numbers in our home office. Here is a very interesting piece of paper which I gave you. Do you have a copy of this?

Mr. YOUNGER. Yes.

Mr. SINDLINGER. I would like to take a moment to explain to the committee what this is.

Mr. YOUNGER. You are not the only rating company which selects these names out of the telephone book in their headquarters. Other companies do that.

Mr. SINDLINGER. I think we are the only one that does it.

Mr. YOUNGER. No, we had testimony yesterday from ARB. He said they selected the Louisville numbers from the Louisville telephone book here at their headquarters.

Mr. MOSS. The plan for the selection, rather than the actual selection.

Mr. SINDLINGER. If I understand the system—

Mr. YOUNGER. That is all right.

Mr. SINDLINGER. Well, here is a piece of paper which is called a pre-list sheet, and at the top of the page it is marked "Chicago, Ill.," and over here it says, "Radio survey for a Wednesday." Now, there is a number sample called every day.

My supervisor came in to me one day recently and said:

"We have a cheater in Chicago."

And I said:

"How do you know?"

She said:

"Well, the sample department sent Detroit telephone numbers to Chicago, and she completed three interviews."

So I looked at this piece of paper, and, immediately, the first line says, "No such number." and the next one says, "Ditto." and then here it say, "The Weather Bureau answered," and, "There is no such number," and, "There is no such number."

I also saw written in here "Evanston." This interviewer is in the center part of Chicago, and she would not be having an Evanston number.

So, in front of the staff member who was in the room, I said:

"Let us dial this number in Chicago, which is a Detroit telephone number," and the woman answered the telephone, and we asked her if she was interviewed, and she said "Yes."

We dialed the second number, which is a Detroit telephone number, in the area code of Chicago, and this person answered the telephone and lived in Evanston.

And we also dialed this one, and this interview was made.

So here is a situation where an error was made, where Detroit numbers were sent to Chicago, and, by coincidence, the digits, these certain digits of Detroit's numbers, worked in Chicago. But you see how many disconnects they got.

Now, if these people do not answer the telephone this week, or refuse, 2 weeks from now there is a new sheet made up for this interviewer in this market, and these old numbers that are not used go back on it with the people who did not answer the telephone or refused the first time they were called, with new numbers.

It is like the French make soup. They have a big pot, and they keep putting new stuff in it as they take the ingredients out. That is the sampling method.

As far as I know, we are the only company that controls the sample from our home office.

Here is the reason for this. Every day of every week we reinterview people who gave us a buying plan for an automobile 6 months ago. You heard this second man give us a buying plan for an automobile. In 6 months from now he will be reinterviewed to find out whether he bought that Chevrolet he said he was going to buy and how many dealers he visited and the whole history of the purchase of that car.

Our interviewers do not know which of these interviews are reinterviews. Therefore, they cannot cheat on us, because they never know when we are going to call back, or they are going to have to be called back and reinterview somebody to check their inventory.

Have I answered your question?

Mr. YOUNGER. Yes, I understand that, but, to go back to the original plan, in the selection from a telephone book, it could be that all of the people you select could be in one subdivision.

Mr. SINDLINGER. Most unlikely.

Mr. YOUNGER. I know it, but it could be?

Mr. SINDLINGER. It could be.

Mr. YOUNGER. It could work out that way, and you would not have the dispersion?

Mr. SINDLINGER. Mathematically, we could figure out what the chance would be. It is possible.

Mr. YOUNGER. Most of your interviews, the bulk of them, are in connection with economics; that is, not particularly radio or television?

Mr. SINDLINGER. Radio and television is sort of an——

Mr. YOUNGER. Incidental?

Mr. SINDLINGER. Incidental to us, which we hope to make important.

Mr. YOUNGER. In reviewing these, do you find that there is an increase in listening habits of FM?

Mr. SINDLINGER. Very definitely; very definitely.

Mr. YOUNGER. You make no effort to find out whether they have a color set or a black-and-white set?

Mr. SINDLINGER. In our interview, we do determine how many people own color sets and where they watch color television. That is in another interview. I did not want to take your time to play it.

Mr. YOUNGER. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

The material you furnished certainly is helpful to the committee, and we appreciate it.

I wonder if you could tell me about your sample. I believe you say you sample a minimum of 776 daily for radio activities?

Mr. SINDLINGER. Yes.

Mr. ROGERS of Florida. Weekly, 3,400 and monthly, 24,000.

Now, these samples, is this of a network?

Mr. SINDLINGER. We have 388 interviewers, and each interviewer is to complete 2 or 3 interviews a day for radio, and what we are measuring, as you heard the interview—did you hear the interview?

Mr. ROGERS of Florida. Yes; I did.

Mr. SINDLINGER. As you heard the interview, we are measuring what station the persons says that they listened to yesterday, or, in some cases, they do not know.

Some are put down as "don't know."

Now, we have station line-ups. The networks give us station line-ups, and we have a list of all the affiliated stations, so, then, we convert the call letter of the station to a network.

Mr. ROGERS of Florida. I see.

So you really are testing right in the particular area of the affiliate?

Mr. SINDLINGER. No.

There are cases, for example, there are cases in California where we would have people listening to Wheeling, W. Va., when the Dodgers were playing Pittsburgh.

Mr. ROGERS of Florida. What I am trying to determine is whether you make ratings, as such, for networks, radio or television networks, or for individual stations.

Mr. SINDLINGER. No individual stations.

Mr. ROGERS of Florida. No individual stations?

Mr. SINDLINGER. No.

We are accumulating data now. We have inquiries, and, as soon as our sample size is large enough, we will take 6 months of interviewing.

Mr. ROGERS of Florida. Yes.

Mr. SINDLINGER. When we have over 2,000 interviews in a market, and put out a report for a 6-month period, but not until we have a minimum of 2,000 interviews.

Mr. ROGERS of Florida. Now, does it make a difference, the total number of people you are covering, as to the amount of your sample?

Mr. SINDLINGER. No.

Mr. ROGERS of Florida. It does not matter. Twenty-four thousand would be just as good for 180 million people as it would for 100,000 people; is that correct?

Mr. SINDLINGER. Broadly: yes.

Mr. ROGERS of Florida. It would be correct?

Mr. SINDLINGER. Yes.

Mr. ROGERS of Florida. Why would not 3,000 be just as good?

Mr. SINDLINGER. When I say "just as good," I should not say quite "just as good," but in a broad basis. The larger the sample, the more refined and more accurate the data would be.

Mr. ROGERS of Florida. I wondered if your various sampling was geared or keyed to any particular population figure. In other words, a city of 100,000, you might take 3,000 samples; or for 200,000, 4,000, or something like that?

Mr. SINDLINGER. Actually, if you are comparing a city of 100,000 and the United States with 100 million for the degree of accuracy, you would need the same sample in the city of 100,000 as you do in the United States for 100 million, because the accuracy is based on the sample size, not the universe that you are measuring.

Have I answered your question?

Mr. ROGERS of Florida. Not being an expert, I am not quite sure that I understand that.

I would have thought that if you had 24,000 samples in a city of 100,000, you would have a much more accurate survey than you would if the city was 1 million, using only 24,000.

Mr. SINDLINGER. That is an arguable point.

Mr. ROGERS of Florida. It is not true?

Mr. SINDLINGER. No; I would not say it is not true. It is an arguable point.

Mr. ROGERS of Florida. Yes.

Now, how do you come to your figure of 776 daily? How did you happen to hit on this particular figure?

Mr. SINDLINGER. That was the minimum sample size that we felt was reliable to produce the data for the report period.

Mr. ROGERS of Florida. What makes that so reliable?

Mr. SINDLINGER. These charts that I showed you on standard deviations, it was clear that you could not put out a radio report on a national basis with a sample less than 3,000; and, for morning and afternoon, on a weekday basis, you had to have a sample of 15,000, because we are reporting figures of 1.0 and 2.0, and, to have an 1.0 significantly different than 2.0 requires a minimum sample of approximately 7,000; and, to get 7,000 over this period, it was simply mathematics, how many interviewers do we have and how many do we have to make a week to produce that many interviews?

We work backward, you see.

Mr. ROGERS of Florida. Now, what about some services that may use 1,100 for nationwide?

Mr. SINDLINGER. I would not.

Mr. ROGERS of Florida. This would not furnish the figures?

Mr. SINDLINGER. I could not do it.

Mr. ROGERS of Florida. All right.

Why is it you do not use a fixed panel?

Mr. SINDLINGER. From our experience of using one in 1948, when we had our Radox experience.

Mr. ROGERS of Florida. Then you discontinued that?

Mr. SINDLINGER. Yes; we discontinued it.

Mr. ROGERS of Florida. What were the main objections? Would you just state them quickly for us?

Mr. SINDLINGER. Do you have the prepared statement in front of you?

Mr. ROGERS of Florida. Yes.

Mr. SINDLINGER. I think I was talking about that before you came in.

Mr. ROGERS of Florida. Then there is no point in going over it again.

Mr. SINDLINGER. It is on page 13, I believe. Yes, page 13.

Mr. ROGERS of Florida. Yes, I see.

Mr. SINDLINGER. Do you want me to read it?

Mr. ROGERS of Florida. No, that will not be necessary.

Why do people become biased cooperators and not typical in a fixed sample any more than a nonfixed sample?

Mr. SINDLINGER. Well, first of all, you knock at somebody's door, and they fall into a sample, and you ask them if they will put a gadget on it. I do not know how this can be proven, but the people who cooperate have a tendency to stay at home more than the people who do not cooperate.

Mr. ROGERS of Florida. Simply because they have a gadget on?

Mr. SINDLINGER. Not because they have a gadget, but they are a different kind of people who are cooperative. For example, one of our supervisors told me one day, "You know, one of our employees has a Nielsen gadget," and I said, "No."

So I called her into my office, and I said to her, "Is it true that you have one of these Nielsen machines?" and she said, "Yes, I have had it for a couple of months."

So I said to her, "Dear, if you ever get rid of that machine, you are going to get fired," and she thought I was kidding.

She did not use it very much, and she turned it back. Now, there is a real honest girl, who did not realize the significance, and I did not want to tell her the significance, of why one of my employees had a machine. She turned it back, saying, "I can't honestly cooperate with this."

Now, this woman is a woman who is very sincere. She could not do a thorough job. She could not keep it up the way she thought she should keep it up, so she turned it back.

Mr. ROGERS of Florida. Now, let me ask you this.

You say people have to be rewarded in one way or another to insure their continued cooperation to leave the gadget attached.

Mr. SINDLINGER. This girl's comment was, "It is not worth \$1 to fill out one of these diaries."

Mr. ROGERS of Florida. I did not know that a diary had to be filled out with all gadgets. Is that generally true?

Mr. SINDLINGER. With this particular instrument they have a gadget that goes with the diary.

Mr. ROGERS of Florida. I see.

Well, now, suppose you just had a gadget that recorded the change in what was watched, where you do not have to fill out a diary. Would these objections still hold true?

Mr. SINDLINGER. I interviewed a person in New York who informed me that her mother had to buy another television set for her husband so that he could watch the kind of programs he wanted to watch, because he was connected to the Arbitron system. So he bought a separate television set, because they did not want the people to know what they were watching. This is an isolated case.

I know cases where people in our Radox experience would ask the engineer, "Are we watching the right thing?"

For example, there would be a newspaper story in Philadelphia in 1948 announcing that this program, Jackie Gleason, was the No. 1 program, and the woman—I recall it very vividly—said to me, "I hate Jackie Gleason. I am going to stop watching him, if I am making him No. 1."

With all the publicity that is attached to these hearings, I think there are a lot of people in the United States that are aware that they have a gadget attached to the set. This is what I mean by bias.

Mr. ROGERS of Florida. I noticed in this booklet entitled "Radio Activity," you mentioned that you had had a civil action against another rating company, Nielsen. What was this involved with?

Mr. SINDLINGER. Well, I formed my company in 1948 with the idea of installing Radox on a national basis. We went to the networks and tried to get them to buy our service. I was able to get large investors to invest in our company, and by 1950, in, I guess it was March of April, I sued Mr. Nielsen in a civil action. I also sued Mr. Nielsen on the basis of patent interference and on a civil action.

We settled it out of court a week before we were going to trial in 1952.

Mr. ROGERS of Florida. Does this concern disagreement over the object?

Mr. SINDLINGER. It was a multiple case. We both had applications in the Patent Office for this system, and the Patent Office had declared an interference. My suit was based on the fact that Nielsen had stated he had the patent, when, in fact, he did not have the patent, because it was in interference, plus the fact that on the civil case, it was for restraint of trade.

Mr. ROGERS of Florida. Do you represent—you do ratings, you say, for networks now?

Mr. SINDLINGER. We have one network now, ABC.

Mr. ROGERS of Florida. Just one?

Mr. SINDLINGER. One network, yes.

Mr. ROGERS of Florida. Why is it that you have not done work for other networks, do you know?

Mr. SINDLINGER. I have asked them. You will have to ask them why not.

Mr. ROGERS of Florida. Did you offer your services?

Mr. SINDLINGER. Yes.

Mr. ROGERS of Florida. When did you get work from ABC? Is this the network?

Mr. SINDLINGER. ABC came to us last—we have been running these radio surveys, as you heard today, for our automobile clients for the last 3 or 4 years.

Mr. ROGERS of Florida. Automobile clients?

Mr. SINDLINGER. Yes: Ford, General Motors, and Chrysler.

Mr. ROGERS of Florida. Yes.

Mr. SINDLINGER. And for Du Pont, too. And Bob Pauley called me on the telephone. I guess it was last April or May, and asked me to come to New York and discuss radio measurement, and I said my reaction at that time was I am as interested in that as I am in going to the moon, and I am certainly not interested in going to the moon.

And he asked me why, and I said, "Look, I have had enough experience in broadcast rating research. I have had my stomach full from 1950 experiences." I said, "I am not interested. I do not think the industry wants a true figure."

Mr. ROGERS of Florida. You said what?

Mr. SINDLINGER. "I do not think the industry wants true figures."

Mr. ROGERS of Florida. Does not want true figures?

Mr. SINDLINGER. And Mr. Pauley called me again, I guess about maybe a month or so later, and we came up, I came up to New York to visit him. I had never met Mr. Pauley before. I had heard about him, and I met Mrs. Harris, who is research director, and these two people pleaded with me to start the service. Mr. Pauley was willing to put up the money necessary to get it started.

I reminded him, if we started the service, he would not be No. 1; he would not be No. 2; he would be No. 3, and, in some places, he would be No. 4.

And his attitude was, "Well, I don't care if I am No. 1, 2, 3, or 4. I want to know where I am, and I will make my network No. 1 if I know where I am."

I made a decision, which I am not so sure was a proper one, to go into this because, with a man that has that kind of faith and confidence, I felt that I would gamble with him. So here I am.

Mr. ROGERS of Florida. You said you feel that they did not really want true figures. What were they using these for, in your experience, in your knowledge? What did they want, the figures to show they were first, or what?

Mr. SINDLINGER. I was trying to be subtle in the first part of my statement when I said people want pills and capsules. They want something they can just put their hands on and press a button and out it comes. What I was trying to say was that there are a lot of people who do not want to think. Fortunately for me, in my business I have clients who do want the truth, and they pay for the truth. That is why I made this presentation to you today, because there is a market for the truth, I think. It may not be now, but someday there is going to be a market for the truth.

Mr. ROGERS of Florida. Do you feel there are any other rating services, other than yours, that are presenting the truth now?

Mr. SINDLINGER. I would rather not answer that question. I do not think I am qualified, because I have not examined them.

Mr. ROGERS of Florida. Would you say that those using figures less than those that you use could present a true picture?

Mr. SINDLINGER. I might add this for the record. I do not think that the rating services are nearly as much to blame for the problem as the users of this data.

Mr. ROGERS of Florida. I might agree with you there, but what I am saying, do you think that any rating service that uses less than your sample can be giving a true picture?

Mr. SINDLINGER. In my opinion, the answer is "No." I am sure that you will have arguments that I am wrong, at least from my experience. I could not measure buying plans for automobiles with a sample of 1,000.

Mr. ROGERS of Florida. With what?

Mr. SINDLINGER. I could not measure accurately the buying plans for automobiles with a sample of 1,000.

Mr. ROGERS of Florida. I was thinking of listening to radio.

Mr. SINDLINGER. Statistically, with a sample of 1,000, a radio program with a rating less than 2 is not significant. I mean a station that has a zero rating could be No. 1, if you have an ideal sample, which none of us have.

Mr. ROGERS of Florida. Thank you very much. You have been most helpful.

Thank you, Mr. Chairman.

The CHAIRMAN. Do you have questions, Mr. Brotzman?

Mr. BROTZMAN. Yes.

First of all, in regard to your dealing with the networks, do you have any trouble getting program listings from them?

Mr. SINDLINGER. I do not receive them from CBS.

Mr. BROTZMAN. You do not receive them from CBS?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. Have you requested them?

Mr. SINDLINGER. Yes.

Mr. BROTZMAN. What reason is given that you cannot have the program listings?

Mr. SINDLINGER. I guess the best reason I could say is I was informed it was company policy.

Mr. BROTZMAN. A company policy as pertains to you or a general company policy?

Mr. SINDLINGER. I do not think it was defined whether it was me. I know they give the same information to Mr. Nieiscr. I have asked for the same information, so it cannot be a company policy against everybody.

Mr. BROTZMAN. From your latter answer, I should infer that it is a company policy that applies to you, is that right?

Mr. SINDLINGER. It has not been stated like that, but I would think that would be an inference.

Mr. BROTZMAN. A logical deduction.

I would like to go to this custom service report of yours again, for a minute, to be sure I understand it correctly.

First of all, if I understood your basic premise, these charts are predicated on something called the mathematical law of chance?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. Is that right?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. Now, articulate what that is.

Mr. SINDLINGER. Let us say we start to match pennies.

Mr. BROTZMAN. What?

Mr. SINDLINGER. You and I start to match pennies, and we start matching pennies, and we can match so many times, and we will have heads and tails because it is 50-50. Now, we can calculate how many times we are going to have to go through this matching to get a 50-50. Out of 100 matches, 50 percent of the time you get heads and I get tails.

Now, the mathematical law of chance was designed so that you could take other things rather than 50-50, because heads and tails are 50-50.

This Frenchman I was referring to apparently sat down in 1733 and tried to figure out how he could beat the roulette wheels in France, and he worked out the mathematical law of chance of a number coming around the roulette wheel, and there was no application at that time for this system.

I would say 100 years later the astronomers started using the mathematical law of chance in space measurements, and I would say since about 1855—I think my years are correct; you may correct me if I am wrong, Dr. Arkin—I would say about 1855 the mathematical law of chance and the law of probability came into use in mathematics.

Would you say that was about right?

And this theory then became a mathematical thesis, but it was based originally on gambling.

Mr. BROTZMAN. All right.

Now, turn to chart 16 here of your custom service book. There has been testimony here on prior occasions concerning size of samples. One that I recall was the size of the national sample around 1,100 or 1,200 homes.

Mr. SINDLINGER. Right.

Mr. BROTZMAN. Now, I want to turn to chart 16 for a moment, and, as I look on there, I find that the closest sample reflected is 1,000, the sample of 1,000.

Mr. SINDLINGER. Right.

Mr. BROTZMAN. That is "K," right?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. Now, if I understand your testimony correctly, according to the mathematical law of chance, just the mere chance is going to alter the result between the oral evidence of 11—

Mr. SINDLINGER. That is 1.1, line K.

Mr. BROTZMAN. The lower limit, it says 11.

Mr. SINDLINGER. Yes, the sample number, lower limit is 11; upper limit is 29.

Mr. BROTZMAN. Upper is 29.

That could reflect the number of homes that were contacted in a sample. Would that be fair?

Mr. SINDLINGER. Let me phrase it another way. You take one sample of 1,000, and you find 20 doing something, listening to program A.

Mr. BROTZMAN. All right.

Mr. SINDLINGER. You run another sample of 1,000 at the same time, identically like it, and you could find only 11; and you run a third sample of 1,000 at the same time, identically like it, you could find 29.

Mr. BROTZMAN. We are communicating, I understand.

Mr. SINDLINGER. And then, beyond that, you can find anything between 11 and 29.

Mr. BROTZMAN. All right.

So that just the law of chance could give you that particular differential?

Mr. SINDLINGER. That is correct.

Mr. BROTZMAN. Which would be reflected in changing your rating point just on the law of chance between the 1.1 and the 2.9?

Mr. SINDLINGER. That is correct.

Mr. BROTZMAN. Is that correct?

Mr. SINDLINGER. That is correct, or any place in between, sir.

Mr. BROTZMAN. And this, I think you said, would be with a perfect—

Mr. SINDLINGER. With a perfect sample. It would be with everybody cooperating, everybody telling the truth, no electric light failures, all stations doing everything precisely, everything being perfect.

Mr. BROTZMAN. So that just on the basis of this one particular law, which seems to be well established as a mathematical law, you could have this variation of actually 1.8 on your rating.

Mr. SINDLINGER. Right.

To go a step further, you could have reports for two radio stations. One station would say it was 2.9, No. 1 on the market, and the other station would be 1.1, No. 2. Either one of them could be No. 1 or No. 2.

Mr. BROTZMAN. I would like to ask the statistician a question.

Doctor, do you concur with the statements made by this witness?

Mr. ARKIN. Yes, I do.

Mr. BROTZMAN. You are acquainted with the law of mathematical probabilities?

Mr. ARKIN. Yes, I am.

Mr. ROGERS of Florida. Would the gentleman yield there for one question?

Mr. BROTZMAN. Yes.

Mr. ROGERS of Florida. What if you use more than one period of measurement, say December, January, and March, or something like that, and made a cumulative report from those samples on a fixed sample first and then a changing sample second. What would be the result of the difference?

Mr. SINDLINGER. I want to be sure I get that question.

Mr. ROGERS of Florida. Well, first of all say you have a fixed sample basically.

Mr. SINDLINGER. Yes.

Mr. ROGERS of Florida. And you take different times of reporting.

Mr. SINDLINGER. Different weeks?

Mr. ROGERS of Florida. Different weeks. And then bring them together to one report. What would be the result there?

Mr. SINDLINGER. Well, what you are doing there is—

Mr. ROGERS of Florida. Would this improve it or not?

Mr. SINDLINGER. No, in my estimation it would not improve it. You are magnifying the biases that already exist when you do this.

Mr. ROGERS of Florida. Magnifying the biases. Well, now what about in an unfixed sample?

Mr. SINDLINGER. Well, in an unfixed sample you would be averaging three time periods, but you would not have the same biases necessarily that you had with the fixed sample.

Mr. ROGERS of Florida. So you think it would improve it?

Mr. SINDLINGER. Yes.

Mr. ROGERS of Florida. But it would simply magnify the error in the fixed sample?

Mr. SINDLINGER. The fixed sample.

Mr. ROGERS of Florida. Thank you.

Mr. BROTZMAN. You testified as to how the rating points might vary based on the law of chance. Now what is the significance of the change of a rating point in this particular business?

Mr. SINDLINGER. Well, I understand it is worth thousands and millions of dollars. Programs go off the air on the decline of a couple of points and programs are moved into other time periods because of the decline of a couple of points.

My thesis all along has been that this is wrong because statistically there is no difference between the ratings, and that a lot of people have been hurt.

Mr. BROTZMAN. So the impact of the change of one rating point is tremendous, isn't it?

Mr. SINDLINGER. I have been told—I have never figured it out on a cost-per-thousand basis—that a rating point could be worth thousands of dollars.

Mr. BROTZMAN. And that can occur because of the law of chance?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. I have no more questions. I might add I would like to thank you for what I consider to be excellent testimony. It has been very helpful to me, and I am sure to other members of the subcommittee.

Mr. SINDLINGER. I would like to take some of the onus off of some of our profession.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. I would like to know this. What action do you think is necessary to see that those companies, who according to your testimony are not giving proper figures, could produce proper figures? Do you think it is necessary to set standards by licensing or some other method? What would you suggest?

Mr. SINDLINGER. Well, I think this committee has done a service in calling attention to something that some of us as individuals have been unable to do. I would like to see a couple of years of free enterprise, open house.

I would like to see free enterprise have a chance to see if we can't solve this problem, because I believe in free enterprise and I believe in democracy, and if it can't be solved, then I think we should have another meeting.

Mr. ROGERS of Florida. I would think that all of us would hope that we could do it in a free enterprise system, and certainly I think we possibly can. But it is a strange thing to have a regulated industry, and yet have an unregulated industry dictating in many instances and regulating the licensed industry.

Mr. SINDLINGER. It is an ironical situation, that is correct.

Mr. ROGERS of Florida. Now if we are going to allow that condition to exist, why isn't it better for the industry and for the public to have

legitimate, proper, reasonable and reliable figures upon which they are going to make decisions? Now from your testimony I would say there are very few companies that really are giving reliable figures to the industry.

Mr. SINDLINGER. In fairness to the companies, I think the problem as I said earlier goes back to some of the users. They are going to have to start to pay for data. You get what you pay for.

Mr. ROGERS of Florida. You just can't blame it all on the users. This is what they can get.

Mr. SINDLINGER. Right.

Mr. ROGERS of Florida. Now if these companies are not producing proper figures, then this is a fraud on the public and on the industry.

You tell us that with your figures we can get a pretty reasonable, fair figure. If these are standards that can be proved, what are we going to do to see that they are adhered to, that the industry can get these? They haven't been able to yet, have they?

Mr. SINDLINGER. I am obviously against regulation, as I imagine we all are, but this is pretty serious because these charts put together for you today are not new. I mean this has been going on. This is 100 years old.

Mr. ROGERS of Florida. And the industry has done nothing about it. This is what concerns us.

Mr. SINDLINGER. We have talked about this. You see one of the problems is that people in the research business talk out of two sides of their mouth. I have a lot of people coming down to my office and they talk about standards and we talk about biases, and they criticize this sample and so forth, and then the next week they come back with a \$200 job, which you have to turn down.

"We have to have it" because they have got to have a figure for a meeting on Thursday. This is what is wrong with us. "We want a figure. The boss wants a figure on Thursday and I have got to have a figure, so if he wants it on Thursday, give him a figure."

The problem is education, I think. I think the problem here at this particular time as far as television and radio is concerned is education, the fundamentals of statistics.

Mr. ROGERS of Florida. How long should we allow education to solve the problem? What is the time limit?

Mr. SINDLINGER. From the success I have made in the past, I think it is going to be a long time.

Mr. ROGERS of Florida. What objections do you see to a law being passed that would say that people who deal in this business in interstate commerce should receive a license, and that certain standards be set? What is wrong with that?

We license lots of businesses. They adhere to certain standards. So what is the objection to that? What interferes with the free enterprise system to simply put the man who is fraudulent out of business?

Mr. SINDLINGER. I don't think there is any objection to that.

Mr. ROGERS of Florida. Thank you very much.

Mr. BROTZMAN. Following the same line of questioning just a little bit further, do you think there is a desire in the industry to have truthful ratings?

Mr. SINDLINGER. When you describe the industry—

Mr. BROTZMAN. Let's analyze it just a moment. On the part of the users of the service, first of all.

Mr. SINDLINGER. There is a very strong desire, and it is coming more and more, and it is magnifying by the months among the top advertisers. For example, Du Pont. It is no secret, Du Pont pays us \$4,000 a week for our service. It is a \$12 million investment. Four thousand dollars a week is not very much to protect the \$12 million investment.

They want the truth. They want to know what they should do. Our reports showed them that they should have a show of the week rather than a show of the month.

Mr. BROTZMAN. So that they can base their judgments on it wisely?

Mr. SINDLINGER. Right.

Mr. BROTZMAN. Is that correct?

Mr. SINDLINGER. And if you had time to listen to some interviews I would like to play it for you, we show them conclusively that they go on the air for a period of time and they sell a product and then they stop advertising it and the product drops in sales.

So the advertisers like Ford, Chrysler, General Motors and the big advertisers who had to come to the board of directors for these huge sums that are now being spent in broadcasting are starting to seek the real truth.

At a lower level, let's take the agency level, nobody upsets the applecart and as long as we can keep the status quo let's keep going.

I think that is the best way I can answer your question. I think the applecart is being upset a little bit now.

Mr. BROTZMAN. Do you think these hearings have had a function then in regard to that?

Mr. SINDLINGER. Very definitely.

Mr. BROTZMAN. Have you been in the hearing room for the last few days while these hearings have been held?

Mr. SINDLINGER. No, I deliberately stayed away because I did not want to hear the testimony.

Mr. BROTZMAN. Have you observed any Federal Trade Commission activity in this area?

Mr. SINDLINGER. I have talked to the Federal Trade Commission personally, and they have talked to us.

Mr. BROTZMAN. That is all I have, Mr. Chairman.

The CHAIRMAN. Mr. Sindlinger, it appears to me that you have spoken very frankly about this whole subject matter in expressing your views on it.

It also appears to me from what you have said here that the attitude is quite an indictment on the industry. Mr. Brotzman asked you something about the attitude of the industry, and then you, I assume, qualified it by saying it all depends on what you mean when you talk about the industry.

But if the industry does not want the truth, as you say they don't, they just want a figure, or they want certain information for the purpose of their own business regardless of what kind of information it is, just so it serves their purpose, it seems to me it is deliberately contrary to what is the free enterprise system as we know it in this country; is that not true?

Mr. SINDLINGER. That is correct.

The CHAIRMAN. And by permitting this kind of procedure, aren't we jeopardizing the free enterprise system which we in this country cherish and want to protect?

Mr. SINDLINGER. I agree with you.

The CHAIRMAN. Do you think they ought to have a couple more years then to find out if they can do something about it?

Mr. SINDLINGER. I would like the opportunity to participate in that free enterprise system; yes.

The CHAIRMAN. Your emphasis has been, however, that it is the industry that wanted this information which is admittedly inaccurate, or it is certainly questionable as to its accuracy. The information is to serve their own purpose, and that you could not necessarily relate it to the rating services?

Mr. SINDLINGER. I am not quite sure I understand the last remark.

The CHAIRMAN. That you would not relate it to the rating services, it is not the fault of the rating services?

Mr. SINDLINGER. I think I oversimplified that. I did not mean it quite that way. I think the rating service has a responsibility for the use of their data, no matter how it is used.

The CHAIRMAN. I took what you meant, that the rating services felt it was their responsibility to provide whatever the industry requested.

Mr. SINDLINGER. I did not quite mean it that way. From my own personal point of view, I think anyone who services a client with data has a responsibility for its accuracy and its use.

The CHAIRMAN. If a rating service, for example, gave station X a high rating based on contact with 50 homes in that area, from what you have presented here this morning, why that is inaccurate; isn't it?

Mr. SINDLINGER. That is correct. I wouldn't do that.

The CHAIRMAN. And if that was given and that was used and there were five other stations in that area or four or any number, well then that is a fraud on the other stations, isn't it?

Mr. SINDLINGER. It is inaccurate; that is correct.

The CHAIRMAN. So I would say there is a responsibility insofar as the rating services are concerned.

Mr. SINDLINGER. If I gave the impression that I did not think they were responsible, I did not mean to. They are certainly responsible.

The CHAIRMAN. I don't know if this is of any significance or not, but in the 81st Congress I believe it was, I was charged with the responsibility of making an investigation, believe it or not, on programing at that time, and the method of programing. It was given to this committee, and then the chairman asked me to conduct a hearing.

It was a pretty rough job, because the implications of the reports and the press reports at that time about the committee, in carrying that out, were rather pointed. We, however, tried to carry out the responsibility that the Rules Committee and the House of Representatives approved, for the investigation.

Well, out of all of that—that was 1951 and 1952—we issued a report, and in that report we strongly supported the idea of letting the industry police itself, and as I remember the code was developed, and through the efforts of the NAB it became effective March 1, 1952.

This committee, and I think it is the general feeling of the Congress, that we believe in the principle that has made us a great country. Our people should have opportunities, and we want to encourage them and we depend upon that.

We come along in 1957 and 1958 with this procedure, and you of course know what happened. During these years when the industry was supposed to be developing procedures, techniques and so forth, as this great new industry of television was becoming really a great service to the American people, we found what was happening during these years. It culminated in only a matter of 5 years in some of certainly the most unacceptable practices of our American society, and the American people hardly knew what was being done to them, because I as chairman of the committee at that time felt when we started we were on the unpopular side of it.

Mr. SINDLINGER. That is right.

The CHAIRMAN. Very much so, because the letters that came into my office and the calls that came in were not very complimentary.

But as we went along and developed what was going on, and the people suddenly discovered what was happening to them and how they were being treated when these facts and incidents all developed, there was an entirely different attitude.

I watched that myself. The American people in my judgment insofar as service is concerned—in things that affect their lives—want the truth.

Mr. SINDLINGER. That is right.

The CHAIRMAN. Honesty. I don't know—members of the committee, Mr. Rogers, for example, mentioned a while ago, he talked about ways and methods of doing things. I know certain people in this country for the last 2 years have been urging me to give the Federal Trade Commission extensive powers on a temporary cease and desist order basis. "I don't like what is going on," and bingo, without anything at all, even an opportunity to be heard—that is the thing that disturbs me.

I think your testimony this morning has been exceedingly helpful. I know that you must have some controversy with reference to the methodology in this thing with some of your associates in this particular field.

Mr. SINDLINGER. That is correct.

The CHAIRMAN. Certainly what you have presented is a challenge, and I am not sure that you have not sort of changed my mind a little bit. This kind of a situation probably can be carried on in a way where the mild effect of it would be acceptable, because I was just about beginning to come to the point that the whole thing was phony and a fraud upon the American people.

Mr. SINDLINGER. If I may interrupt you, Mr. Chairman, I think that your committee and the stature of your committee are going to really do something about this problem.

The CHAIRMAN. You have certainly pointed up a real challenge here in presenting your case, if I might call it that; the information.

Obviously you have gone to great lengths in preparing this information for the committee, and you have been exceedingly helpful, and on behalf of the committee I want to thank you for it.

Mr. SINDLINGER. Thank you very much.

The CHAIRMAN. The committee will adjourn until 1:30.
(Whereupon, at 12:45 p.m., the committee was recessed, to reconvene at 1:30 p.m. on the same day.)

AFTERNOON SESSION

The CHAIRMAN. Mr. Ed Hynes.

Will you be sworn, Mr. Hynes?

Mr. HYNES. Yes.

The CHAIRMAN. Do you solemnly swear the testimony you give to the committee to be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HYNES. I do.

The CHAIRMAN. Mr. Hynes, will you identify yourself for the record?

TESTIMONY OF ED HYNES, PRESIDENT, TRENDEX, INC.

Mr. HYNES. My name is Ed Hynes. I am president of Trendex, Inc. We are located in New York and also in Westport, Conn. I have been in the rating business for about 17 years. We measure our audiences primarily by means of the telephone interviewing technique.

The CHAIRMAN. Are you the president of your company?

Mr. HYNES. I am, sir.

The CHAIRMAN. Is it a corporation?

Mr. HYNES. Yes, sir; it is incorporated under the State of New York.

The CHAIRMAN. How extensive a business do you have? Are you a small company or are you considered to be a large company?

Mr. HYNES. I would consider us a relatively small company in the rating field, particularly now. We used to be much larger. We used to publish syndicated reports, which we do not now do.

The CHAIRMAN. Do you have a statement you wish to make?

Mr. HYNES. No, sir; no statement.

The CHAIRMAN. Mr. Richardson, do you have some questions?

Mr. RICHARDSON. Thank you, Mr. Chairman. Mr. Hynes, how many permanent employees does Trendex, Inc., have?

Mr. HYNES. Nineteen.

Mr. RICHARDSON. How many temporary employees?

Mr. HYNES. 6,000.

The CHAIRMAN. How many?

Mr. HYNES. 6,000.

Mr. RICHARDSON. These temporary employees would be your interviewers?

Mr. HYNES. That is correct.

Mr. RICHARDSON. Would you give us a general statement as to their location?

Mr. HYNES. They are located in 635 markets throughout the United States, approximately.

Mr. RICHARDSON. Will these 6,000 temporary employees, on average, work for you once a month?

Mr. HYNES. No.

Mr. RICHARDSON. Once in 6 months?

Mr. HYNES. I think it would be easier to say that approximately 300 to 400 of them might work in any month.

Mr. RICHARDSON. You have broken down your income for the staff in relation to network television, local television, and local radio.

Would you describe what you generally do, or specifically what you do with relation to network television?

Mr. HYNES. Well, network television, we would probably be measuring the size and distribution of the network audience to a particular television program.

Mr. RICHARDSON. This would normally be done for the television networks?

Mr. HYNES. This would be done for the television networks or for an advertising agency or for an advertiser. It would be done in approximately 27 markets and we produce what we call a program popularity report. It is a measurement of the television audiences under equal opportunities of viewing.

Mr. RICHARDSON. Is this done by a coincidental method?

Mr. HYNES. That is done by the telephone coincidental method, unless it is after 11 o'clock at night, when it might be done by a recall.

Mr. RICHARDSON. What sample size would you have—

Mr. HYNES. We would have a sample size of 1,000 calls per reported time period.

Mr. RICHARDSON. Would these be completed calls or attempts?

Mr. HYNES. Dialings.

Mr. RICHARDSON. Of dialings, do you have a normal percentage of these which are completed?

Mr. HYNES. It varies throughout the day, due to the changes in variable homes from morning to evening, and season, and throughout the year. But every dialing is part of the sample.

Mr. RICHARDSON. Take a situation when you would have a program at 8 o'clock in the evening; a television program. Say you were doing some work for a network. Would you give us an estimate on the completion rate of your dialings?

Mr. HYNES. I would say that at 8 o'clock in the evening, the available homes would probably run someplace between 75 and 85 percent.

Mr. RICHARDSON. Are disconnected phones that are dialed counted in your sample?

Mr. HYNES. No; they are not counted in the sample.

Mr. RICHARDSON. This basically, then, would be the type of work you would do for network television?

Mr. HYNES. It is basically the type of work we would do for network television and it is basically the technique we would use for any broadcast audience measurement we were doing.

Mr. RICHARDSON. Is there any length of recall in any of the information done for network television?

Mr. HYNES. Well, if we do any recall at all, we try to use a 24-hour recall so we would find the same people in approximately the same type of home at home that were at home the evening before.

Mr. RICHARDSON. Are refusals counted in your base sample of 1,000?

Mr. HYNES. Yes; they are.

Mr. RICHARDSON. In your local radio studies, they are not syndicated: is that correct?

Mr. HYNES. They are not; no.

Mr. RICHARDSON. They are done for—

Mr. HYNES. They are done, usually, for a particular client and that is all.

Mr. RICHARDSON. Are your local television reports of the same type?

Mr. HYNES. Our local television is pretty much of the same type. We did have both a syndicated radio and a syndicated local television service some years back. It hasn't been in service for some time.

Mr. RICHARDSON. When was the last time you had a syndicated television service?

Mr. HYNES. We discontinued that a year ago last June. June of 1961, I believe, we discontinued the publication of network television.

Mr. RICHARDSON. Was this discontinued because of a lack of interest in the industry or because your company decided not to put it out any longer?

Mr. HYNES. I think it was discontinued for economic reasons, which would be a lack of interest in the industry.

Mr. RICHARDSON. At one time, according to testimony before the committee by Mr. Barnathan of American Broadcasting Co., they used your 24-market syndicated service. Did you quit putting this 24-market syndicated service out when they quit subscribing, or did you continue it thereafter?

Mr. HYNES. While they were subscribing or after they stopped?

I can't answer that exactly, because we had very few subscribers at the time we stopped and ABC may have been subscribing. Very often there was lack of interest in the summertime anyway, and they may have stopped or they may not have. I can't tell you exactly on that.

Mr. RICHARDSON. You basically discontinued it, though, because of a lack of interest by purchasers?

Mr. HYNES. Lack of money, that is right.

Mr. RICHARDSON. In your sample system—back to your national sample of a thousand calls—are refusals, lines busy; this type situation when you don't have contact; are they counted as not listening, or what?

Mr. HYNES. They are prorated. If we cannot contact the home, the line is busy, the refusals would not be prorated this way. But the refusal rate is so small that we have ignored it practically, for all practical purposes. It is less than 1 percent of the total sample, total number of calls. But the lines busy would be prorated into the sample in the same way that we find viewers and nonviewers that we do talk to. This has been the procedure always.

Mr. RICHARDSON. On your local reports, is this procedure also followed?

Mr. HYNES. The same procedure is followed.

Mr. RICHARDSON. In the designing of your questionnaires, do you normally design them or may a client design the questions that are asked by your interviewers?

Mr. HYNES. I think a client certainly may outline the problems he is trying to cope with to get the answers, or that he wants to get the answers to. We probably would design the final questionnaire as far as the telephone technique is concerned.

Mr. RICHARDSON. Do you have any control over the publication of data that comes from your surveys?

Mr. HYNES. We found, quite definitely, that we did not.

Mr. RICHARDSON. Would you give a statement, then, or would you say you simply produce it and they may do with it as they desire?

Mr. HYNES. It isn't a question that they may do with it as they desire, they do do with it as they desire. But we do have certain limitations to what we say they can publish and we reserve the right to indicate the validity of anything they do publish. We make suggestions if they are going to publish individual ratings in a particular market that the station call letters be blacked out, and so forth, and that they use the ABC method of doing it.

This isn't always followed.

Mr. RICHARDSON. Actually, only subscribers are informed of the survey dates which your interviewers will use: is that correct?

Mr. HYNES. I saw that in your writeup. Actually, only subscribers are not informed of the survey dates. The subscriber orders the survey from us and he expects us to do it within a certain length of time and we do it, but we do not notify him of the dates we are actually going to do the fieldwork.

Mr. RICHARDSON. If I were a subscriber in Tampa, Fla., say WFLA, and I ordered a survey from you to be done in the month of April, and I ordered it on the 15th of March, would I not have a good idea that it would be done the first week of April?

Mr. HYNES. I don't think you would.

Mr. RICHARDSON. Testimony came into the record from several different sources to the effect that certain stations will hypo or by gimmicks try to increase their audience at certain times.

Mr. HYNES. Yes; that is correct.

Mr. RICHARDSON. If I ordered a survey from you on the 15th of March, to be done in April, and I started my promotion on the 25th of March, is there not a good possibility that by the time your interviewers started doing interviewing, and no other station knew that the interviewing was to be done, that I would be able to successfully hypo my station?

Mr. HYNES. Certain people could. One of the witnesses that testified here against ratings is the greatest man for hypoing ratings I have ever known.

Mr. RICHARDSON. Certainly, some stations do?

Mr. HYNES. Some stations do.

The CHAIRMAN. State that again. One of the—

Mr. HYNES. One of the testimonies that I read here by one of the men who said that he thought ratings weren't particularly valid is perhaps the leading exponent for hypoing ratings.

The CHAIRMAN. This particular person is?

Mr. HYNES. I think so.

Mr. RICHARDSON. Thank you, Mr. Chairman. What effect did the publication of the Nielsen MNA report have on your 24-market business?

Mr. HYNES. Would you identify those letters a little more?

Mr. RICHARDSON. This is the multimarket report, 30-market report?

Mr. HYNES. I don't think it had any effect other than a competitive effect. They were able to move their timing up and I think this helped them in a business sense, but I don't think that it was what caused us to stop publication. Perhaps it made ours a little less necessary than they were previously.

Mr. RICHARDSON. Are your local reports basically used as a sales tool, or do you know how they are used?

Mr. HYNES. I think it depends on the type of reports you are talking about. Some are designed specifically as management tools, which is one reason, for instance, that we don't notify other stations in the market that we are doing the surveys. Some are specifically used for sales and promotion. But I think you have to distinguish between the type of report that you are talking about.

Mr. RICHARDSON. If I were to order a survey from you and I was a station operator in Jacksonville, Fla., and I didn't like the results of it, it would never be published; is that correct?

Mr. HYNES. That is correct. It would not be published anyway, except to you. If you ordered a survey from me, no one else would get it in the industry but you.

Mr. RICHARDSON. That simply means that you don't give syndicated reports?

Mr. HYNES. That is right.

Mr. RICHARDSON. Do you have any advertising agencies as clients?

Mr. HYNES. Well, as we have no syndicated service—what do you mean by "clients"?

Mr. RICHARDSON. I just wondered if they had any work done by you?

Mr. HYNES. Yes, they do.

Mr. RICHARDSON. If I got this report in Jacksonville and I liked two parts of it—in other words, I liked the male listeners 21 years of age and over and the fact that people who have an income of \$15,000 or over showed good on my station, could I publish just these two figures and nothing else?

Mr. HYNES. Do you mean could you just promote those two figures and nothing else? Sure you could promote those two figures. It is your material, you can promote what you want of it.

Mr. RICHARDSON. Did you at one time do some work for WFLA in Tampa, Fla.?

Mr. HYNES. Yes, we did.

Mr. RICHARDSON. Would you say this was the normal type of brochure published from your interviewing?

Mr. HYNES. Well, it is a little more elaborate than most of them, but it is our brochure—it is their brochure based on our work; yes.

Mr. RICHARDSON. In this type of promotion, here on the fourth page, it states: "First choice for news by age of respondent."

You have broken this down, or at least this station broke it down from your information—

Mr. HYNES. No; we broke it down that way; that is ours.

Mr. RICHARDSON (continuing). Into different groups agewise, 21-30, 31-40, 41-50, and over 50.

Is this not fragmenting your original sample?

Mr. HYNES. Of course it is, but it is what they wanted to know, what age groups listen to which particular station and which age group preferred which station for news.

Mr. RICHARDSON. In this report, on income, if this data is correct—I realize you do not tabulate all of your reports; this one was tabulated by O. E. McIntyre, Inc., and is entitled "Trendex Tampa-St. Peters-

burg Radio Survey Results"—for income of over \$10,000, there were 30 people from your total sample falling in this group; is that correct?

Mr. HYNES. That certainly looks to be correct.

Mr. RICHARDSON. There are 13 radio stations in this Tampa-St. Petersburg metropolitan area; is that not correct?

Mr. HYNES. That is correct. I am assuming it is; I don't know that. I will take your word for it.

Mr. RICHARDSON. There are at least over 10 stations?

Mr. HYNES. Probably are.

Mr. RICHARDSON. Out of these 10 stations, then, with a sample here of 30, Trendex was breaking down from 30 people which station they listen to in relation to income of over \$10,000; is that correct?

Mr. HYNES. Which station they preferred in their first choice of news in over \$10,000; that is correct.

Mr. RICHARDSON. That is a fairly small sample; is that correct?

Mr. HYNES. Thirty is a small number, but if thirty is the right proportion in the total income break, it is a good number.

Mr. RICHARDSON. You would say, then, that with a sample of 30, you could break out reliably the preferences of persons with incomes of \$10,000 and over, for as high as 13 radio stations?

Mr. HYNES. If the people we find, if 30 people represented in our sample, and the doctor can check me on this, but I believe if 30 people represented in our income group the population of Tampa that had over \$10,000, we would have fulfilled the accuracy of the report. Now, if we had a larger sample, we might possibly have been able to report on more stations in the income over \$10,000. I am not going to question that one.

Mr. RICHARDSON. These 30 people, though, would have been people actually talked to; is that correct? I just want to make sure.

Mr. HYNES. Absolutely.

Mr. RICHARDSON. On the situation where you had people with over \$10,000 income, one station had a preference of 20 percent, another one had 13 percent, and a third had 10 percent. Would you not say with the sample size of 30 that these 3 might all be within the same range if a two-sigma statistical variance chart was used to ascertain their accuracy?

Mr. HYNES. I am not prepared to say. It might very well be. That chart that you are talking about was prepared for ratings this morning, and it is very interesting.

I think that you would get greater reliability if you had a larger sample, there is no question about it.

Mr. RICHARDSON. If these were, however, all within statistical variance, there would not be any actual way of telling which of those stations was first, would there?

Mr. HYNES. I think there would.

Mr. RICHARDSON. Would you explain that answer?

Mr. HYNES. Yes; I will. I think what you looked at and what you are talking about are the outside ranges of possible variance in a sample. I think that the proof of a sample, whether a sample is an accurate one or not, lies as much in whether or not a sample can reproduce itself, as in whether or not it is small or large.

Now, you can go back into Tampa-St. Petersburg and do 500 surveys and add them all together, or you can take them separately. If each

one of the separate samples produces results which are within limitations, I think you have an accurate sample.

Mr. RICHARDSON. Where does Trendex get its sample from originally?

Mr. HYNES. We get it from the phone book.

Mr. RICHARDSON. How?

Mr. HYNES. Well, we have a system. We don't use the same system that was outlined this morning. The phone book, as you know, is random in itself as far as the distribution of the telephone listings in the geographic area. It is only set up in alphabetical order.

Mr. RICHARDSON. Most statisticians tell me that, anyway.

Mr. HYNES. You can try it yourself. It is a very simple test. Take 20 numbers in the city of Washington and you will find you have a pretty good geographic distribution in the city of Washington.

If you take 20 numbers—first, we are going to make approximately 16 dialings in so many minutes. We have the girl divide the phone book into four equal parts, she takes the first four from the first section, the second from the second, third from the third, and the fourth from the fourth.

Mr. RICHARDSON. I have to correct myself. Dr. Arkin says it may not be a good random sample, because, for example, if you took the O'Briens and hit four O'Briens, the result might be that they all live in the same neighborhood.

Mr. HYNES. They might all live in the same house.

Mr. RICHARDSON. True.

Mr. Hynes, this brochure was given to us at a visit to Trendex, Inc., would you identify it?

Mr. HYNES. This is our brochure.

Mr. RICHARDSON. On this brochure, it states—

If your station delivers the buying audience, why not prove it with a Trendex qualitative rating survey?

Is that correct?

Mr. HYNES. Yes.

Mr. RICHARDSON. Over on the next page, it says, "Say what you choose to say about your station's delivery of the spendable dollar: Then document it with a Trendex Report"; is that correct?

Mr. HYNES. That is correct.

Mr. RICHARDSON. What does that mean?

Mr. HYNES. That means that stations from time immemorial have been saying that we deliver an audience that can buy your product. If they are going to say this, we think they ought to go out and measure the audience and measure the characteristics of the audience and have some proof that they deliver a buying audience.

Mr. RICHARDSON. This afternoon, we handed to you your Analysis of a Trendex Qualitative Radio Survey, for Charlotte, N.C., November 27 through December 1, 1961.

Have you had a chance to look at this report?

Mr. HYNES. I have looked at the first part of it only, yes. I only got up to page 5, as a matter of fact.

Mr. RICHARDSON. Mr. Chairman, part of this certainly is—well, it is our fault that we didn't get a copy to him in time because of the short lunch period. He lacks looking at or analyzing two pages of

this document. Might we take a short recess while he finishes analyzing it? It should not take very long.

Mr. HYNES. I have no objection to your going right along. I will go along with you and read it as we go.

The CHAIRMAN. What is to be accomplished from taking a recess? I understood from you that he does not agree with the report?

Mr. RICHARDSON. I am sure there are places where he won't agree with me. He unfortunately, however, and it is our fault, did not have time to complete his study because of the short space between when we adjourned at noon and came back. He should have a right, I believe, to read it if he likes.

The CHAIRMAN. Well, the committee doesn't mind his having an opportunity to read the report, but what good is it going to do after he reads it?

Mr. RICHARDSON. He certainly should have time to tell whether he agrees with it or not.

The CHAIRMAN. What do you propose to accomplish by it?

Mr. RICHARDSON. We would hope to put it in the record, Mr. Chairman.

The CHAIRMAN. Well, we are not going to put a staff report into the record unless there is agreement with the person whose business it deals with, and he says that from his standpoint, it reflects the true situation.

You can ask this man anything you want to about anything that is in this report.

Mr. RICHARDSON. My problem, Mr. Chairman, is that I guess at this point he doesn't know whether he agrees or not, because he has not finished reading it.

The CHAIRMAN. I am just going by what you told me this morning.

The committee will recess for 10 minutes for the purpose of Mr. Hynes' reading this report.

(Short recess taken.)

The CHAIRMAN. Have you concluded going over this analysis?

Mr. HYNES. Yes, sir.

The CHAIRMAN. You may proceed, Mr. Richardson.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Do you have several disagreements with the report, Mr. Hynes?

Mr. HYNES. Oh, yes; I have several.

Mr. RICHARDSON. Mr. Hynes, is this report typical of your operations at the station level?

Mr. HYNES. Is the Charlotte report typical?

Mr. RICHARDSON. Yes.

Mr. HYNES. Yes, it is.

Mr. RICHARDSON. Is it a fact that only the subscriber to the survey in the market knows you are going to do a survey in that market?

Mr. HYNES. That is correct.

Mr. RICHARDSON. You only make calls in the nontoll areas in the markets; is that correct?

Mr. HYNES. Not always. It is not correct in this particular case.

Mr. RICHARDSON. You did make some toll calls?

(Mr. Hynes nods.)

Mr. HYNES. Another thing you have to be careful of is when you talk about toll calls—for instance—in the city of Detroit, you might have calls made from Dearborn which could not be made to Grosse

Point. It would be a toll call. But if you are going to survey the city of Detroit, you put an interviewer in Grosse Point and another in Dearborn, and you can cover the whole area without toll calls. So toll calls are not a very good definition of anything.

Mr. RICHARDSON. In this sample, did you not have women in different localities around Charlotte?

Mr. HYNES. We did have women in different localities here, yes.

Mr. RICHARDSON. As far as this sample is concerned, only those persons who answered the phone at that time or were in the house at that time were interviewed; is that correct?

My HYNES. Well, as far as actual listing is concerned, every dialing that was made on this survey is in the sample.

Mr. RICHARDSON. Even though they were "don't answers," "refusals"—

Mr. HYNES. Right.

Mr. RICHARDSON. Each interviewer, then, selects, in relation to what you have just told us, the prescribed method which she will follow in selecting in the telephone book the numbers she will call?

Mr. HYNES. That is correct; in a prescribed place.

Mr. RICHARDSON. Do you have a copy of this report before you that you gave to your subscriber?

Mr. HYNES. Yes.

Mr. RICHARDSON. In this report, there is no explanation as to how the report is to be used, is that correct?

Mr. HYNES. No explanation of how the report is to be used as a statistical measurement, you mean, or how would you use it for management?

Is that what you mean, or are you talking about limitations on promotion?

Mr. RICHARDSON. Limitations of promotion, first.

Mr. HYNES. There is nothing in here on limitations of promotion.

Mr. RICHARDSON. What explanations are given as to how it should be used statistically?

Mr. HYNES. No explanation is given, because this is worked out with the research director. He knew exactly what he was getting—what he was ordering—when he ordered it.

Mr. RICHARDSON. And he may use it any way he desires?

Mr. HYNES. Yes.

Mr. RICHARDSON. Only one sample size is given in this report, is that correct?

Mr. HYNES. Only the sample size for the qualitative information is given; that is correct.

Mr. RICHARDSON. What is the sample size?

Mr. HYNES. For which—the qualitative or broadcast measuring?

Mr. RICHARDSON. The only sample size listed here.

Mr. HYNES. It is 962 completed interviews.

Mr. RICHARDSON. How many interviews would have been attempted in this survey?

Mr. HYNES. 1,940.

Mr. RICHARDSON. From these 962, the sample is fragmented; is that correct?

Mr. HYNES. That is correct.

Mr. RICHARDSON. It is fragmented into income breakouts?

Mr. HYNES. That is correct.

Mr. RICHARDSON. It is fragmented into age classifications?

Mr. HYNES. That is correct.

Mr. RICHARDSON. It is also fragmented in relation to sex?

Mr. HYNES. That is correct.

Mr. RICHARDSON. And all of these breakouts would have to come from the persons talked to on the phone; the 962?

Mr. HYNES. Absolutely.

Mr. RICHARDSON. There is a chart on page 3 of the copy of the memorandum which we handed you, breaking out the different income categories which you have published in your report. One of these is for incomes of \$15,000 and over; is that correct?

Mr. HYNES. Right.

Mr. RICHARDSON. One of them is for incomes of \$10,000 to \$15,000?

Mr. HYNES. They are all correct, as far as I can see.

Mr. RICHARDSON. The third one is for incomes of \$7,500 to \$10,000?

Mr. HYNES. Yes.

Mr. RICHARDSON. The reason I am doing this, I want it all to go in the record.

Mr. HYNES. Yes, they are.

Mr. RICHARDSON. There is a breakdown of income in the area from \$5,000 to \$7,500?

Mr. HYNES. I wonder if that is not out of line. It may be right, but it is a little funny way to put it—oh, yes, that is all right; that is fine.

Mr. RICHARDSON. And under \$5,000?

Mr. HYNES. That is right.

Mr. RICHARDSON. And for those who don't know their income?

Mr. HYNES. Right. That "don't know" is a refusal also, of course.

Mr. RICHARDSON. In the sample sizes, at least as gathered from our tabulation of this data, and only this information was cross-checked, we came up with sample sizes as follows, and you may refer to your data if you have it and see if there are any disagreements.

Incomes of \$15,000 and over, a sample of six.

Is that what your data shows?

Mr. HYNES. I am willing to take yours.

Mr. RICHARDSON. All right. Income from \$10,000 to \$15,000: a sample of 22.

Mr. HYNES. All right.

Mr. RICHARDSON. Income from \$7,500 to \$10,000. A sample of 74.

Mr. HYNES. Right.

Mr. RICHARDSON. Income of \$5,000 to \$7,500. A sample of 238.

Mr. HYNES. Right.

Mr. RICHARDSON. Income under \$5,000, a sample of 292.

Mr. HYNES. Right.

Mr. RICHARDSON. And for "don't know," a total of 329.

Mr. HYNES. Right.

Mr. RICHARDSON. Then the highest category would be the "don't knows" and the "refusals" combined?

Mr. HYNES. That is correct.

Mr. RICHARDSON. Breakouts within your report for qualitative data will be made from each one of the sample sizes, is that correct?

Mr. HYNES. That is correct.

Mr. RICHARDSON. Then if you were asked the question: "Which station do you listen to for believability of news?" you would be asking it to the person on the other end of the phone?

Mr. HYNES. That is correct.

Mr. RICHARDSON. And if the income grouping of \$15,000-and-over were used, there would be six such people that come into this sample?

Mr. HYNES. That is correct.

Mr. RICHARDSON. And you would apply this six that come into the sample to the eight stations reported in this market, according to your data?

Mr. HYNES. That is correct.

Mr. RICHARDSON. And in your opinion, that is an adequate sample size?

Mr. HYNES. In my opinion it is a—if that 6, 22, 74, 238, represents the distribution of the income in this town, that is an adequate sample.

Mr. RICHARDSON. Irrespective of the fact that on certain questions, a station would not have an opportunity to come in there with less persons interviewed than there were stations, in the market?

Mr. HYNES. I don't think that happened. It may have, but I think we asked them for a favorite station or a station, giving them them a choice of any station in the market so each station had an equal opportunity of being mentioned.

Mr. Moss. Mr. Chairman, I wonder if I might at this point ask a question?

You have stated that if this breakdown, the 6, 22, 74, 238, in fact reflected—

Mr. HYNES. Distribution.

Mr. Moss. The distribution within the overall population of this grouping of incomes, it would be an adequate sample. Did it so reflect?

Mr. HYNES. Yes, sir—oh, I don't know whether it did or not, sir. I can't answer that question. I haven't checked that.

Mr. Moss. Then the question of whether it is an adequate sample or not in this instance is unresolved?

Mr. HYNES. That is why I answered it as I did, sir, that if it does reflect it, it is an adequate sample.

Mr. Moss. But do you make that determination in supplying this to your client?

Mr. HYNES. No, we don't, sir.

Mr. Moss. Then when you supply it, you have no idea whether it is an adequate sample or not?

Mr. HYNES. That is true. I would like to qualify—

Mr. Moss. It must, in absence of any evidence to the contrary, be regarded as a very questionable sample?

Mr. HYNES. Well, I can see how from your point of view, it might be, sir. But if you are dealing with this thing day in and day out and you know the type of programing that a radio station is putting out, you have a pretty good idea of the type of individuals that are going to be listening to it.

Now, if this came out so that it was utterly ridiculous, I would say that we certainly should in some way validate this information. But from a practical point of view, it does not. It does work, whether it is a small sample or not, it does work.

Mr. Moss. How do you know it works?

Mr. HYNES. Because I have seen practical application of it, sir.

Mr. Moss. Well, what practical application could you see in the use of this type of information to prove or disprove—

Mr. HYNES. Well, let's—if I might digress for a minute, for instance, to age, which is the same type of a breakdown. You can take a station in a particular market where you know ahead of time, pretty much, exactly what kind of audience it is going to get and this type of sample does produce information showing that it does, in fact, get this type of audience.

Mr. MOSS. Type of what?

Mr. HYNES. Audience.

Mr. MOSS. Well, in the absence of some checking, how do you know what type of audience it is getting? Are you assuming that its programing will attract a certain type of audience?

Mr. HYNES. Yes, sir; and I think it is a logical assumption.

Mr. MOSS. Might you not also assume that its programing might drive away substantial portions of audiences in other groups?

Mr. HYNES. Yes, sir.

Mr. MOSS. Then the question of the validity of 6, 22, and 74 as applied to income groups is dependent upon the determination of an additional important fact, before you would be able to say whether or not a sample has any reasonable validity?

Mr. HYNES. Yes, sir.

Mr. MOSS. That is all the questions I have.

The CHAIRMAN. You may proceed, Mr. Richardson.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Let's turn to page 2 of the Trendex Charlotte questionnaire. Do you have a copy of the questionnaire?

Mr. HYNES. Thank you.

Mr. RICHARDSON. On question No. 11, which is, "Which is your favorite station?" the person would have to answer one of those stations, is that correct?

Mr. HYNES. No; they wouldn't have to answer one. They could write in there, as it says, write in if it is other than that.

Mr. RICHARDSON. Pardon me. They would have to put down a station?

Mr. HYNES. They could say "DK"; there is a place for that.

Mr. RICHARDSON. But they could not make eight choices.

Mr. HYNES. No; but they could make two. They could make a multiple choice. But it says "favorite." It does not say—it says "favorite," so we would like them to pick one; that is correct.

Mr. RICHARDSON. So then, on this question, the breakdown of six would apply and as to favorite stations in Charlotte, N.C., of persons with incomes of \$15,000 and over, the decision would have been made on six contacts for eight stations.

Mr. HYNES. But they had the choice of all those stations; yes, sir; that is absolutely right.

Mr. RICHARDSON. I do not question that they had a choice.

Mr. HYNES. The same would apply for the different breakdowns on all income categories here.

Mr. RICHARDSON. That is right.

Also on page 3 of the staff memorandum of which you have a copy, there is a breakdown of ages in your sample. From the age of 13 to 15, there were 21 persons in your sample: is that correct?

Mr. HYNES. That is correct.

Mr. RICHARDSON. From 16 to 18, there were 16 people in the sample?

Mr. HYNES. Correct.

- Mr. RICHARDSON. From 19 to 20, 13 people?
- Mr. HYNES. Correct.
- Mr. RICHARDSON. From 21 to 30, 196 in the sample?
- Mr. HYNES. Correct.
- Mr. RICHARDSON. From 31 to 40, 263 in the sample?
- Mr. HYNES. That is correct.
- Mr. RICHARDSON. From 41 to 50, 192 persons in the sample?
- Mr. HYNES. That is correct.
- Mr. RICHARDSON. For persons over 50, there were 247 persons in the sample, and there were 13 refusals for age breakouts?
- Mr. HYNES. That is right.
- Mr. RICHARDSON. All of these breakdowns would apply, then, to the question just mentioned above in relation to the age of the respondents?
- Mr. HYNES. They would.
- Mr. RICHARDSON. Do you show in any of the charts supplied in the report which you furnished the station the different number of persons which fall in each one of these age categories or income categories, et cetera?
- Mr. HYNES. No, we do not.
- Mr. RICHARDSON. You have only one sample size published in that report; being 962?
- Mr. HYNES. They are the people that answered the questions; that is right, sir.
- Mr. RICHARDSON. So no one who received a copy of this report would know how many persons with incomes of over \$15,000 were in your sample?
- Mr. HYNES. No one who received a copy of this from us, and that is only the subscribing station.
- Mr. RICHARDSON. But he could use it anyway he decided, as you stated?
- Mr. HYNES. That is right. That is not my fault, if he uses it any way other than the way he should use it.
- Mr. RICHARDSON. All of the information supplied in your report is based on percentages; is that correct?
- Mr. HYNES. That is correct.
- Mr. RICHARDSON. Which I would assume are shares of the radio audience?
- Mr. HYNES. Well, it is shares—it would be a share of the answers, the questions.
- Mr. RICHARDSON. A share of the sample anyway?
- Mr. HYNES. That is right.
- Mr. RICHARDSON. So once again there is no way of telling what the size would have been of the original contacts, other than the fact that all of them lumped together would be 962?
- Mr. HYNES. He could go back and break it down, I suppose, if he took the percentages and worked them back, if he wanted to.
- Mr. RICHARDSON. Do you think many people do?
- Mr. HYNES. No; I don't. But he could. It is not a fact that he could not do it. If he wants the information, he can either ask us for it or do it himself. That is the point I want to make.
- Mr. RICHARDSON. Concerning the age breakouts, page 3 of the memorandum, is it your opinion that the different sample sizes here properly represent the number of persons in the Charlotte, N.C. area?

Mr. HYNES. I don't know.

Mr. RICHARDSON. In other words, from age 16 to 18 here, there were 16 individuals—

Mr. HYNES. I think they represent the people we found listening to the radio at that particular time of the survey.

Mr. RICHARDSON. But they certainly might not be representative of the different classes, age 13 to 15, for example?

Mr. HYNES. Very definitely not. I doubt that they are. They certainly don't look to be, from just a quick glance.

Mr. RICHARDSON. No; they don't.

In the published report—

Mr. HYNES. We are not talking about the people in Charlotte, N.C. We are talking about the people we found listening to the radio, and they represent that.

Mr. RICHARDSON. But is not this, then, used as a representation of radio listening in Charlotte, N.C.?

Mr. HYNES. Yes; as radio listening.

Mr. RICHARDSON. By different age groups; income breakdowns; sex?

Mr. HYNES. That is right.

Mr. RICHARDSON. In relation to sex, and we may have a difference in figures here and I would take yours in this case, because we used a different compilation to break it out of—

Mr. HYNES. I don't think it makes any difference. It is a small matter.

Mr. RICHARDSON. For persons, adult males, I took our group from the ages of 21 and over—

Mr. HYNES. Right.

Mr. RICHARDSON. There were 84 adult males in the sample.

Mr. HYNES. I don't know where we are now.

Mr. RICHARDSON. Look at the top of page 4, the last sentence in that paragraph.

Mr. HYNES. Eighty-four males 21 years of age and older in the total sample. That is how many males 21 years of age we talked to.

Mr. RICHARDSON. There were also, however, 814 females, 21 years of age and over.

Mr. HYNES. Right.

Mr. RICHARDSON. Is this proportionate to the population in Charlotte, N.C., between males and females 21 years and older?

Mr. HYNES. It is probably proportionate to the population of Charlotte, N.C., that is at home in the daytime listening to the radio: yes, sir.

Mr. RICHARDSON. Do you state that in your report, that it is the persons at home listening to the radio?

Mr. HYNES. We are only talking about radio listening. I don't know anything about the population of North Carolina.

Mr. RICHARDSON. How about at night? Does not this report go from—

Mr. HYNES. It certainly does, and it is an average.

Mr. RICHARDSON (continuing). From 8 in the morning to 10 at night?

Mr. HYNES. It is an average of what we found.

Mr. RICHARDSON. What are the hours published in the report?

Mr. HYNES. I believe it is 8 in the morning to 10 at night, but I will check it.

Mr. RICHARDSON. Then during the evening hours, you at least should have a fair representation, should you not, between the males and females?

Mr. HYNES. Not answering the phones. More females answer the telephone than males.

Mr. RICHARDSON. You will take anyone who answers the telephone?

Mr. HYNES. That is all we are talking about, people we interviewed who answered the telephone. We did not go out to get a proportionate average of males and females.

Mr. RICHARDSON. So this is not representative of the population of Charlotte, N.C.?

Mr. HYNES. Absolutely not. This is representative of people we talk to at home listening to the radio.

Mr. RICHARDSON. If I were station WBT, could I not represent this as radio listening in Charlotte, N.C.?

Mr. HYNES. Can you not represent it as radio listening?

Mr. RICHARDSON. Yes.

Mr. HYNES. Yes; that is what it represents, radio listening.

Mr. RICHARDSON. Then I can represent that of adult males, a certain percentage in Charlotte, N.C., listen to my stations?

Mr. HYNES. Prefer your station, you certainly could.

Mr. RICHARDSON. And I could say that more shoppers in Charlotte, N.C., prefer my station.

Mr. HYNES. Yes.

Mr. RICHARDSON. And I can say that more people with incomes of over \$15,000 prefer my station?

Mr. HYNES. That is right.

Mr. RICHARDSON. All of these breakdowns, then, can be applied and used as I desire to use them if I am a station owner in Charlotte, N.C.?

Mr. HYNES. About radio listening?

Mr. RICHARDSON. About radio listening.

Mr. HYNES. I should say so.

Mr. RICHARDSON. Since the sample quite obviously is not proportionate to the different breakdowns in Charlotte, N.C.—

Mr. HYNES. To radio listening.

Mr. RICHARDSON. It is basically not radio listening but people answering the telephone, is that not right?

Mr. HYNES. But these people had been listening or had a preference to radio.

Mr. RICHARDSON. Or were at home and answered the telephone?

Mr. HYNES. Right.

Mr. RICHARDSON. Actually, out of this 962, how many were listening to the radio when the calls were placed?

Mr. HYNES. 8.2 percent. It is not 962, actually. You would have to work it out on a basis of the 1,940 to get it.

Mr. RICHARDSON. Well, of the 962 persons contacted, 8.2 percent were listening?

Mr. HYNES. Eight percent of the people in Charlotte, N.C., were listening.

Mr. Moss. Back here on page 4 of the staff memorandum, again, it was determined that 84 males 21 years of age and over were in the total sample.

I wonder, Mr. Richardson, could you tell me how many females are in that sample?

Mr. RICHARDSON. 814.

Mr. Moss. Now, if there were 84 males and 814 females and it represented a radio audience, something is wrong, isn't there?

Mr. HYNES. Well, sir, they may not represent the total radio audience. They represented the people we talked to on the phone.

There may have been females listening with those males and there may have been some males listening with those females. We only talked to one person in each home.

Mr. Moss. You only asked what they listened to?

Mr. HYNES. That is right, sir; we didn't ask them about the other people.

Mr. Moss. What percentage of these 962 respondents were listening to a radio?

Mr. HYNES. I don't have that figure, because our sets in use here, this 8.8, is based on the total dialings rather than on respondents. We don't calculate—

Mr. Moss. Well, if the 8.8 is then truly representative, it would be representative of the 962?

Mr. HYNES. Pretty much, yes, sir; pretty close.

Mr. Moss. Because from the response, you got about 75 or 78 sets?

Mr. HYNES. That is right; 78 sets were actually listening at the times we were measuring this audience.

Mr. Moss. And from 78 sets, you can conclude with reliable accuracy the listening habits of the overall radio audience potentially available in this area. Is that your contention?

Mr. HYNES. Within limitations, that is my contention, yes, sir.

Mr. Moss. Aren't they rather severe limitations? You certainly know that in any possible breakdown, you couldn't have 10 times as many women as men over the period of the entire day listening to radio. Maybe in the home that might be true.

Mr. HYNES. That is what we are measuring, sir.

Mr. Moss. But at night they listen to something.

Mr. HYNES. That is all we are measuring, sir, in the home.

Mr. Moss. That is not what you are measuring. What you are measuring ends up in an advertisement like this:

Trendex asks:

"Which station do you first tune to for the news?" Washington answers, "WWDC, 20.7 percent. Station A, 17.7; Station B, 17.4; Station C, 12.2."

Now, I happen to drive to and from my office twice a day, and in my automobile I pick the station that gives me what in my judgment is the best news, but I listen to it all the time that I am in my automobile.

I am a part of a radio audience.

Now, at home, where I have different reception quality, I get a different station. There is one around here that broadcasts music that I like. So if I sit down to read, I may turn that fellow on, but later in the evening I want news, so I switch to another one strictly for news.

I have radio-listening habits; I am part of the radio-listening audience.

But you could not measure me if you are going to say that there are 10 times as many women as men.

Mr. HYNES. No, sir; I admit that.

Mr. Moss. If you took only 78 sets, sir, it is very difficult to say that you have represented anything except those 78 sets.

Mr. HYNES. Well, I must say, first, that I never tried to measure anything except homes. I admit it, there is no automobile radio in here, and I am sure if there were, it might show a difference.

But what we measured were the people we found at home at this time. That is all, sir.

Mr. Moss. Shouldn't this ad say——

Mr. HYNES. Yes, it should.

Mr. Moss. This says, "Based on completed interviews in 2,598 homes, September 9-20 of 1962."

This is a Trendex survey.

Mr. HYNES. It says "homes."

Mr. Moss. This should say that this represents a number of homes responding to a telephone call and represents exclusively the viewing habits of the respondent. That is all in the world it represents.

You don't know whether your sample was typical of the community. If you are going to break down into income groups, you don't know whether it is typical of the income groups of a community. If you are going to break it down into sex, you don't know whether there is any reasonable relationship of those you talked with to the total number of women or men in the community.

Really, it only gives something which can be used variously, but its accuracy or its value is open to question at almost any point, isn't it?

If you are relating that as is done to the total listening habits of the community.

Mr. HYNES. Do you want me to answer?

Mr. Moss. Yes.

Mr. HYNES. All I could say is, for instance, I think you are right on some points, very right; that there are many abuses to its use; that it is projected when it should not be projected, and so forth.

But I think that a Trendex survey of Washington measures the amount and distribution of the radio audience accurately. When you get into qualitative information, you are dealing with small numbers and your accuracy is going to decrease the smaller the number gets. There is no question about that.

Mr. Moss. You do particular violence when you try to break this down into finite parts to represent characteristics which are, as I say, totally unrelated to characteristics of the community. Don't you?

Mr. HYNES. I think you could; yes, sir.

Mr. Moss. Well, wouldn't it be almost a statistically provable probability——

Mr. HYNES. To find out, you mean?

Mr. Moss. Eighty-four men and eight hundred women. A community with such distortion in population would be—well, it might be paradise for men, but——

Mr. HYNES. I think, sir, the point is this: When we are talking about men, we talk about the 84. When we are talking about women, we are talking about the sample of women.

Mr. Moss. Sir, what you are talking about when you talk about the 84 is not the 84, but x percent of all men, adult men in the community. That is the way it is interpreted, not 84 men. But let's go over here: 31.7 percent of the men, adult men, watch WBT and 1.9 watch WWOK and 1 percent, WKTC.

Now, 1 percent of less than 100 men—I don't know where you found that half man—I don't, really. And it is rather ridiculous to project to the point where you are dealing in half men or half women in order to come to a rating point. Because we must admit, I think you will stipulate, that physically it is impossible. If a group isn't going to be large enough to at least reflect whole individuals when you assign them to one station—

Mr. HYNES. Sir, this is an average of men per set.

Mr. Moss. That is the danger. You are using averages here from way too small a sample and the sample value is susceptible, because it isn't a measure of the overall population—not even of men who listen to radio.

Are these sheets that your interviewers use?

Mr. HYNES. Yes, sir.

Mr. Moss. And they are marked in pencil?

Mr. HYNES. Yes, sir.

Mr. Moss. Now, quite a number of these questions aren't answered.

Mr. HYNES. Well, they wouldn't be in the tabbed report, then, sir, if they weren't answered.

Mr. Moss. But in the blanks to which you get response, these go into the tabbed report?

Mr. HYNES. The blanks would go in as a "DK" or no answer, sir.

Mr. Moss. Then you haven't represented even just one interview, have you?

This one here is of an adult female. I am trying to find her age. Where would I find that?

Mr. HYNES. It would be over on the back, sir.

Mr. Moss. Well, she is over 50. There are two women who live in the home. Are those radio listeners, or do they just live in the home?

Mr. HYNES. They just live there, sir.

Mr. Moss. Why is that?

Mr. HYNES. That is simply to get home composition, sir, composition of the home.

Mr. Moss. How does that go into your tabulation?

Mr. HYNES. It depends on whether they were listening on another question or not, sir.

If you look at question 3, we ask "If anyone in your home is listening to the radio" and then we ask how many men, women, children, teenagers, under 12 are listening to the same radio program? That is on question 7—questions 3 and 7.

She has checked on this one, for instance, that an adult female was listening to the radio at that particular time.

Mr. Moss. Well, this one didn't check anything.

Mr. HYNES. Then there was no one listening, sir. Under question A, did she check "Yes" or "No?"

Mr. Moss. "Yes."

Mr. HYNES. And still she didn't check——

Mr. Moss. "Am I speaking to the lady of the house?"

"Yes."

"Is anyone in your home listening to radio just now?"

"Adult female."

Mr. HYNES. Checked under "Yes" or "No", sir?

Mr. Moss. Under "No."

Mr. HYNES. Then no one was listening in that home, sir.

Mr. Moss. This is then tabulated?

Mr. HYNES. Yes, sir.

Mr. Moss. Do you break all of them down by sex, by age, by income, all of your——

Mr. HYNES. No; not all of them, sir. This was requested by the particular subscriber.

The CHAIRMAN. Will the gentleman yield?

Mr. Moss. I will be very happy to.

The CHAIRMAN. Were all of these questions requested by a particular subscriber? Is that the reason you developed this?

Mr. HYNES. No; this is a more or less standard form, sir, but some of the questions were requested by subscribers. I don't know exactly which ones in this survey. Sometimes they will ask about automobile ownership and another time it is something else. This is pretty much the information that that particular subscriber wanted.

The CHAIRMAN. But it is a standard form that you use in——

Mr. HYNES. Yes; it is a standard procedure and the first part of it would be standard form.

Mr. Moss. Some of these stations appear to have no audience at all. Do you think that is possible?

Mr. HYNES. Yes, sir.

Mr. Moss. You think anything is possible?

Mr. HYNES. I certainly do, sir. Of course, all we are saying is that there is no audience found in our sample. We don't know whether they have an audience or not. We did not find any, sir.

Mr. Moss. You don't think the law of probability would give them at least one listener?

Mr. HYNES. There is always the engineer, sir. That is what we always say.

Mr. Moss. Now, in view of the fact that this is made for a particular station within a fairly fixed period of time, isn't it probable that the station will, during this period, undertake promotional efforts to improve their share of audience while the survey is in progress?

Mr. HYNES. It is possible, sir, that they could do this.

Mr. Moss. Isn't it probable that they would?

Mr. HYNES. No; it is not.

Mr. Moss. How much do they have to pay you for a survey like the one down in Charlotte?

Mr. HYNES. That one there costs about—I can tell you exactly what it costs. That was \$1,875.

Mr. Moss. Well, they are paying that for a survey that is strictly for their use. To promote themselves, however, they may gain the better advantage. Isn't it probable that they would have to accelerate promotional effort?

Mr. HYNES. It would be a good idea, I suppose, but I don't think they have enough time between the time they place the orders for these things to have any great promotional effect take place.

They could plan on it ahead of time and come to us and have promoted it, yes; and they could say, "Let's have a survey, now, we want to buy a survey from Trendex" and "We have promoted this thing to the hilt."

We do the survey and get a measurement of the promotion. But what we would get would be their audience for the particular time period. It would be wrong, it might slip back and might not have been as great 2 weeks before. But we would have no control over that and this could happen to any service, no matter how you did it. You couldn't do anything about that.

Mr. Moss. We have had some indications that some rating services, if they are aware of a promotion, note that on their results.

Mr. HYNES. Well, if they are aware of it, I think they should.

Mr. Moss. Do you?

Mr. HYNES. If we are aware of it, we do, sir; yes.

Mr. Moss. It does not really matter, because yours is only available to subscribers?

Mr. HYNES. That is right. We don't mail it out to advertising agencies. The station has to take it around to the advertising agency if they are going to use it or send a brochure to the advertising agency. They are going to have to explain this thing.

I think that this is an important point, that when they use this, they can write anything they want in an ad and the general public may believe it, but the time buyers don't believe it. They know what is going on.

Mr. Moss. Do you know, sir, whether your rating has, to a very great extent, an effect upon the general public?

Mr. HYNES. Well, I think the effect on the general public—I don't know what it would be, exactly. I don't think the general public would read Broadcasting and I don't think they are whether WWDC has this many. Maybe I am wrong. Maybe they do. But I don't think a time buyer puts much stock in that particular ad, anyway.

Mr. Moss. Of course, we have had indication here that some time buyers seem to regard ratings as almost Bibles.

Mr. HYNES. I think they do regard the ratings as important. The only yardstick that they have to measure the size of an audience—

Mr. Moss. Then it should be a good, reliable rating?

Mr. HYNES. I think this is a good, reliable rating.

Mr. Moss. I must respectfully disagree with you.

Mr. HYNES. Well, that is your privilege, sir.

Mr. Moss. As it is used; this one ad here: other ads I have seen around: I think it is the most torturous type of abuse, the manner in which these are utilized.

I recognize the extreme difficulty of accurately doing this, but I think a far greater degree of accuracy is possible, within limits of economic feasibility, than this would appear to me to be.

That is all the questions I have, Mr. Chairman.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

Mr. Hynes, on this diary—

Mr. HYNES. That is a questionnaire, sir; it is not a diary.

Mr. YOUNGER. This questionnaire, it points out, "This is a nationwide survey."

Mr. HYNES. Yes, sir.

Mr. YOUNGER. Is that an accurate statement?

Mr. HYNES. No, it is not, in this particular case. It is just an introduction we use on the telephone. It is not an accurate statement in this city. It is a city survey. This is probably a holder from the network reports.

Mr. YOUNGER. Why do you start out with an inaccurate statement?

Mr. HYNES. We do not consider that particularly an inaccuracy, sir. It is a mere introduction to an individual. We are a nationwide organization. We do lots of surveys in different parts of the country. We are not trying to lead anyone astray. It is simply an introductory phrase.

Mr. YOUNGER. You do not think there is anything wrong with that?

Mr. HYNES. No, sir; I do not.

Mr. YOUNGER. You stated a while ago that it was necessary for the station operator to explain the results of the survey to the time buyer; is that a correct statement?

Mr. HYNES. I think so, sir; yes.

Mr. YOUNGER. From what we have heard today, that is quite a burden to put on the station operator; is it not?

Mr. HYNES. I do not think so.

Mr. YOUNGER. We are having great difficulty today getting an explanation of the report. Do you think that is right?

Mr. HYNES. Yes, sir; I think it is all right.

Mr. YOUNGER. You have been in the business 17 years?

Mr. HYNES. Yes, sir.

Mr. YOUNGER. If I understood your testimony a while ago when you stated that, with all of your experience, you could pretty well tell the number of listeners of a certain station and of a certain program for a day? You could pretty well give the number from experience?

Mr. HYNES. If I gave the impression, sir, that I could tell that for any station in the country, I certainly did not mean to. But I think that there are certain stations with certain types of programming that most of us can tell ahead of time, and those of us that are in radio can probably tell a little closer, what type of audience they are going to draw.

Mr. YOUNGER. Well, you were referring and discussing at that time the survey for Charlotte.

Mr. HYNES. Yes, sir; but I asked if I could digress there and talk about the age of the individuals listening to the programs. I could not tell anything about their income, certainly, not at all. I would not have any way of knowing, but you can tell pretty much the age from the type of programming that a station is putting on, I think.

Mr. YOUNGER. So, as a matter of fact, what you do in many cases is to fake the survey in order to confirm your own conclusion?

Mr. HYNES. No, sir; because I do not have any conclusions on any particular city.

Mr. YOUNGER. I am just going by your own statement, Mr. Hynes. You told Mr. Moss a while ago that you knew this was correct, because

you could tell from your years of experience what is a proper distribution of people.

Mr. HYNES. Yes, sir.

Mr. YOUNGER. Then, if you can tell what is a proper distribution of people, then there is no use of the survey, except to confirm your own convictions on the question. Otherwise, you could sit down and write the figures out yourself and save all the money of a survey.

Mr. HYNES. No, sir; I would not go along with that.

Mr. YOUNGER. You would not go that far?

Mr. HYNES. No, I would not.

Mr. YOUNGER. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

Who designates the areas which will be served?

Mr. HYNES. Well, generally, if it is a city area, we designate it ourselves, sir. A station may designate their coverage area to be surveyed.

Mr. ROGERS of Florida. In other words, they can tell you whatever survey area they desire to be surveyed?

Mr. HYNES. That is correct; yes, sir.

Mr. ROGERS of Florida. I see.

Now, how many of these surveys do you do in a year, would you say?

Mr. HYNES. Well, of this particular type, last year we did about 50, sir.

Mr. ROGERS of Florida. About 50?

Mr. HYNES. I think that is accurate. You have an accurate record there.

Mr. ROGERS of Florida. Well, I do not see this here.

Mr. HYNES. I think it is about 50, sir.

Mr. ROGERS of Florida. And you charge, generally, what, around \$1,800 to \$2,000 for that?

Mr. HYNES. Basically, yes, that is what it averages out to.

Mr. ROGERS of Florida. And how many employees do you have?

Mr. HYNES. Nineteen, sir.

Mr. ROGERS of Florida. Nineteen?

Mr. HYNES. Yes.

Mr. ROGERS of Florida. Do you employ any other people?

Mr. HYNES. Outside?

Mr. ROGERS of Florida. Yes.

Mr. HYNES. Field workers; yes, sir.

Mr. ROGERS of Florida. How many is that?

Mr. HYNES. We have about 6,000.

Mr. ROGERS of Florida. About 6,000 which you can call on?

Mr. HYNES. Yes, sir.

Mr. ROGERS of Florida. And you pay them for the particular job?

Mr. HYNES. That is right.

We have 85 supervisors.

Mr. ROGERS of Florida. And, as I understand it, you only do a survey if you have a station which subscribes for that particular survey?

Mr. HYNES. That is right.

Mr. ROGERS of Florida. Do you sell it to more than one station?

Mr. HYNES. We would, if they wanted it.

Mr. ROGERS of Florida. Have you done it?

Mr. HYNES. Yes, we have.

Mr. ROGERS of Florida. Is it your common practice to sell to more than one station?

Mr. HYNES. No, it is not our common practice to go out and look for additional subscribers to a report.

Mr. ROGERS of Florida. I see.

Now, out of these 50 surveys that you made this year, could you tell us, generally, whether these stations ended up with higher ratings than they have had before or lower?

Mr. HYNES. I know some of them were very unhappy, so I would assume that they thought they were going to do much better than they did.

Mr. ROGERS of Florida. That is not what I asked.

Mr. HYNES. I could not answer your question. I do not know the answer.

Mr. ROGERS of Florida. Could you supply that for the record?

Mr. HYNES. No, I could not, because I do not know what they had before.

Mr. ROGERS of Florida. Do you mean from other surveys?

Mr. HYNES. Well, I could probably get the information from other surveys, but I do not have it myself, sir. I mean we would go into a market, we might not be back in that market for 5 years. I do not have any continuing service in any market that I could give you information like that on.

Mr. ROGERS of Florida. Just a spot basis?

Mr. HYNES. Usually, it is a management problem or something of that sort, when we do a survey.

Mr. ROGERS of Florida. And you do let them know before you do the survey?

Mr. HYNES. Well, they have to order it from us. We would not do it unless they did.

Mr. ROGERS of Florida. As to when you are going to make it?

Mr. HYNES. No. They will come in and say, "We want a survey," and we will say, "We will make it as soon as we can." That is all.

Mr. ROGERS of Florida. You do not advise them when you will be in that area to make the survey?

Mr. HYNES. No, sir.

Mr. ROGERS of Florida. Do you advise them on the results of the survey before you publish it and send it to them?

Mr. HYNES. Well, we do not publish it, you know, except for them.

Mr. ROGERS of Florida. Yes.

Mr. HYNES. We may show them the IBM sheets before we publish it, yes, before we produce a report.

Mr. ROGERS of Florida. Is it generally your custom to have them make a downpayment, or anything, when they first subscribe, or not?

Mr. HYNES. No, sir; we do not.

Mr. ROGERS of Florida. You do not require that. Do you have any contract with them at all?

Mr. HYNES. Usually, a letter of intent or something to that effect.

Mr. ROGERS of Florida. Just a letter of intent?

Mr. HYNES. We send them a confirmation immediately. That is all.

Mr. ROGERS of Florida. Have you ever had any difficulty in collecting payment?

Mr. HYNES. Yes, sir. In the 10 years that I have been in business, I have about three stations out of the ones we have dealt with that I have never been able to collect from.

Mr. ROGERS of Florida. That is about all?

Mr. HYNES. That is all, sir.

Mr. ROGERS of Florida. So they must have been pleased with their ratings, most of them, were they?

Mr. HYNES. No, a lot of them were not, but they paid anyway.

Mr. ROGERS of Florida. They did?

Mr. HYNES. Yes.

Mr. ROGERS of Florida. Could you give us some examples of those?

Mr. HYNES. That have not been pleased?

Mr. ROGERS of Florida. Yes.

Mr. HYNES. I had one in New York, when the investigators were up there, that were anything but pleased with the results, and they paid for the survey.

Mr. ROGERS of Florida. What station was that?

Mr. HYNES. That was WVNJ from Jersey. Offhand, I cannot think of any others, but we have had them.

Mr. ROGERS of Florida. What determines the base of your sample size?

Mr. HYNES. You mean the size of the sample, sir?

Mr. ROGERS of Florida. Yes.

Mr. HYNES. The size of the sample would be determined by what we think is an adequate sample to measure the size and distribution of the radio audience, not these additional breakdowns we have gotten into.

Mr. ROGERS of Florida. How do you determine that? What factors do you use?

Mr. HYNES. The factor that we use is we feel a minimum sample of 600 for any particular time period is as low as we can go to measure a radio audience. Actually, the sets in use determine that, the radio sets in use. There are not enough radio sets in use to distribute among the stations in the market, if we get too small a sample.

Mr. ROGERS of Florida. So your minimum sample is 600?

Mr. HYNES. For a particular time period, yes. If we were reporting on one time period, say for an hour. This sample here is 1940.

Mr. ROGERS of Florida. Is that contacts?

Mr. HYNES. No, that is total dialings, sir. They are all in the sample.

Mr. ROGERS of Florida. Do you go over that often, or not, or do you stick with your minimum?

Mr. HYNES. No, I would say that we are over and sometimes under. For instance, this man ordered a survey. We told him we would deliver 2,000 calls. We ended up with 1,940. We might just as well have had one with 2,150. We would be within the area, very close to the area.

Mr. ROGERS of Florida. Do you change your rate in relation to the size of the sample?

Mr. HYNES. Very definitely. The size of the sample and the complexity of the questionnaire.

Mr. ROGERS of Florida. So it would be to their advantage, generally, for them to take a minimum, is that true, or do you discuss this with them?

Mr. HYNES. No. We discuss it with them. A minimum on a survey like this would be 2,000, or approximately 2,000. You could not do it on any less. As we have seen here today, we have been pretty well raked over the coals for how far you get down, when you get down to 2,000.

Mr. ROGERS of Florida. I thought I saw some places where you based it on 6.

Mr. HYNES. That is just a breakdown within the total sample, yes.

Mr. ROGERS of Florida. But you project that 6 on up, do you not?

Mr. HYNES. It has been projected here, yes, sir.

Mr. ROGERS of Florida. That is a rather minimum sample, I would think. You talk about the number of sets in use?

Mr. HYNES. Yes, sir.

Mr. ROGERS of Florida. How do you know the number of sets in use until you know the size of the sample?

Mr. HYNES. You do not, sir.

Mr. ROGERS of Florida. Well, then, how do you determine it?

Mr. HYNES. I know approximately what they are going to be.

Mr. ROGERS of Florida. Well, this is—

Mr. HYNES. I know that in the morning in Tampa, Fla., the sets in use are going to probably run around 10.

Mr. ROGERS of Florida. How do you know that?

Mr. HYNES. Well, about 4 years ago I did a survey in Tampa, Fla., sir, and sets in use ran about 10 in the morning.

Mr. ROGERS of Florida. That is projected on what sample? How do you determine your first sample? That is what I do not understand.

Mr. HYNES. I see what you are trying to get at.

Mr. ROGERS of Florida. You say the factor that you determine your sample for is the sets in use?

Mr. HYNES. Presently, yes.

Mr. ROGERS of Florida. How do you determine that, with what factor?

Mr. HYNES. It is determined on the factor of where we get stability in the sets-in-use figures that we are producing over and over again and the economic factors involved.

Mr. ROGERS of Florida. That is kind of difficult for me to follow. I thought you did not go back into the same State or areas. I thought you said you did not have a sustained coverage of the same areas.

Mr. HYNES. No, we do not, sir. That is true.

Mr. ROGERS of Florida. How can you go back and find the stability? I do not want to be unfair.

Mr. HYNES. No, I am sure you do not.

Mr. ROGERS of Florida. I just want to understand what you are telling us.

Mr. HYNES. There are many places, for instances, where we measure. Can we talk about television, or would you rather stick to radio?

Mr. ROGERS of Florida. We are just talking about radio.

Mr. HYNES. In many places we measure the radio sets in use.

Mr. ROGERS of Florida. How is this done?

Mr. HYNES. How is it done?

Mr. ROGERS of Florida. Yes.

Mr. HYNES. By the telephone-cidental method.

Mr. ROGERS of Florida. How do you determine how many you will call?

Mr. HYNES. From the experience of myself and that of other people, we know we are going to get a flattening out and a stability in the end result, when we reach a certain sample.

In the case of radio, you can get a good stability at between 600 and 1,000 calls for sets in use.

Mr. ROGERS of Florida. Well, now, the gentleman before said he would not use any figure below, I believe, about 2,000.

Mr. HYNES. Yes, I heard him, sir.

Mr. ROGERS of Florida. But you disagree with him?

Mr. HYNES. Yes, sir; I disagree with him.

Mr. ROGERS of Florida. Now, what made you determine that 1,000 is enough?

Mr. HYNES. Well, we get stability with 1,000, sir.

Mr. ROGERS of Florida. This other man says you do not get stability until you get 2,000.

Mr. HYNES. He has only been measuring it since last September.

Mr. ROGERS of Florida. Pardon?

Mr. HYNES. He said he only started measuring the audience last September on this method of his, I believe. He had some good charts. I do not want to quarrel with Mr. Sindlinger. His charts were wonderful. They came right out of a textbook, and I thought he was great, but I disagree with a lot of things Mr. Sindlinger said.

Mr. ROGERS of Florida. Just how do you arrive at your figure of 1,000? What has made you settle on 1,000?

Mr. HYNES. We get stability from week to week; if we are doing a week-to-week survey, for instance, in television, we get—

Mr. ROGERS of Florida. What do you mean by "stability"? Explain that to me.

Mr. HYNES. The sample is able to reproduce itself within the limits that we would expect, unless we can see outside causes which produce these changes which occur, and this is stability. If it comes up with a rating of 10 this week and a rating of 11 next week and a rating of 10.5, 9.5, this is stability.

Mr. ROGERS of Florida. Depending on if you make the same number of calls each time?

Mr. HYNES. That is right.

Mr. ROGERS of Florida. Is that what you mean?

Mr. HYNES. Yes, sir.

Mr. ROGERS of Florida. And what are the number of calls, 1,000?

Mr. HYNES. Right, sir.

Mr. ROGERS of Florida. Each week, and if it comes out to be fairly close, there is stability?

Mr. HYNES. That is right, sir.

Mr. ROGERS of Florida. And suppose you have got the same number with 500. Why would that not be a good figure?

Mr. HYNES. It would be a wonderful figure, but probably you would not. You would probably get a great deal more fluctuation at 500 than you would at 1,000.

Mr. ROGERS of Florida. Well now, would you get less flexibility at 3,000 than 1,000?

Mr. HYNES. Yes, but not enough; not three times as little.

Mr. ROGERS of Florida. Well, maybe not, but it would be a better sample.

Mr. HYNES. As I say, then we are governed by economics when we get up to that level.

Mr. ROGERS of Florida. It just depends on economics pretty much as to where you determine what your minimum sample should be on all instances?

Mr. HYNES. Well, the minimum sample is determined by stability. The maximum sample—

Mr. ROGERS of Florida. No matter what the cost?

Mr. HYNES. That is right, and the maximum sample is determined by economics.

Mr. ROGERS of Florida. But for you the minimum is 1,000?

Mr. HYNES. Yes, sir.

Mr. ROGERS of Florida. Do you sell at all to advertisers?

Mr. HYNES. Yes, sir.

Do you mean radio and television ratings?

Mr. ROGERS of Florida. Yes.

Mr. HYNES. Yes, we do, sir.

Mr. ROGERS of Florida. Do you prepare the results for only the particular client who asks you to prepare that for him?

Mr. HYNES. Yes, sir.

Mr. ROGERS of Florida. That type of thing, like if an advertising firm says we want results on a certain program?

Mr. HYNES. Well, for instance, we cover the "Firestone Hour" every week for the Firestone Co.

Mr. ROGERS of Florida. And how many market areas?

Mr. HYNES. It is 27, sir.

Mr. ROGERS of Florida. Twenty-seven?

Mr. HYNES. Yes. This is our universe. It is what we call an area of equal opportunity of viewing. It is cities that have all three VHF stations and where all network programs can be seen equally, and this is a comparative program popularity. It is not projectable. It does not tell them how many people in the United States are watching their program.

Mr. ROGERS of Florida. What does it tell them, just how many in that area are watching?

Mr. HYNES. Yes.

It tells them comparative program popularity of the three programs available at that time.

Mr. ROGERS of Florida. So you do give a rating?

Mr. HYNES. Yes, sir, sets in use.

Mr. ROGERS of Florida. Popularity with other programs?

Mr. HYNES. Yes, sir, the same hour.

Mr. ROGERS of Florida. The same hour?

Mr. HYNES. Yes, and time.

Mr. ROGERS of Florida. What is your size sample here?

Mr. HYNES. 1,000 calls, sir, distributed over the cities.

Mr. ROGERS of Florida. Over all the cities?

Mr. HYNES. Over all the cities.

Mr. ROGERS of Florida. Over 20?

Mr. HYNES. Twenty-seven.

Mr. ROGERS of Florida. Twenty-seven?

Mr. HYNES. Yes, sir.

Mr. ROGERS of Florida. That makes about how many?

Mr. HYNES. It does not make any difference how many cities. We are not reporting on a city, sir, just the total area.

Mr. ROGERS of Florida. And you think 1,000 is all right?

Mr. HYNES. Very definitely.

Mr. ROGERS of Florida. Would you give a local station a reading on its programs there with that little sample in that city?

Mr. HYNES. A reading on that particular job?

Mr. ROGERS of Florida. Yes.

Mr. HYNES. We do not.

Mr. ROGERS of Florida. Why not? The survey is in that city?

Mr. HYNES. And you want me to break out a portion of the 1,000 and give them a rating on it?

Mr. ROGERS of Florida. Well, you break down your other ratings. You can give a projection from 6.

Mr. HYNES. That is right, sir.

Mr. ROGERS of Florida. I do not see why—what is the difference?

Mr. HYNES. We did not measure the size and distribution of the audience on 6. You have a good point. I do not know the answer.

Mr. ROGERS of Florida. Well, I do not think there is an answer to that. It would be projecting to give any reliable information, I agree with you.

Thank you, Mr. Chairman.

The CHAIRMAN. Do you know anything about this rather elaborate piece of information, which, I assume, is used for advertising purposes, "WFLA—The Most Respected Radio Station in Florida's Second Market"?

Mr. HYNES. I did not hear the question, sir.

The CHAIRMAN. I said, do you know anything about this?

Mr. HYNES. I know that they produce that on the basis of information we supply them with, yes, sir.

The CHAIRMAN. This booklet—represented nationally by John Blair & Co., WFLA Radio, Tampa-St. Petersburg-Clearwater, member of the Blair Group Plan.

This rather elaborate information booklet was prepared from information you sent down there?

Mr. HYNES. Yes, sir.

The CHAIRMAN. Is this used in soliciting advertising?

Mr. HYNES. I suppose it is, sir. It is a promotional piece; yes.

The CHAIRMAN. This is not used by the public? I mean this is not used to distribute to the public?

Mr. HYNES. No, sir.

The CHAIRMAN. "Special Trendex Qualitative Radio Report, February 1961."

Mr. HYNES. Yes, sir.

The CHAIRMAN. It is rather interesting to have something like that. Here is the same type of information. This seems to refer to some of your own promotion?

Mr. HYNES. Yes, sir; it does. Is that ours?

The CHAIRMAN. It is signed "Trendex Qualitative Radio Reports, Ed Hynes."

Mr. HYNES. That is right, sir.

The CHAIRMAN. "Trendex, Inc., 335 Fifth Avenue, New York 17, N.Y." That is yours: is it not?

Mr. HYNES. Yes, sir.

The CHAIRMAN. Do you really mean this in this promotional program of yours:

Say what you choose to say about your station's delivery of the spendable dollar. * * * Then document it with a Trendex report.

Do you really mean that?

Mr. HYNES. I do not think it means it the way it sounds, but I certainly meant what it said.

The CHAIRMAN. I have read it word for word.

Mr. HYNES. I know you did, sir.

The CHAIRMAN. Maybe I am taking it out of context.

Mr. HYNES. No, you are not taking it out of context.

The CHAIRMAN. If I am, I want you to correct it.

Mr. HYNES. No, sir; you are not taking it out of context. But you have just complained about the ads that are run, and so many of them are run on nothing, that what we are saying here is, if they must say something about their station, first prove it with a survey that shows whether they have this type of audience or not. At least this is the idea we had when we wrote this, sir.

The CHAIRMAN. But what you say here, you can just say anything you want to about your station.

Mr. HYNES. That is the last thing in the world I meant.

The CHAIRMAN. "And then we will prove it for you."

Mr. HYNES. That is the last thing I meant.

The CHAIRMAN. That is the way I read it.

Mr. HYNES. Yes, sir; and I can understand how you do read it that way, but that is not what we meant when we said it.

The CHAIRMAN. So there will be no misinformation on it, at the top of this, it says—

Your station's delivery of; the family shopper-listener. The listener by age, sex, and income, the listener adult enough to be sold, sensitive enough to be motivated, and, more importantly, with the capacity to buy.

Now, that is in the right-hand corner at the top of this promotion information, and then on the lower right-hand side, I quote again:

Say what you choose to say about your station's delivery of "the spendable dollar." * * * Then document it with a Trendex report.

I know there are statements made in advertising schemes, promotions, and all. You can for this record explain that further, if you want to.

Mr. HYNES. I do not think you can say much about it except this:

That I do not think you will find any research firm in the business that has any more unhappy clients because they did not get what they thought they were going to get than Trendex does, and I mean that in the sense of high ratings, when they think they are going to get high ratings.

I cannot explain that any other way than the way you read it, sir, but the way we meant it was to document whatever advertising they were going to do.

The CHAIRMAN. Well, we will let it speak for itself. The staff asked you this morning about their visit with you and their work, so

far as your own activities are concerned, in connection with the investigation. I hope that it was satisfactory from your standpoint.

Mr. HYNES. The staff could not have been nicer. They were very pleasant.

The CHAIRMAN. I am glad to hear that, and I hope there was cooperation all the way around. You feel that way, and I think the staff felt that way about it.

Were you visited by anyone from the Federal Trade Commission?

Mr. HYNES. Yes; I was. They spent 2 or 3 weeks in my office and then took material to Washington.

The CHAIRMAN. In other words, they have gone into your activities, too?

Mr. HYNES. Yes, sir.

The CHAIRMAN. Both in New York and in Connecticut?

Mr. HYNES. No. We worked entirely in New York at the time the Federal Trade Commission was investigating.

Mr. ROGERS of Florida. Will the gentleman yield?

The CHAIRMAN. Yes.

Mr. ROGERS of Florida. When was that, approximately?

Mr. HYNES. It seems to me, sir, that it was about a year ago last spring, I would think.

Mr. ROGERS of Florida. Thank you.

The CHAIRMAN. You would say, then, 2 years ago?

Mr. HYNES. Just about. It is a little more spring here than it is in Connecticut, though.

The CHAIRMAN. Anything further?

Mr. Hynes, let me thank you very much for your appearance here today, your testimony to the committee, and your cooperation in relation to this investigation.

Mr. HYNES. Thank you, sir.

The CHAIRMAN. At this time I believe we will have Dr. Herbert Arkin, consultant, to comment on certain of the data that has been presented.

Doctor, will you be sworn?

Do you solemnly swear the testimony you give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ARKIN. I do.

The CHAIRMAN. Have a seat.

Will you state your name for the record, please, sir?

TESTIMONY OF HERBERT ARKIN, CONSULTANT

Mr. ARKIN. My name is Herbert Arkin.

The CHAIRMAN. And your address?

Mr. ARKIN. My address is 215 Birch Drive, Roslyn, N. Y.

The CHAIRMAN. What is your occupation or profession?

Mr. ARKIN. I am a professor of business statistics at the City College of New York.

The CHAIRMAN. You have been asked by the committee, and have agreed, to serve the committee during these hearings as a consultant, have you not?

Mr. ARKIN. Yes, sir.

The CHAIRMAN. Will you give some of your experience, training, education, and background for the record, Dr. Arkin?

Mr. ARKIN. I am a Ph. D., M.B.A., and A.B.S.S.; Ph. D. from Columbia University; and the head of the division of business statistics at the City College of New York.

I have been consultant to a considerable number of business organizations, have served as expert witness for the Government upon occasion, and for several corporations.

I have written a number of books and many articles and given many talks in this field.

I am a member of the American Statistical Association, and I am on their committee on sampling and accounting. I am a senior member of the American Society for Quality Control and a member of the Institute for Mathematical Statistics.

I believe you have a complete résumé of my writings and other materials before you.

The CHAIRMAN. Yes, and I would observe you have done considerable lecturing.

Mr. ARKIN. Yes, sir.

The CHAIRMAN. Mr. Richardson?

Mr. RICHARDSON. Thank you, Mr. Chairman.

Dr. Arkin, should "don't answers" be included in a sample, if you are using a telephone method of contacting homes?

Mr. ARKIN. The purpose of stating a sample size is to provide information on the reliability of a sample. Obviously, any items, telephone calls, diaries, or whatnot, which do not contribute any information to such a sample, have no place in the sample counts.

For instance, if you count the number of dialings made as a sample size, you include refusals, busy signals, and other noncontact reasons as part of your sample. Actually, there is no more defense of that than there is for including in the sample size the number of calls you intended to make, but never made, or, for that matter, including the rest of the population of the city in the sample.

The only thing that you can count as a sampling unit is the item which is measured.

Mr. RICHARDSON. Thank you, Doctor.

The listed number of completed calls in the Trendex survey, which we just had before the subcommittee, was 962 completed calls. Mr. Hynes, president of Trendex, stated that his sample size was over 1,900.

Which one of these figures would you consider is the sample size which should be used for this survey?

Mr. ARKIN. I would presume the 962 completed calls, providing that all supplied information, would be counted as the sample size, and not the number of attempted contacts.

Mr. RICHARDSON. You have heard stated here this afternoon the different sample sizes used for the breakouts made by Trendex in its qualitative report. These sample sizes are expressed on page 3 of the memorandum and agreed to by Mr. Hynes.

They varied from a minimum of 6 on up to a high of 329. How accurate would breakouts from even the highest sample here be, if the measurement was for eight radio stations in this market?

Mr. ARKIN. The reliability of the result of any sampling operation is a function almost entirely of the sample size, with some small con-

sideration of the universe size where the sample is large in comparison with the universe, but separate calculation would have to be done for each one of these.

However, we might take the first one as an example, with the income category of \$15,000 and over, which was subsequently broken down among the several stations which were indicated as a favorite station.

Statistically speaking, to compute the sampling error of this thing requires special acts because normal sampling tables do not go that low. If you actually compute the sampling error involving the usual formula, assuming that one station received approximately 20 percent of the selections, actually it would have to be 17 percent, since there are only six, the sampling error would be approximately plus or minus 30 percent. In other words, you could not tell anything about the results whatsoever.

In each of the other cases the sample variation would be equivalently quite large, but there are even further limitations.

If you choose a sample size of six from the eight categories, you automatically provide that certain stations must have no limitation at all.

In addition to that, you automatically fix the possible percentages to multiples of 16 percent. They cannot be anything less. So that a sample of six provides, a statistician would say, provides no information of any kind whatsoever for the attributes of this type.

Mr. RICHARDSON. Have you looked over the entire memorandum that the staff made of the tabulation and related materials of the report for Charlotte, N.C.?

Mr. ARKIN. Yes, I have examined the report and the subsidiary materials.

Mr. RICHARDSON. The last thing I stated, or at least stated it someplace in this memorandum, is that information gathered from such sample sizes as low as six are worthless. What would your opinion be on that?

Mr. ARKIN. I would agree with that.

Mr. RICHARDSON. Most of the information supplied in this Charlotte, N.C., report certainly would not be statistically reliable to any extent at all?

Mr. ARKIN. Well, some of the larger sample sizes would provide an indication. It would be a very broad sampling error. I suppose some people might conceivably be happy with the tremendous sampling error that would result in those cases. For instance, a sample size of 292 provides only a broad indication of what the actual rating or quantity is.

But, obviously, those that fall well below 100 are completely out of the question, so far as being useful is concerned.

Mr. RICHARDSON. Dr. Arkin, it was stated this morning by Mr. Sindlinger—and I will just mention this here, because it was not in this report—that a sample size should be stated for every statistic or breakdown made in a report.

Now, Mr. Hynes, in his report, has stated that it is fine if he just puts the number that were in the total originally. Do you have any opinion on this?

Mr. ARKIN. Well, considering the advertising that has been presented here and the representations that have been made by many

individuals, that decisions on programing and advertising are made on, perhaps, even fractions of a percent or 1 or 2 percent, it would seem obvious that it is absolutely essential that some indication be given of the sample size, so that you can figure out what the sampling error is.

Of course, as has been pointed out, it is always possible to calculate these things backwards and find the sample size. But I doubt that very many people would undertake an effort like that. It is quite a bit of work.

Mr. RICHARDSON. Have you studied the other reports that have been submitted for the record?

Mr. ARKIN. Yes.

Mr. RICHARDSON. Would you have any comments at this time, since we now have you on the stand, to make in relation to these other reports?

The CHAIRMAN. Just what other reports do you have in mind?

Mr. RICHARDSON. Hooper, ARB and Sindlinger.

The CHAIRMAN. You mean reports that have been included in this record of other companies who identified the reports and agreed to their accuracy?

Mr. RICHARDSON. Yes, Mr. Chairman.

The CHAIRMAN. That is what you have in mind when you say you have reviewed the other reports?

Mr. ARKIN. That is correct, sir.

The CHAIRMAN. Very well.

Mr. ARKIN. There are two basic problems in commenting upon these reports that confront anybody who tries to make a measurement of the type that is being encountered here.

The first of these is the sampling problem, the problem of obtaining a correct sample, so that its sampling error can be predicted. But a sampling operation serves as nothing more or less than a device for determining what would have happened, or projecting what would have happened, had one examined the entire population and not a portion of it. So there is a secondary problem that exists here, and that secondary problem is the accuracy of measurement.

If you asked everybody in the population and did not ask them properly or did not elicit the proper information, it is perfectly obvious that, no matter how good your sample is, the results will not be entirely adequate.

Now, in the various cases we have had here, all the services thus far have attempted to use a probability sample. They have attempted to make use of sound statistical techniques. And, by and large, I would say most of them have approached it fairly well. It would appear that in some of the previous cases we have a similar overstatement of sample size; in other words, the inclusion of refusals, busy signals, and other devices in the operation, too.

Mr. RICHARDSON. Would this have been in relation to the Hooper Co., Doctor?

Mr. ARKIN. Yes, that is correct, and, in addition, there is certainly a considerable question as to the possibility of measuring accurately by several of the methods that have been propounded.

That is a general statement that I may make.

Mr. RICHARDSON. This may be a question of fact, but I will ask it of you, Doctor.

One of the companies the other day stated that they produced a report with one interviewer making 1,800 completed calls on 14 hours of interviewing. This would have been 180 completed calls an hour.

Would you have any opinion on whether or not that is possible?

Mr. ARKIN. I doubt if I could dial that many calls, let alone make the interviews, in that time.

Mr. RICHARDSON. Those are the questions of the staff, Mr. Chairman.

The CHAIRMAN. Any further questions?

Mr. MOSS. Not at this time, Mr. Chairman.

The CHAIRMAN. Doctor, thank you very much.

This concludes the hearings for today. On Monday, next, at 10 o'clock, we will meet, at which time we will have a number of witnesses during the day from various places throughout the country, and they will not be of the rating services. They will be individuals from broadcasting stations, companies, and performers.

The committee will adjourn until 10 o'clock, Monday morning.

(Whereupon, at 3:45 p.m., the committee adjourned, to reconvene at 10 a.m., Monday, March 18, 1963.)

(NOTE.—Hearing held on Mar. 18, 1963, was printed in part 1 of these hearings.)

BROADCAST RATINGS

TUESDAY, MARCH 19, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 2 p.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

This afternoon we resume hearings on the rating question in the broadcast industry.

The witness will be Dr. Sydney Roslow, of Pulse, Inc.

Are you Dr. Roslow?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. Will you please be sworn, Doctor?

Do you solemnly swear that the testimony that you will give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROSLOW. I do.

TESTIMONY OF SYDNEY ROSLOW, PRESIDENT, THE PULSE, INC.:
ACCOMPANIED BY GEORGE STERNBERG, DIRECTOR OF SALES;
ALSO ACCOMPANIED BY HARRY M. PLOTKIN, ATTORNEY AT LAW

The CHAIRMAN. Have a seat.

Doctor, will you first identify yourself for the record and give the committee some information about your company and its purposes, objectives, and activities?

Mr. ROSLOW. Sir, I have a prepared statement. May I read it?

The CHAIRMAN. Does the statement include this information that I have asked for?

Mr. ROSLOW. Yes, it does.

The CHAIRMAN. I observe that you have counsel with you, whom you may identify for the record at this time.

Mr. ROSLOW. Counsel is Mr. Harry M. Plotkin.

The CHAIRMAN. And, of course, Mr. Plotkin is a Washington attorney.

Will you give your address, Mr. Plotkin?

Mr. PLOTKIN. Yes. My firm is Arent, Fox, Kintner, Plotkin & Kahn, and we are located at 1815 H Street NW., Washington, D.C.

The CHAIRMAN. Now, Doctor, I am advised that you have a number of your associates with you. Would you want any of them to testify or will you do the talking?

Mr. ROSLOW. Unless the committee requests, I would do the talking.

The CHAIRMAN. Pardon?

Mr. ROSLOW. Unless the committee requests any of my colleagues.

The CHAIRMAN. The staff advises me that they would like to ask questions of Mr. Sternberg. Do you have a Mr. Sternberg associated with you?

Mr. ROSLOW. Yes, I do. He is here.

The CHAIRMAN. Well, the staff advises me that there will be some things that come up that they think perhaps he will comment on.

If that is agreeable I think we might as well have him sworn now and he can take a seat—

Mr. ROSLOW. Yes, that is agreeable.

The CHAIRMAN. Do you solemnly swear that the testimony you give to the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STERNBERG. I do.

The CHAIRMAN. You know, you may take this chair over here if you like, and in order that the record may be complete, Mr. Sternberg, you can identify yourself.

Mr. STERNBERG. My name is George Sternberg.

Anything else, sir?

The CHAIRMAN. Well, you may state with whom you are associated.

Mr. STERNBERG. I am associated with Pulse, Inc., at 730 Fifth Avenue, New York.

The CHAIRMAN. What is your capacity?

Mr. STERNBERG. As director of sales.

The CHAIRMAN. Director of the staff?

Mr. STERNBERG. Of sales, sir.

The CHAIRMAN. Director of sales of your company?

Mr. STERNBERG. Yes, sir.

The CHAIRMAN. Dr. Roslow, you have a statement you wish to present?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. ROSLOW. My name is Sydney Roslow.

I am president of The Pulse, Inc., a market and audience research organization, 730 Fifth Avenue, New York, N.Y. I founded this company in 1941. For more than 2 years, I was in public opinion research with the U.S. Department of Agriculture, in their Program Survey Division. I was also engaged in market research as an employee of the Psychological Corp. for approximately 10 years.

I received my Ph. D. in psychology from New York University in 1935. May I refer you to the appendix for additional biographic data including organization memberships and publications.

And now I would like to tell you what we do at Pulse.

Approximately 90 percent of our work consists of broadcast audience research. Some of our audience research is of a quantitative nature, that is intended to show numbers of listeners. Some of our audience research is of a qualitative nature, that is intended to show kinds of people in the audience, by age, by education, by income, by interest in various product categories, and so on. Qualitative research is occupying ever-increasing amounts of our time and effort,

as more decisionmakers in the broadcasting industries—advertisers, agencies, networks and stations seek information in depth about listeners and viewers—beyond the limits of program and station selection alone.

We also conduct market research business, in addition to broadcast audience quantification and qualification. Companies come to us and ask us to determine answers to specific marketing questions about products, habits, likes, dislikes, needs, uses, reaction to advertising themes, et cetera. On the basis of the same sampling, interviewing, tabulating, validation and supervision, we use in our audience research these companies in conjunction with other factors, make marketing decisions.

We now survey from 1 time to 10 times each year in about 250 radio markets. At this date we have on our subscription lists for these reports 150 advertising agencies, responsible for the advertising investments of corporations of all sizes. These are companies whose personnel have an intense interest in getting for their clients the most of what they're seeking for the dollar invested. Many of them have statistical experts whose job it is to examine various research companies and their offerings, and to determine which in their expert judgment best serves the business purposes intended.

Also among our subscribers are approximately 650 radio stations, who utilize our reports in two ways—as a help in determining popular acceptance of their services, and as a help to them in selling time.

In addition to these studies referred to earlier, we are from time to time called upon to conduct special studies, such as audience patterns in a larger area, conforming to that station's coverage contour; or we may be called upon by a broadcaster to conduct a qualitative study of the radio audience in a market; that is, a determination of the makeup of the audience of each station. Very often, as you can imagine, a station, while not enjoying numerical superiority, may be quite superior in one or more given categories, such as income or education or age groups, and so on.

A list of our activities in the field of audience research follows: Audience measurement in radio and television. Cumulative data reports; foreign language and ethnic group studies; FM surveys; qualitative study of radio and television station audience; our television audience profiles, a marketing study which analyzes network television programs in terms of many product-use and socioeconomic characteristics.

Now that I have told you what we do, you are no doubt interested in the way we do it.

Our interviewers go from door to door in preselected neighborhoods. There are two kinds of timing involved. Part of their interviewing is coincidental, that is, it deals with what is taking place now. Between the hours of 9 a.m. and 8 p.m., they ask about listening at the time of the interview as well as listening of 15 minutes prior to the interview. The coincidental interviews account for 20–25 percent of our sample for determining ratings. The other 75 percent to 80 percent is accounted for by roster reconstruction interviewing. This interviewing deals with listening which took place 6 a.m. to 6 p.m. of the same day; as well as 6 p.m. to midnight the night before. We conduct it after 6 p.m. so we can account not

only for the man in the house, but for his (perhaps) working wife, as well as the children.

The roster is a schedule of AM radio programs by quarter hours. In the roster method, an important step is determining when the radio sets were on. To obtain this information our interviewers are instructed to utilize what we call a time line association technique. For example, the interviewer asks if any radio sets were on between 9 and 10, between 10 and 11, between 11 and 12 this morning. Respondents may be reminded of the ordinary household activities which go on during these hours. For example, "just after breakfast time," "when the family awakened," et cetera.

For determining automobile and other out-of-home listening, the time line activities used refer to the typical out-of-home situation, such as, "when the members of the family returned home," "use of car," et cetera.

The purpose of these questions is to enable the family members to construct and review their activities during the preceding hours of the survey. They can associate their activities with radio listening, their availability to and their use of the radio while they were engaged in these activities. The interviewer obtains time estimates which define the limits of any radio listening. After the time of radio listening has been determined, the interviewer is instructed to invite the listener to look at the roster of programs.

The three-way guide on the roster—station, quarter-hour and program name—are used in identifying what was heard during the time the radio set was on. Naturally, in coincidental interviews, in interviews where no listening has taken place, and in interviews where the respondent refuses to look at the roster, the roster is not seen by the respondent.

Now, what of our sample?

The basic sample for our broadcast audience research is obtained by using an area cluster design. Let us take Washington, D.C., for example.

The sample for the November–December 1962 study was 3,330 roster-reconstruction interviews, 1,485 not-at-home contacts—unoccupied homes—and 1,291 house-to-house coincidental interviews. The coincidental interview utilizes the paired coincidental technique so that listening data are obtained for the moment of the interview and for 15 minutes ago. This sample was distributed among 49 separate clusters.

Here is how we select our sample: The households to be interviewed are selected by a statistical process. The primary sampling points are blocks systematically selected from census housing statistics—when available—with due weight ascribed to population differences. Interviewers are sent to the selected blocks.

The sampling points are selected by a twofold division. First, a town is selected with due emphasis on population. Second, a block is selected from block statistics for that town, if available, or from geographic maps. The selected block is used as a starting point.

Now, what about the ratings themselves?

Two columns of figures are generally used in reporting the size of the audience. The first column, "Ratings," gives the average

quarter-hour rating for each station which is the station's percentage of all radio homes interviewed. The second column, "Share," translates the rating into a percentage of total listening audience.

Ratings are shown in tents in order to differentiate these measurements from shares which are shown in whole percentage points. Errors in measurement cannot be computed for these measurements because the standard error formulas usually employed refer to a true probability sample. The usual standard error formulas are not applicable for these measurements.

I believe it would be of interest to point out that audiences to independent or nonduplicated FM broadcasting stations are not processed in these audience reports. Audiences to simulcasting AM-FM stations are credited to the AM station regardless of the band listened to. We do special FM audience surveys when ordered.

I would like at this time to underscore a very important distinction between that which is the function of broadcast audience rating services and that which is not.

Rating measurements are just that—measurements. They are not evaluations of the content of the broadcast day, nor are they praise. They are comments on the worthwhileness of what is broadcast or not broadcast. They are not an expression of anyone's wishes for more of or less of this or that type of programming. They are simply reports of what happened in a given period. Thus, rating services and the reports they publish are not diagnoses—if you will permit a medical metaphor—rather they are the taking of the temperature, the feeling of the pulse, no pun intended. As such, they give a businessman one of the tools he needs to help him know the value of what he is thinking of buying. As such, they constitute a necessary service to the world of business enterprises.

To the extent that business has access to tools which bring continuous refinement and sophistication to their purchases of broadcast time, they are enabled to carry out their role in America's economic growth processes with a maximum of efficiency, a maximum of productivity, a minimum of waste.

May I have the committee's permission to read a supplemental statement. Earlier this morning I supplied the committee with copies of this statement.

I request the committee's indulgence with respect to this additional statement because after my original statement was prepared and filed with your committee, Mr. Murray Woroner, station manager of station WAME, Miami, Fla., appeared here and testified concerning a Pulse survey that was conducted in the Miami area in October–November 1962. His testimony is incorrect in many important respects. In order to set the record straight, I am setting forth here in detail the facts and circumstances surrounding the October–November 1962 survey in Miami.

Miami is one of the markets which Pulse surveys on a regular basis. These surveys are conducted three times a year, the first in February–March, the second in June–July, and the third in October–November. It has been well known in the industry that surveys are conducted by Pulse in the Miami market during the periods indicated. WAME, as a regular subscriber at that time, certainly was familiar with that practice.

In September 1962, about 3 weeks before the survey began, we sent a form letter to all radio stations in Miami—in accordance with our usual custom—advising them that the survey would be conducted during October–November. The letter was sent to all Miami radio stations, nonsubscribers as well as subscribers. The purpose of this letter was to request the cooperation of the stations in receiving their program schedules so that they might be listed in the roster. Ten days later—again, in accordance with our practice—we sent a follow-up letter to all stations, nonsubscribers as well as subscribers, which had not complied with our first request for program information.

In mid-September work started in our New York office to construct the mechanics and details of the survey. Forgive me for being so technical, but since our methods and indeed probity have been challenged, I want to tell you in substantial detail how the work was done.

The geographical area to be surveyed was Dade County. This is the standard metropolitan area as defined by the Bureau of the Census.

First, the total number of interviewer days had to be determined. This is a judgment factor, depending upon the size of the community, the number of stations in the market, the number of subscribers, and so forth. For Dade County as a whole we decided upon a total of 140 interviewer days.

Second, we had to determine how many of these days should be in Miami and how many in the balance of the county. This was done by utilizing the latest figures in sales management (1962) showing the number of households in Miami compared with the number of households in the rest of the county. This publication disclosed that there are 334,000 households in Dade County of which approximately 34 percent are in Miami and 66 percent in the balance of the county. On the basis of this ratio, we assigned 48 interviewer days (34 percent of 140) to Miami (24 in October and 24 in November) and 92 to the rest of the county (46 in October and 46 in November).

Third, a determination had to be made as to how many different interview points should be utilized. Based upon our experience, we decided that a fair representation would be achieved by utilizing 20 interview points in Miami (10 for October and 10 for November) and 40 in the rest of the county (20 in October and 20 in November). A certain number of interview points were assigned 2 interviewer days each and others 3 interviewer days each.

Fourth, we had to select the particular locations where the interviews were to take place. Two different methods were used, one in Miami and another in the remainder of the county. Within Miami itself each block is numbered in a publication issued by the Bureau of the Census entitled "United States Census II-E Series" which lists the number of dwelling units in each block. The total dwelling units for all Miami according to the 1960 census is 120,069. This was divided by 10 (the number of interview points for each month) and we arrived at the quotient of 12,007. A random number between 1 and 12,007 was thereafter selected from a book containing a list of random numbers. For October the figure was 2,112

and for November 6,219. The block containing that accumulated total of dwelling units was the starting block. The second sample point was that number plus 12,007. The third was that number plus 12,007 times 2, and so forth.

Outside of Miami a different system was employed. The 1960 census (PCA-1) lists the various communities and the population residing therein. The total for Dade County (excluding Miami) is 643,359 persons. This figure was divided by 20 (the number of interview points per month) and we arrived at the figure of 32,168. Again, we took a random number from 1 to 32,168 as our start. In October the figure was 5,093, and in November it was 16,214. The community containing that accumulated total of population was the starting point. Successive 32,168's were added to get successive sampling points. The specific communities as determined by the sequence listed by the Bureau of the Census were counted off against these numbers. For example, in November:

Community:	Count	Community—Continued	Count
Allapatah.....	16, 214	Hialeah.....	112, 718
Coral Gables.....	48, 382	Homestead.....	144, 886
Hialeah.....	80, 550		

Once the community was thus determined a map of that community was examined and locations were picked by our New York staff for interviewing.

Since Miami is an important Negro market, it was important that a representative proportion of the respondents interviewed be Negroes. In Dade County Negro households account for 11½ percent of the total population. In Miami our selection of blocks resulted in seven interviewer days that were in predominantly Negro blocks—as shown by the census material. In the balance of the county nine interviewer days were assigned to predominantly Negro locations. Since there are 65,000 Negroes in Miami and 72,000 in the remainder of the county, this was deemed to be a fair distribution.

As a result of the above technique the following sample of communities was obtained for assignment:

	Number	Percent		Number	Percent
Coral Gables.....	8	5.71	North Miami Beach.....	4	2.86
Miami Beach.....	9	6.43	Carol.....	5	3.57
Miami Shores.....	6	4.29	Opa-Locka.....	4	2.86
Biscayne Park.....	2	1.43	Naranja.....	2	1.43
Surfside.....	2	1.43	South Miami.....	5	3.57
West Miami.....	6	4.29	Allapatah.....	2	1.43
Bay Harbour Islands.....	3	2.14	Richmond Heights.....	3	2.14
Miami Springs.....	2	1.43	North Miami.....	2	1.43
Cutler Ridge.....	2	1.43	Goulds.....	2	1.43
Florida City.....	3	2.14	Miami.....	48	34.29
Hialeah.....	11	7.86			
Perrine.....	5	3.57			
Homestead.....	4	2.86	Total.....	140	100

Detailed instructions for the conduct of this survey were then sent to the Miami supervisor. The completed questionnaires concerning these interviews were thereafter mailed back to New York for analysis.

The table below sets forth the number of interviewer days received compared with those assigned :

	Assigned		Received	
	Number	Percent	Number	Percent
Coral Gables.....	8	5.71	3	2.30
Miami Beach.....	9	6.43	9	6.89
Miami Shores.....	6	4.29	6	3.06
Biscayne Park.....	2	1.43	3	2.30
Surfside.....	2	1.43
West Miami.....	6	4.29	6	4.59
Bay Harbour Islands.....	3	2.14	3	2.30
Miami Springs.....	2	1.43	1	0.77
Cutler Ridge.....	2	1.43	2	1.53
Florida City.....	3	2.14	4	3.06
Hialeah.....	11	7.85	11	8.42
Perrine.....	5	3.57	5	3.83
Homestead.....	4	2.86	4	3.06
North Miami Beach.....	4	2.86	5	3.83
Carol.....	5	3.57	3	2.30
Opa-Locka.....	4	2.86	4	3.06
Naranja.....	2	1.43	2	1.53
South Miami.....	5	3.57	3	2.30
Allapah.....	2	1.43	2	1.53
Richmond Heights.....	3	2.14	0
North Miami.....	2	1.43	2	1.53
Goulds.....	2	1.43	2	1.53
Miami.....	48	34.29	52	39.79
Total.....	140	100	132	100

In my opinion the above is a very good correlation between assigned and received.

Following the receipt of the questionnaires, we sent out postcards to a number of respondents to ascertain whether in fact interviewing had been done. This is our usual practice. A total of 210 postcards were sent out and we received a reply from 70. In every single case the 70 people reported that they had in fact been interviewed.

Following the receipt of this information the report was prepared and published. On the first page of the report is set forth a description of the selection of the sample as follows:

This study covers the Miami, Fla., metropolitan area. There are 310,600 radio families in this area. Interviewing was conducted in Dade County.

The sample design for this survey required interviewing in a number of communities which have ordinances controlling or restricting soliciting. In the case of communities where the assignment of days is not completed, two techniques are utilized: (1) Substitution of a similar community, or (2) weighting of the interviews to the proper proportion.

A total of 30 days of interviewing was conducted in the following communities: Bay Harbour Island, Biscayne Park, Coral Gables, Miami Shores, Miami Springs, Miami Beach, and West Miami. This amounts to 23 percent of the total sample for this report.

Following the publication of the report, we received complaints from Mr. Woroner concerning our sample. He was particularly insistent concerning our ability to make surveys in Coral Gables, Miami Beach, Miami Shores, Biscayne Park, West Miami, Bay Harbour Islands, and Miami Springs since they have antisolicitation ordinances. I assured Mr. Woroner that we had in fact made those surveys, but he would not be convinced.

In order to further reassure ourselves I decided to send out another postcard to respondents in these seven communities. We

did this approximately 3 to 4 months after the survey was taken. What we did is to locate on a map any respondent who to our knowledge lived in any one of the 7 communities. We were able to spot 468 such respondents and we sent out postcards to all 468. Up to the present time we have received back 130 postcards. Out of this number 124 responded that they had been interviewed, 4 claimed that they had not been interviewed, and 2 cards were returned by the post office with the notation that there was no such address. Set forth below is a table giving by community the number of postcards sent out and the number returned:

Community	Number sent out	Number returned	Community	Number sent out	Number returned
Coral Gables.....	49	19	Bay Harbour Islands.....	80	17
Miami Beach.....	164	42	Miami Springs.....	10	5
Miami Shores.....	101	30			
Biscayne Park.....	36	9	Total.....	468	130
West Miami.....	28	8			

Considering the fact that we were attempting to check 3 or 4 months after the initial surveying took place, I believe that we received an excellent response to our mailing and confirmation of the fact that the interviewing was conducted in these seven communities. I have the 468 questionnaires and postcards available here and would be pleased to make them available to your staff for their study and to answer any further questions that they may have concerning this matter.

There is one additional matter that I desire to call to your attention. Mr. Woroner in his testimony (transcript 675) indicated that in September 1962 he—

had uncovered certain facts which indicated that The Pulse, Inc., might be having some difficulty in conducting door-to-door surveys in Dade County, Fla.

Mr. Woroner implies that we were trying to conceal the difficulties with respect to these communities. Quite the contrary; in the first place, in August 1962 I wrote to station WVCG in Coral Gables, Fla., pointing out that these ordinances were on the book and requesting assistance with respect thereto. The reason for this letter and subsequent letters of the same kind is that while we have been able to survey with these ordinances on the book, we believe that these ordinances are undesirable and have, therefore, asked the cooperation of Miami broadcasters to see what they can do about the situation.

In the second place, our report itself called attention to the anti-soliciting ordinances and communities involved.

In the third place, I have repeatedly offered to Mr. Woroner to prove to him that we had in fact done the interviewing as claimed. He has not taken advantage of this offer.

In the fourth place, Mr. Woroner seems to imply that his difficulties with the rating service started after he changed from rock and roll to a different format. I do not believe that the facts will bear this out. I am attaching hereto two charts which show the rating record of WAME compared with WFUN.

Those are two charts at the end of this material. I would like them inserted into the record, sir.

The CHAIRMAN. Well, I want to look at them first.

Mr. ROSLOW. Yes, sir.

WAME, a daytime-only station, for a long time had the rock-and-roll field largely to itself. Subsequently, it was challenged by WFUN, a full-time station. The disastrous effect is shown in the charts. When WFUN as a full-time station started rock and roll, WAME plummeted in the ratings. The change in WAME programming came many months after it had seen the results of its poor showing as against WFUN in the rock-and-roll department.

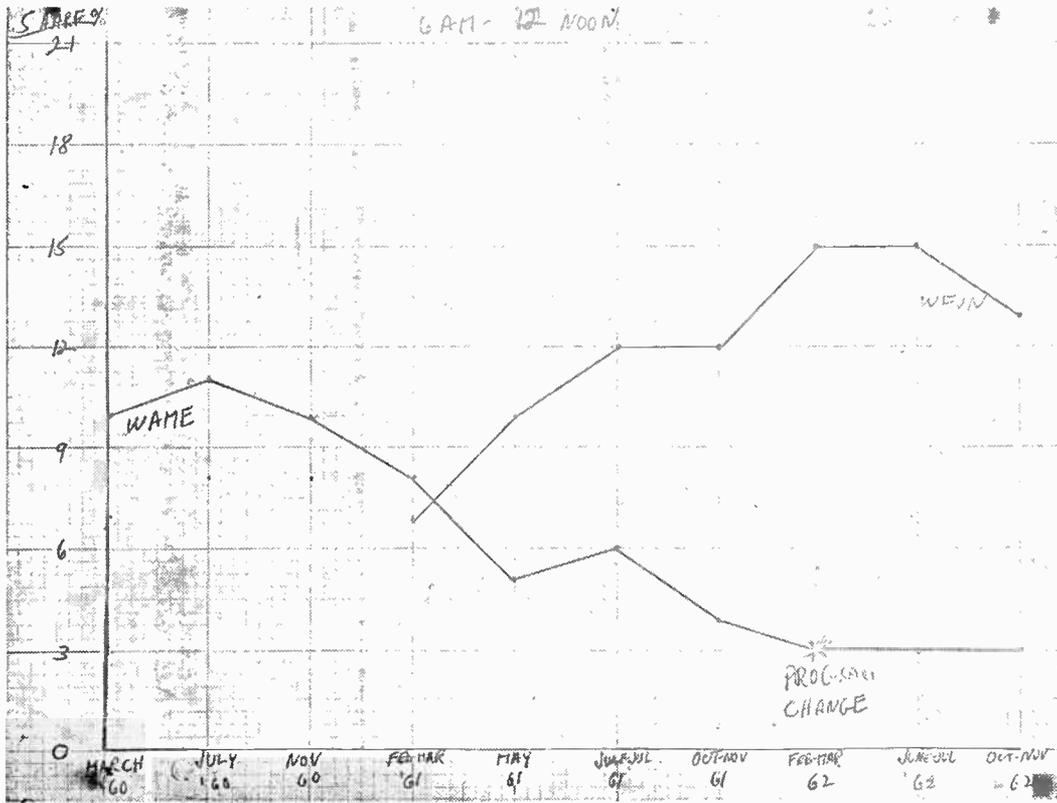
Finally, I would like to add a personal word. When I wrote to Mr. Woroner offering to prove the truth of our interviewing in Miami, I sent a copy to your committee's staff. I believe your staff will corroborate my statement that Pulse, Inc., has been 100 percent cooperative with the members of your staff in supplying all information requested of it. I recognize that your committee has an important role to perform in connection with rating services and that the methods utilized must be governed by the needs of your committee. However, I do submit that where testimony is about to be offered by a person which can damage the reputation of a reputable business, consideration of equity would dictate that the committee staff inquire of the company concerned to see what their side of the story is. This is particularly true in the case of a company like ours which acceded to every single request made by your committee. The business reputation of our company has been built up over long years by hard work. We do not claim that we do not make mistakes. However, we do attempt to do a conscientious job. We do not believe that unfounded charges should be spread on the public record before the business involved is given an opportunity to submit its point of view. Once a story is spread, denials take a long time catching up.

The CHAIRMAN. Doctor, the two charts that are referred to as exhibits to your supplement statement may be included at the end of that statement.

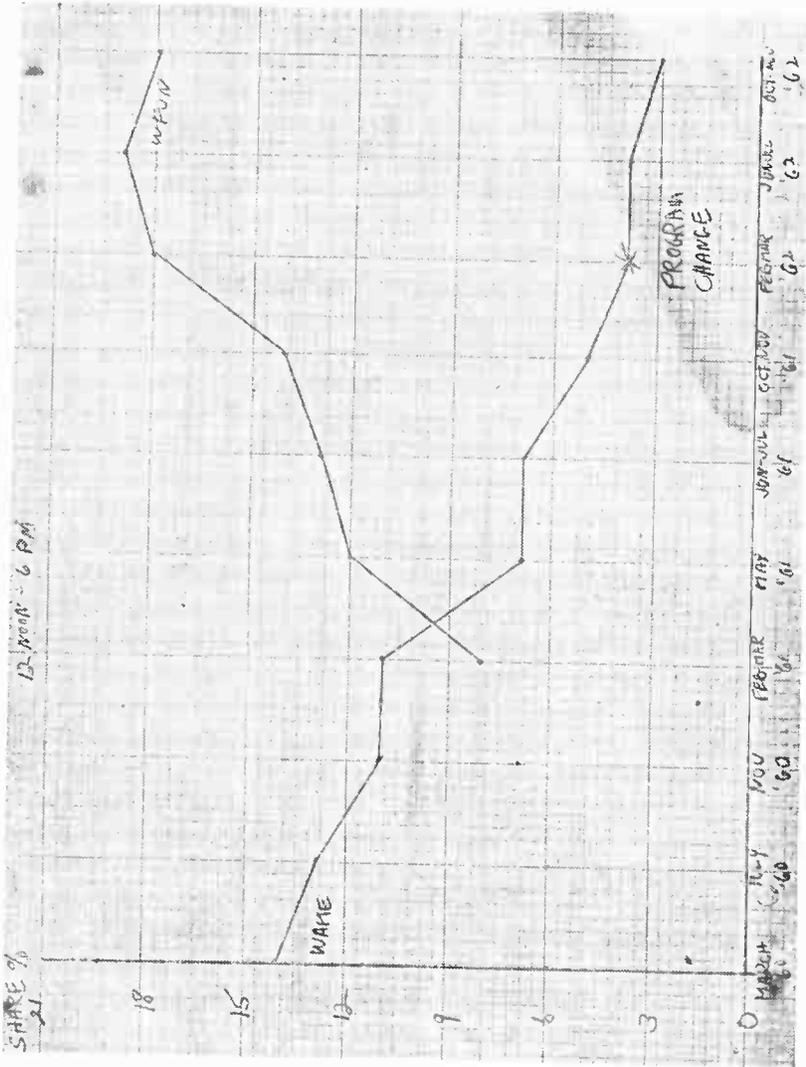
Mr. ROSLOW. Thank you.

The CHAIRMAN. That is, they may be included in the record as a part of your testimony.

(The charts referred to follow:)



BROADCAST RATINGS



WORLD TELEVISION

Mr. Roslow. May I impose further on your patience to permit me to comment on Mrs. Rabell's testimony of yesterday.

I was not at the hearing yesterday, but about midnight I did receive a copy of the transcript of the hearing. In the short period of time that has been available to me since receiving the transcript I have tried to pull together the salient facts. After I have completed these additional remarks, if you desire further information I will be happy to supply it.

There are two aspects of Mrs. Rabell's testimony as to which I should like to comment. First is our relationship to the FM industry and the nature of our reports in these areas. At the outset I should point out that a fundamental problem must be solved in measuring broadcast audiences by virtue of the fact that the time period being considered is divided between AM, FM, and television.

Obviously, a person watching television cannot at the same time be listening to AM and FM. It could be argued that theoretically the only effective rating or audience measurement survey would be one that undertook to divide the audience between AM, FM, and television. Indeed, in the early days of television, AM and television were lumped together in the same report. This was found to yield misleading results and the practice was soon discontinued.

I do not believe that anyone today would seriously argue that the AM survey should list the number of people watching television or that the television survey should list the number of people listening to AM radio. Each industry needs its own separate measurements.

With respect to AM-FM, the problem has been complicated by the fact that many FM stations duplicate the programs of their AM counterpart. With respect to these stations it has always been our practice to lump the duplicated FM station with the showing of the corresponding AM station.

So far as unduplicated FM stations are concerned, it was our general practice, until October 1961—insofar as San Diego is concerned—to list these stations in the "miscellaneous" category.

Let me digress for a moment and explain how the "miscellaneous" category works. In each market we set a minimum level for specific listing of stations. Stations falling below that figure are lumped together under "miscellaneous." Independent FM stations have invariably fallen below that minimum figure and have accordingly been included under "miscellaneous" along with many AM stations.

However, our practice for AM stations (and for FM stations until October 1961) has been to permit subscribers to have the figures listed individually even though they do not meet the minimum figures. I should point out that stations with a rating above the minimum figures are listed individually whether or not they are subscribers. Stations below the minimum figures are not listed individually unless they are subscribers.

Regarding FM ratings, I have for a long time urged the FM industry to adopt a rating survey which measured circulation rather than ratings. It is my opinion that such a measurement would be of more assistance to the industry than ratings. I have not been very successful in persuading the industry of this belief.

In January 1961 Pulse started a special FM survey with emphasis on circulation rather than the rating. I should point out paren-

thetically that this is the service that Mr. Rabell, as president of FM Broadcasters Association, was instrumental in promoting. Special FM rating surveys are also being conducted. Indeed, even at this late date Mr. Rabell is negotiating with our company for an FM survey in the San Diego market.

With the institution of the new FM survey we no longer reported FM stations in the AM report; however, we continued to include them in the "miscellaneous" category until October 1961. Beginning with October 1961 we have no longer included FM in any portion of the AM report. By the same token, AM stations are not reported at all in the FM survey. I should point out that we are now conducting on a regular basis semiannual surveys of the New York FM market. In other markets we do it on a special basis.

Mrs. Rabell has implied that Pulse is sabotaging the FM industry. There is no basis for any such charge. Our function is to provide measurement data for the use of the industry. We have found the FM problem a difficult one and even the FCC has not been able to resolve the FM problem. We are doing our conscientious best to provide a separate survey in the FM field because we believe such a survey is of maximum benefit to the FM industry.

Secondly, let me turn to the specific problems of the San Diego survey. Most of Mrs. Rabell's charges are based upon a statement of Mae Dutelle, an employee who, she says, terminated "her association with Pulse in the spring of 1962." (Tr. 1772.) However, what Mrs. Rabell did not tell you and perhaps what Mrs. Dutelle did not reveal to Mrs. Rabell is that Mrs. Dutelle did not voluntarily terminate her association with Pulse; she was discharged by Pulse in September 1961. In August or September 1961 we received an indication that Mrs. Dutelle was not performing her services in accordance with our instructions to her. Accordingly, we sent our regional supervisor from Los Angeles to investigate.

Her investigation revealed that Mrs. Dutelle in fact was derelict in the performance of her duties. Mrs. Dutelle was immediately relieved of her job. Other than the accusations of Mrs. Dutelle against her fellow employees imputing to them her faults, there is no basis for concluding that the other employees were in any way remiss in performing their duties.

Our experience with Mrs. Dutelle leads me to describe to you in some detail the nature of the supervision that we undertake with respect to our fieldwork. Permit me at the outset to state to you that this is the most difficult area of our operations. We realize that there is constantly room for improvement in this area. I can with earnestness tell you that our method of supervision is better today than it was a year ago and I am sure that a year from now it will be better than it is today.

We use two different methods to check up on our interviewers. The first is the sending out of postcards which we have already described in connection with the Miami survey. The second method is for the local supervisor to make periodic checks on the work of each interviewer. She selects respondents who had been interviewed—calls on them personally or by telephone and verifies the date and time of the contact. The following is the general validation procedure:

1. Was the interview made at approximately the time indicated?
2. Was the information accurate insofar as you can learn? Is the classifying data correct? Is the listening data verifiable?
3. Was the roster shown?
4. Were other members of the family asked for and invited to join in the interview?
5. Did the respondents listed join in the interview?
6. Did the interviewer record listening for absent members of the family when respondent members did not listen along with them?
7. Were any suggestions made as to station or program or discussion or survey details?

The supervisor then makes written evaluation of the work of each interview which is sent to New York.

Thank you for your courtesy. That concludes my statement.

The CHAIRMAN. Does that conclude your statement?

Mr. ROSLOW. Yes, sir. Thank you.

The CHAIRMAN. Mr. Richardson?

Mr. RICHARDSON. Thank you, Mr. Chairman.

Dr. Roslow, who owns station WFUN in Miami, Fla.?

Mr. ROSLOW. May I consult with one of my colleagues? I believe it is one of the Rounsaville stations.

Mr. RICHARDSON. How many markets do they subscribe to your surveys in?

Mr. ROSLOW. I don't believe I have the exact facts on that.

We do know that they own some Negro program stations, which would mean that, on the basis of some special surveys once or twice a year, we might be servicing those stations.

I am not sure whether they are subscribing on a regular basis.

Mr. RICHARDSON. How about WLOU in Louisville, Ky.?

Mr. ROSLOW. I think I can find out.

Mr. RICHARDSON. Doctor, you may provide that information for the record.

Mr. ROSLOW. The November 1962 survey, which would be the latest one, includes WLOU as a subscriber along with three other stations.

Mr. RICHARDSON. Well, as an example, in Louisville in 1961 the survey information the committee got from the interviewing sheets was that you sold WLOU and the Rounsaville stations both a Regular survey and a Negro survey.

Is that not correct, Doctor?

Mr. ROSLOW. I don't have that with me but I believe it is correct.

Mr. RICHARDSON. Do you have an Irene Lambie in your employ?

Mr. ROSLOW. Yes, I do.

Mr. RICHARDSON. Would you identify this letter?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. What is the date on the letter?

Mr. ROSLOW. September 18, 1962.

Mr. RICHARDSON. In this letter does it state that WLOU subscribed to both the Negro report and the Regular report from Louisville, Ky.?

Mr. ROSLOW. Yes, it does.

Mr. RICHARDSON. Dr. Roslow, in relation to some statements which you just made, concerning Mrs. Rabell's testimony, you stated that

it would be impossible for a person to be listening to television—watching it, and listening to AM and FM radio.

Is that not correct?

Mr. ROSLOW. I did say that.

Mr. RICHARDSON. Isn't it true that you don't even use a personal basis in your interviews?

So why was the statement important, Doctor? You use a household basis, do you not?

Mr. ROSLOW. That is correct, but we are reporting audience composition information on persons.

Mr. RICHARDSON. But, in relation to stations could someone in the household be listening to AM and could someone be listening to FM and someone else watching television?

Mr. ROSLOW. That's true in a household, but I can also tell you, in a baseball game, one could be watching baseball on television and listening to the sportscaster on radio.

So what I said, while it is true 99 percent of the time, there are going to be exceptions.

Mr. RICHARDSON. Doctor, you didn't send all the correspondence you had with Mr. Woroner to the subcommittee concerning this subject, did you?

You only sent us one letter. Is that correct?

Mr. ROSLOW. There was a second letter that went to all Miami stations, asking for their cooperation in soliciting—in obtaining permission from the communities for our interviewing.

That went to all stations.

I do not believe that went to the committee. I do not believe that that was pertinent to the situation.

Mr. RICHARDSON. Was not the letter dated the same date as the letter you sent us—

Mr. ROSLOW. It would be the same day or the very next day.

Mr. RICHARDSON. Doctor, do you still have the interviewing sheets for the Miami November report?

Mr. ROSLOW. I do not have all of the questionnaires, no, because the—

Mr. RICHARDSON. The interviewing sheets, Doctor.

Mr. ROSLOW. The interviewing sheets? The questionnaires, you mean?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. No, because, as we have explained to this committee before, the nonlistening questionnaires, where no listening is reported, is simply counted in and discarded because they give us no information.

By now the new survey has been coming in, February-March, and I do not believe that we would have—except for the questionable interviews which I salvaged last month, I am not sure whether we would have them.

I would look and see. I am not sure.

Mr. RICHARDSON. Then how could the subcommittee check them if you don't have them?

Mr. ROSLOW. Well, I think the issue that Mr. Woroner raised was the interviewing in seven selected communities, and I have almost all of those questionnaires, sir.

Mr. RICHARDSON. That were done in the field?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Would you provide all the interviewing sheets for the committee that you have for that specific report that have not been destroyed to this date?

Mr. ROSLOW. I can provide well over 500 or 600 questionnaires.

Mr. RICHARDSON. Would you also supply your sample execution and all related data to the committee?

Mr. ROSLOW. Yes, we will supply that to this committee.

Mr. RICHARDSON. Thank you, Doctor.

In your statement you said at page 5 that the errors of measurement in your reports cannot be computed for your ratings. Is that correct?

Mr. ROSLOW. Yes, sir, I said that.

Mr. RICHARDSON. But you would admit, since your measurements are based on a sample, that the resulting ratings are subject to a sampling error, wouldn't you?

Mr. ROSLOW. Why, of course.

Mr. RICHARDSON. Then how can a client or anyone determine what the reliability of your ratings are?

Mr. ROSLOW. I think this would come only in terms of judgment of observing the ratings periodically from report to report and relating known developments in the market to what our ratings would show.

For example, I can describe a situation which came up only recently in Birmingham. The early morning man—the No. 1 man—Leland Childs, on one of the radio stations, moved from one station to another.

I don't know the circumstances of his move. He had ratings in the range of 7 to 8 percent, perhaps.

When he moved to a new station the next report coming out on the new station he was on—I don't mean "new" in terms of it being a new station, but on the station that he had moved to, I believe, his ratings were down to around the 2 percent range.

Two months later, in the next survey that came up, his ratings had grown to about a 4 or 5, I believe.

And then 2 months following that, in another survey, his rating level had moved up to around 4 or 6.

It would look as if his audience, who lost him on the station they had originally been in the habit of listening to, were now finding him over the period of time.

He was a very popular—I don't know what you call him—disc jockey or MC or——

Mr. RICHARDSON. Doctor, then there is some error in your ratings?

Mr. ROSLOW. We have never denied, sir, that there were errors.

Mr. RICHARDSON. Well, since you cannot use normal statistical charts against your information, would you say that it is 60 percent accurate, 70 percent accurate, or what?

Mr. ROSLOW. Well, perhaps, the way to say that is, if we look at the same history where we survey frequently enough with successive reports and examine the same program structures on stations, where there aren't too many changes in programming structure, I think you will find that these ratings will fluctuate within a range of perhaps 20 or 30 percent.

I am not sure precisely, but I think it would give you some feeling of confidence that you have about the right level of audience.

I don't think you could ever ascribe any preciseness—

Mr. RICHARDSON. Well, then, somewhere within 20 to 30 percent?

Mr. ROSLOW. Well, I am not saying it is 20 to 30 percent accurate.

I am simply describing the kind of fluctuating situation one could observe.

Mr. RICHARDSON. Well, the reliability of your ratings then is a matter of judgment by the person using the ratings?

Mr. ROSLOW. Based on his experience as to what he knows of a market.

We don't know anything about a market, sitting in New York.

Mr. RICHARDSON. Doctor, in your broadcast audience measurement information, you will not allow a client to tabulate the results; will you?

Mr. ROSLOW. Let me say this, that we permit stations to look over the questionnaires in our office.

This has usually sufficed, although I can't say it has convinced a low-rated station that the survey is right.

The question is usually the areas surveyed, not the tabulation.

We have always surveyed a wrong sample, in the opinion of such a station. When we show them the sampling points the areas are always wrong.

We had too many inside the city or too many outside the city or too many in the northern part of town.

Needless to say, we are always charged with having too many in the poor part of town. Unfortunately, the Good Lord made more poor people than rich people.

Now, over our 20 years of business we have wrestled with the problem of what do we permit a disgruntled station to see of the questionnaires.

I have always felt a heavy load of responsibility and obligation to our other subscribers and to the respondents in the situations.

Over the years the pressure from stations has been heavy, and it seems increasingly heavy upon us.

Subscribers are competitively jealous of each other. They watch each other like a hawk.

If we permitted one to tabulate our questionnaires, the charges against us, from the others, would be quick and severe even after the report.

Where is our responsibility?

If one customer paid in full for the survey—

Mr. RICHARDSON. Doctor, could you shorten your answer?

It was to be an answer to a specific question.

Mr. ROSLOW. I am sorry, sir, but I think this is pertinent to any—

Mr. RICHARDSON. You just stated that you do let a subscriber look at the questionnaires, did you not?

Mr. ROSLOW. That is correct, yes.

Mr. RICHARDSON. Would you identify this letter?

Mr. ROSLOW. Yes, I will.

Mr. RICHARDSON. Please state the date and to whom it is—

Mr. ROSLOW. December 13. It is addressed to Mr. Richardson.

Mr. RICHARDSON. Who signed the letter?

Mr. ROSLOW. I signed it.

Mr. RICHARDSON. Will you read that paragraph?

Mr. ROSLOW (reading) :

We do not permit the subscribers to see the questionnaires or to tabulate them—

Mr. RICHARDSON. That is enough. Which is it? Do you or do you not let a subscriber see a questionnaire?

Mr. ROSLOW. We do permit subscribers to see the questionnaires.

That statement in my letter to Mr. Richardson is an attempt to answer your letter to me which had some implication in it.

Mr. RICHARDSON. To clarify the record, would you identify this letter?

Mr. ROSLOW. Yes. [Reading:]

In connection with our study of the rating industry we would appreciate information from your company regarding the following :

May any subscriber tabulate the fieldwork on any survey?

If the subscriber may tabulate the fieldwork, are there any stipulations, such as places of tabulation, etc.?

We would appreciate your advising us of your company's policy regarding the above questions.

My answer to you is an answer to this question—

Mr. RICHARDSON. Will you read your answer to my letter for the record?

Mr. ROSLOW (reading) :

In our broadcast audience research we do not supply fieldwork to any client. When any surveys are authorized we either issue the report or the final tables. We do not permit subscribers to see the questionnaires or to tabulate them.

Now, that statement is—

Mr. RICHARDSON. Would you read all of the letter?

I think you will agree with us that from the point of view of objectivity and obligation to the respondents, we cannot turn over questionnaires to anyone.

I think, if I may continue, sir, that in my answer in that letter, you see that I am interpreting that you have in mind that we will turn the questionnaires over to someone and they could take them, and what I mean is that we do not permit that.

Now, if a subscriber comes in our office and, indeed, they have—we have pulled out the questionnaires and then they have thumbed through them and looked at them.

We have not permitted them to tabulate them because we feel there is the question of our responsibility. And I was going to say that if a customer paid in full for the survey, we would not hesitate to give him all of the questionnaires; names removed, of course.

Have we done this? I am not sure. I don't remember where anyone has come in and asked to have the questionnaires and to tabulate them.

If all the stations together agreed and appointed a representative to do this, we would permit it.

However, my counsel has, in the past, advised me that I open myself to countercharges from other stations if I permitted any station to tabulate the field work.

And I would like to go on, that some years ago in Columbia, S.C., the four subscribers did not like the survey.

They asked us to run a new survey. They appointed their own supervisor who oversaw the work of the field staff and they were then convinced.

Now, no one has ever asked us to tabulate the questionnaires.

Mr. RICHARDSON. To clarify the question, we sent you a letter on December 10, 1962, which you just read into the record. We asked you if a subscriber could see the questionnaires and tabulate them.

Your answer was "No, he could not see the questionnaires or tabulate them."

Today, however, you state that he may now see the questionnaires. Is that correct?

Mr. ROSLOW. That is correct, and subscribers have seen the questionnaires.

Mr. RICHARDSON. What could Mr. Woroner have done in December, if at that time your policy was that they could not see the questionnaires?

Mr. ROSLOW. He could have asked me to see the questionnaires. I sat in Mr. Woroner's office in December with some of the questionnaires that I brought down from New York in my briefcase.

He did not ask to see the questionnaires.

Mr. RICHARDSON. Thank you.

Doctor, where is "Pulse, Inc.," incorporated?

Mr. ROSLOW. In New York State.

Mr. RICHARDSON. Is your stock sold on the open market?

Mr. ROSLOW. No, sir.

Mr. RICHARDSON. How many stockholders does Pulse have?

Mr. ROSLOW. Well, it is a closed corporation, a family corporation. I would say five or six.

Mr. RICHARDSON. Is it five or is it six?

Mr. ROSLOW. I don't know the exact count. I can think a moment, if you wish. I can think and can tell you.

May I consult a moment, please?

We have seven stockholders.

Mr. RICHARDSON. Thank you, Doctor.

How many full-time employees does Pulse have?

Mr. ROSLOW. Pulse has 101 full-time employees.

Mr. RICHARDSON. How many part-time employees do you have?

Mr. ROSLOW. Well, those would be the interviewers.

We must have approximately 800 or 900 interviewers in the various markets across the country.

Mr. RICHARDSON. Is a supervisor a part-time or a full-time employee?

Mr. ROSLOW. Part time, because they work for lots of other companies as well.

Mr. RICHARDSON. Dr. Roslow, Pulse does not do any national network reports, does it?

Mr. ROSLOW. Well, I was going to say no.

We do, as you know, a marketing audience profile of network television programs once a year.

I don't really, from the point of view of ratings, I don't know that I consider it a network report, although I do have the breakdown of audience characteristics to most of the network programs; that is, those that had enough case counts that we could tabulate.

Mr. RICHARDSON. In all of Pulse's surveying, do you use the personal interviewing technique?

Mr. ROSLOW. May I check, please?

In broadcasting only the personal interviewing approach; on radio, only the personal interviewing—

Mr. RICHARDSON. What about television?

Mr. ROSLOW. Personal interview.

I am reminded that we are trying to develop a new service in television which employs a daily diary.

However, this diary is personally placed and personally picked up.

Mr. RICHARDSON. You are currently using the recall method and coincidental personal interviewing method combined on your local reports.

Is that correct, Doctor?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. I know you covered it some in your statement, but would you briefly describe your recall method as it would be handled by an interviewer?

Mr. ROSLOW. Well, the interviewer, in introducing himself to the household, would explain that he was doing a radio listening survey and would ask for the listeners to think of the previous hours of the time period being surveyed.

In other words, we would start with today. When we interview at 6 o'clock we would cover all of today, beginning at 6 a.m. until 6 p.m., and the interviewer would attempt to ask the listeners to think of each hour of the day, what they do, that is when they get up and when they have breakfast, and were they listening to the radio—

Mr. RICHARDSON. Is this an aided recall or purely—

Mr. ROSLOW. We call it aided recall because there is this aid.

There is the aid of the roster. When there is listening the interviewer is required to show the roster programs to these respondents and they can then identify, for the various time periods that they were at the radio, the programs and stations.

Now, as I said before, we know there are many situations where the roster is not shown; that is, it is offered but listeners—there has been no listening. They don't have to. It wouldn't even be offered.

I correct them. If there had been no listening it wouldn't even have been offered.

Then there is a listening where many times respondents don't want to look at it. They know and they just call it off or they prefer to look at their own newspaper.

We know this happens. This is then recorded on a questionnaire by the interviewer.

Mr. RICHARDSON. Doctor, you also stated that you did a coincidental or paired coincidental.

Will you briefly describe this?

Mr. ROSLOW. That is done in terms of "Are any sets on now."

In other words, the interviewer rings the doorbell, or knocks at the door, explains that he is doing a radio survey and inquires if any of the sets in the household are on now, not just of this—the one—maybe there are others in the household, and were any on about 15 minutes ago.

That is what we call a paired coincidental.

Mr. RICHARDSON. Doctor, in this paired coincidental do you count the "not at homes" in your sample?

Mr. ROSLOW. The "not at homes" must be counted in terms of interpretation.

The assumption or the interpretation is that the home is unoccupied, if that is it, then they are not listening to the radio in that home——

Mr. RICHARDSON. Well, your report states that it is a total measurement of "in home" and "out of home."

If they were not at home might they not have been listening to the radio in their car?

Mr. ROSLOW. That is correct. I should have explained that the roster interviews are done after 6 o'clock where we take them through all of today and last night.

In that interview we ask them about "in home" as well as "out of home."

To balance the sample, since we have some coincidental home interviews where we would not have had a chance to ask these people about "out of home," we have additional interviewing made where we ask only of "out of home" listeners for only those daytime hours where the coincidental was——

Mr. RICHARDSON. But both of them are achieved ——

Mr. ROSLOW. They are balanced together. So we have as many for "out of home"——

Mr. RICHARDSON. Doctor, Mr. Sparger will hand you a copy of your coincidental interviewing that was done in Louisville, Ky.

In this, in a period of 39 minutes, your interviewer contacted 21 different homes on that sheet you have in front of you.

Now, this is knocking on a lot of doors very rapidly, isn't it, Doctor?

Mr. ROSLOW. May I consult with my colleague?

Sir, I have not stopped to count. I will accept your count. I will say ——

Mr. RICHARDSON. Well, let's say that it is 18.

Mr. ROSLOW. I will say this: Normally, we expect about five coincidental visits to be made in 15 minutes, because you must remember that if the homes are unoccupied it is counted down here as a "not at home"——

Mr. RICHARDSON. Let me insert a question here: If you are going along, knocking at different doors in a residential neighborhood, and you are trying to do them either at 2 minutes a home or 3 minutes a home, if it was in the morning when you do your interviewing, what if the woman wasn't up or had gone back to bed when her husband left for work?

How long does it takes her to get to that door if you are making a house every 2 minutes?

Mr. ROSLOW. Well, I explained that we normally expect about five on the average in 15 minutes ——

Mr. RICHARDSON. That is 3 minutes then ——

Mr. ROSLOW. Now this is an average, because this means that you have apartment house interviewing, and it goes more quickly.

If you have private house interviewing it will go more slowly.

If you have many "not at homes" or no answer, you might wait a minute, and then go on to the next one.

Mr. RICHARDSON. This is not an apartment house, and yet you did two ——

Mr. ROSLOW. Yes, this is a rather quick production rate.

Mr. RICHARDSON. What was the listening on that interviewing?

Mr. ROSLOW. There weren't any.

Mr. RICHARDSON. There wasn't any at all, was there?

Mr. ROSLOW. Well, I haven't looked at all of them. There were very few.

But there were a great many "not at homes." This was done in the afternoon.

I suspect that this is one of the reasons why this interviewer could probably have worked so fast, but we normally expect five in 15 minutes.

Mr. RICHARDSON. Doctor, here you are going to different households and you are writing down the information for each question for each household; whether they are listening as of now and 15 minutes ago; you are writing down the time, the listeners in that household, the audience composition, their ages, all the radios that are in use in that household, and whether they are at home or not. You are checking all of these categories, and yet you are only taking 3 minutes for each household, according to your own statement. You are going to the different houses; you are knocking on the doors; you are waiting for people to come to the door, and answer all of these questions and, according to your statement, the average time required is 3 minutes.

Isn't that rather rapid interviewing?

Mr. ROSLOW. No; I do not believe so. I think that our experience shows this can be done on an average.

Mr. RICHARDSON. Would you list briefly and identify specifically each type of report Pulse produces?

Mr. ROSLOW. I think the committee won't mind my making one point in the coincidental: only about 1 in 5 may be listening to the radio so there is not very much to write down.

Mr. RICHARDSON. My question was: If you did not give them time to get to the door, how did you know they were listening or not?

Mr. ROSLOW. I think we did give them time in 3 minutes to get to the door and wait a minute.

Mr. RICHARDSON. We do not want to press this point, Doctor, but, if you had to go between the different homes and you had to knock on the door and fill out these questions on an average of 3 minutes each—at least here in Louisville, in many cases, you were knocking on each door a minute apart.

Mr. ROSLOW. You happened to have one example. I can show you many other examples where they take 7 and 8 minutes, where they only do 2 or 3 in 15 minutes. We do have such records.

Mr. RICHARDSON. Your sets-in-use figures do not reflect that only 1 in 5 persons were listening to radio. Would you explain that?

Mr. ROSLOW. One in five households?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. Plus an average.

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I do not think they run much greater than that when you average out a day.

Mr. RICHARDSON. Doctor, would you go back to the previous question, then?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Would you explain specifically each report Pulse does and what it consists of?

Mr. ROSLOW. We have a ratings report which shows ratings and shares.

Mr. RICHARDSON. What types of ratings reports do you have?

Mr. ROSLOW. They are local market reports, market by market.

Mr. RICHARDSON. For a local market would you explain the types of local market ratings reports you have? You do several different types?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. That is what I am asking you.

Mr. ROSLOW. I am trying to understand your question.

We have a ratings report.

Depending on the size of the market, we will have once or twice a year an audience composition supplement which shows men, women, and children averaged out by hours.

We once a year in some—I will have to guess—30 or 40 markets, we have a circulation study which we call the CPA. This reports listening to stations on a cumulative basis by 3-hour periods through the day and through the week.

We do FM research on order which may be on a circulation basis or it may be of a qualitative nature where we try to define the breakdown of the FM households in various categories such as family size or income level or education of household head.

We have qualitative studies of radio where we, in terms of stations' total day audience, we characterize that audience in various categories, either socioeconomic or product-use categories.

We have a qualitative audience study that we have just started, local qualitative radio, where, by broad periods, four broad periods through the day, we report the audience breakdown on the four or five leading stations in the market by age and sex, size of family, and occupation of household head, I believe—occupation of male listeners, I believe it is.

We do have ethnic radio studies: that is, studies based on Negro households or Spanish-language households, for example.

Mr. RICHARDSON. Why would you do separate reports in these ethnic areas, Doctor?

Mr. ROSLOW. Why?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. Well, the stations request it. Those who are programing Negro programing or Spanish-language programing in the markets where the population is large in this regard will request such special studies, and advertisers, who, being advertisers to these ethnic groups, no doubt, have expressed their interest in stations that they would like to see such information.

Mr. RICHARDSON. Could they not have their audiences actually explained and shown in the regular reports?

Mr. ROSLOW. Well, they are in the regular reports, too, for the most part; not in all cases. But there, you see—for example, if you are beaming, let us say, Spanish-language programing and you have, let us say, take any number, a 10-percent Spanish population penetration in the market, then in the regular report your rating would be whittled down one-tenth because you could only get listeners based on that segment of the population.

It, psychologically, would put you at an unfair advantage.

Mr. RICHARDSON. I can understand it in foreign language, but you have stated you also do Negro reports?

Mr. ROSLOW. Well, the same problem happens there because, if you have, let us say, a 20-percent Negro penetration, and you are programming to Negroes, naturally, there the language is no barrier, so, of course, you would have some white households that listen. But, even there, your audience would be reduced somewhat, since you are dividing by 100 percent, and in that 100 percent you do not have an opportunity truly of appealing to the 100 percent.

Mr. RICHARDSON. So, basically, it has been your experience that there is a difference, and, if the station is programming for a Negro audience, it is different from a station that is programming for the total audience?

Mr. ROSLOW. Well, we do the same thing on an upper income level. We have broken—we have surveyed for stations that program, let us say, in the other direction, where we take the upper third on income or on rental level and process a report based on this segment of the population. And it shows that station is programming, let us say, in that direction differently from what it is when you divide by the whole 100 percent.

Mr. RICHARDSON. But, basically, is it your experience that the programming for, say, Negro stations, is different and therefore you need to produce different surveys for this type information?

Mr. ROSLOW. I do not say that we need to. We have been requested by stations and advertisers, I suppose.

Mr. RICHARDSON. But you find different results, anyway.

Mr. ROSLOW. Oh, you do, because you are dividing only by Negro households instead of by Negro-plus-white households.

Mr. RICHARDSON. Dr. Roslow, you stated that you go into approximately 250—I believe it was—markets a year. We had a person testify yesterday, Mr. Ross Baker from Lawton, Okla., who is the station manager of KCCO in Lawton. He stated that you had done a survey there in, I believe it was, September of 1962. How was this survey contracted for?

Mr. ROSLOW. The authorizing station, we have no written order from that station. It probably was authorized over the telephone either by him, or it could have been his rep. It was confirmed to him, it was confirmed to the authorizing station on August 8, which leads me to believe that this order must have come in within a day or two of August 8.

It was then, we then solicited KCCO, Mr. Baker, on August 8, saying we had been authorized to make such a survey in September, and we invited him on August 8, which would have been the day on which we confirmed it to the authorizing station, and I believe within a day or two of the day, of the time that we got the order.

Now, it may well be that this man, you know, in his mind, the authorizing station could have been negotiating, because he came in, or someone from his station came in, to visit our office at the NAB convention in April of that year, interested in surveys, but nothing came of that, and actually, even prior to that, on March 21 of that year there was a letter requesting information about a survey from KSWO.

So this station that authorized the study could well have been mentally thinking, "Well, I am going to have a study made," but I do not believe that we would have known what was going on until a few days before August 8, as far as I can reconstruct this.

Then we promptly invited the other station to participate.

Mr. RICHARDSON. This is not a market which you normally survey?

Mr. ROSLOW. I think this is the first time we ever surveyed it in radio.

Mr. RICHARDSON. And the request came from one of these stations in the market?

Mr. ROSLOW. It came from KSWO.

Mr. STERNBERG. Yes, I believe so.

Mr. RICHARDSON. Dr. Roslow, how much national survey business does Pulse have? The reason I ask this question is because one of the television networks came in and said they paid you \$100 last year. Do you do any national business?

Mr. ROSLOW. I have tried to track the \$100 down. I think—that was for 1962, was it not?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I think that that network was buying from us our local television reports. We were still producing a few in 1962. They had had a package subscription of buying all our local reports, and I think that is what it refers to.

If you are interested in the figure, we will put it in the report.

Mr. RICHARDSON. Would it be in relation to your national reports?

Mr. ROSLOW. I mentioned this marketing audience profile study.

Mr. RICHARDSON. Yes.

Mr. ROSLOW. We did have NBC, I believe, buy part of one of those national studies, which came to several thousand dollars, I think in that same year.

Mr. RICHARDSON. In one of these local markets wherein you normally do not survey, how are these surveys contracted for with your company? Do you have a regular policy on it?

Mr. ROSLOW. In the markets that we do not normally survey?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. We do nothing about it. The station, or through its representative, comes to us and says they think they are going to have a survey made, what price range, whether it should be Monday to Friday, daytime, full time, weekend, and so on.

They would come to us and ask us. We do not take the initiative in saying, "Look, fellows, it is about time we do a survey for you."

Mr. RICHARDSON. How many different reports in local radio did Pulse produce during 1962?

Mr. ROSLOW. That would be a difficult—

Mr. RICHARDSON. Well, approximately?

Mr. ROSLOW. Let us look at it this way. If we surveyed in 1962 in about 250 markets, if we were to strike an average of about between 2 and 3 reports, perhaps 600 or 700. I am really not sure.

Mr. RICHARDSON. Would this include such situations as the one in Lawton, Okla.

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Do you know how many radio station subscribers, you had in 1962?

Mr. ROSLOW. 659, I believe. I think I said 650 in my statement. I am not off by more than 9 or 10.

Mr. RICHARDSON. You have a large number of advertising agencies who subscribe to your reports?

Mr. ROSLOW. Well, we like to think 150 is a big number. I do not think it is.

Mr. RICHARDSON. But they do pay you for the reports?

Mr. ROSLOW. Yes, they do.

Mr. RICHARDSON. You mentioned a moment ago you were still at that time doing television. Are you currently doing any television reports on a local-market basis?

Mr. ROSLOW. I mentioned that we were trying a new service using a 1-day diary.

Mr. RICHARDSON. Have you sold any of these?

Mr. ROSLOW. The first one has not been completed yet. It will be for Cleveland. It is due within a week or two.

Mr. RICHARDSON. What market is this in?

Mr. ROSLOW. Cleveland.

Mr. RICHARDSON. Dr. Roslow, your company signed a consent decree with the Federal Trade Commission, is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. To the best of your knowledge, have you complied with this consent decree? The date for compliance is already passed. That is why I asked.

Mr. ROSLOW. Yes, sir, we think we have. We made several important changes over the last 6 months in our operation. May I correct a statement? I am just informed that we have done, we have one special local television survey in Lynchburg almost ready. That is, if they came to us, we would take it on.

Mr. RICHARDSON. But you are not doing any markets on a regular basis?

Mr. ROSLOW. No, sir.

Mr. RICHARDSON. Because of the FTC decree, have you changed any of the methodology of the operations of Pulse?

Mr. ROSLOW. Yes, we have made some rather significant changes.

Mr. RICHARDSON. In methodology? I am not talking about what you put in your pocket piece.

Mr. ROSLOW. In methodology.

Mr. RICHARDSON. Would you explain those briefly?

Mr. ROSLOW. Well, No. 1, we now do all our interviewing after 6 o'clock in the evening. This is basic to the problem of hearsay and usual listening reporting, and there the need is to talk to as many members of the household as possible, and to do this requires interviewing when most people are home. We are now doing all the interviewing at 6 p.m.

We are requiring one revisit to get at the absentee members of the household, and this was started in February, which was the cutoff date of compliance.

We hope it will more completely report the listening of the entire household.

Then our questionnaire requires listing of the respondents, of all the respondents, by age and sex. This is in effect for several months, I believe, and this can be compared with the sex and age reported for the listeners.

Thus, we can control hearsay reporting. Respondents can only report for others if the respondents also were listening at the same time, along with them.

We have tightened our interviewer discipline. We require a check-off in the interview that the roster of programs was shown. We have an explanation otherwise as to why the roster was not shown. A major respondent in the interviewed household is asked to initial on the questionnaire a statement that he was asked to look at the roster and that the interview is a report of the listening of his household.

The recheck card, which we send now, includes additional information. It includes information on the number of persons joining in the interview with what the respondent, what the interviewer shows on the questionnaire is what this respondent will check off on the card.

Respondent is also asked to check off whether he was shown the roster and does that agree with what the questionnaire shows, yes or no.

The field supervisor, following the verification of the interviewer's work, sends in an evaluation or rating chart on each interviewer.

This forces the supervisor to go over the work of each interviewer more carefully, and we send to the field supervisor a quality composite of the work of each interviewer. On about 20 points or items the interviewer's work is scanned and a listing is made for the interviewer wherever any weaknesses are detected.

For example, is the address complete? Are there missing questionnaires? Was time left off the questionnaire? Block cards were not returned, and so on.

This is sent to the supervisor for followup work with the interviewers.

We are reporting the sample size in detail. We no longer report one grand-total figure. We report the number of roster interviews, the number of prime incidental interviews, not the double number, and the number of the "not at home contacts," the unoccupied homes.

We have done an experiment to support our "not at home" weighting, where we weight for the early morning 6 to 9 and 8 to 12 midnight. We have done one experiment which has been submitted to the FTC. We have completed another one which has not been completely processed yet, so that we will try to keep up to date on what this "not at home" percentage adjustment should be.

I can go into this experiment, if need be.

Mr. RICHARDSON. That is all right.

Mr. ROSLOW. We think we have tightened our control over the field supervisors. We are now in the process of converting from contractual relationships with the field supervisors to one of employer-employee relationships. Additionally, we think there has been much greater personal contact between the home office and the field than formerly.

I can tell you, for example, that since September 1962 we have made—I will put it this way—40 field supervisors have had a personal visit by the national field director, a regional director, or another executive from the company. And with respect to actual listening, the instruction to the interviewer makes it very clear that she must make the respondents aware that we want a report of actual listening, not usual listening, and the post card verification also inquires on this.

Mr. RICHARDSON. You have had this post card verification for a long time, have you not? You explained it to Mr. Sparger and me—

Mr. ROSLOW. It did not have those additional items of information on it. The post card verification originally required only had the home visited and interviewed. We have added these additional items onto it.

Mr. RICHARDSON. Doctor, Mrs. Rabell quoted from a sworn statement of an advertising agency executive from San Diego yesterday about what had happened in a recent interview of Pulse in San Diego. Among other things, the interviewer asked the teenage daughter whether or not the father was listening, and she did not know, and then the interviewer said, "Well, what does he normally listen to?" and it was recorded.

Would you have any idea on this type of situation—whether or not it occurs?

Mr. ROSLOW. It would be wrong. We would hope to be able to detect this. If we cannot, then we are remiss, and we should tighten further on our discipline.

Mr. RICHARDSON. Doctor, during January 1963 did you not send a letter to all your subscribers explaining that there was not much of importance in the consent decree from the FTC?

Mr. ROSLOW. I do not think my letter said there was not much of importance. I think in that letter I was very much concerned over what the FTC reaction had been and what we needed to do. I do not think my letter was one that said that there was not anything important in what they were doing.

Mr. RICHARDSON. Did you make a press release on this?

Mr. ROSLOW. On that letter?

Mr. RICHARDSON. No: on the consent decree.

Mr. ROSLOW. No, sir.

Let me correct that. We issued a very simple statement, simply that we had signed such a consent decree. The letter was not released to the press.

Mr. RICHARDSON. Dr. Roslow, when you do cumulative studies in a market, does not your interviewer ask the respondent about listening, first in the immediate past, and then for the entire prior week for everyone in the household?

Mr. ROSLOW. In the cumulative studies we first inquire on listening of the current day, and then we ask them anytime during the past week, so we can come up with a daily and weekly "cume."

Mr. RICHARDSON. Do you think in radio that someone can remember what they listened to a week ago with the different radio stations and what-have-you?

Mr. ROSLOW. Within the broad periods, I believe they could.

Mr. RICHARDSON. Not just for specific stations, but also the personality?

Mr. ROSLOW. Well, think of what we are doing. We are saying between 6 and 9 in the morning, which of the stations did you listen to today, and then we are saying to them, now, let us go back about a week, which stations, and I think we can get a fairly good report.

Mr. RICHARDSON. Dr. Roslow, Pulse on occasion produces reports with a date on the front that is not the date when the actual interviewing was conducted, does it not?

Mr. ROSLOW. We may extend interviewing beyond the last day of the month, and this winter has been a rough one, and I think this is generally known. We certainly say it in the solicitation letters

that interviewing may be continued beyond the last day of the month in order to complete the assignment.

Mr. RICHARDSON. Dr. Roslow, on February 15, 1962, did not Mr. Sparger and I show you a letter wherein you had agreed to put a January date on interviewing that was done in November of the prior year, and you stated at that time that, heavens, you could show us a survey that did not have a date on it at all, but then the survey did have a date on it?

Do you remember that conversation?

Mr. ROSLOW. No, sir; I do not remember that conversation.

Mr. RICHARDSON. Did we not show you a report from a McLondon station, and in a letter with it, the explanation stated that the interviewing had been done in November, but the report actually had a January date on it?

Mr. ROSLOW. I think, then, it would have had issued, but in the text of the report I think the actual interviewing dates would be spelled out.

Mr. RICHARDSON. What would be the date in the place where a time buyer could see it? Was it not a January date?

Mr. ROSLOW. May I check on that, please?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I am advised that we may have issued, perhaps, as many as three such reports which had an issue date, and I might explain that that would happen only with surveys made in November or December, which, psychologically, are, you know, dead pigeons when January of the next year turns up.

But I still would maintain that the date of interviewing would be inside the body of the report, and I do not think it would be hidden. It would be in the paragraph that writes up what we are doing.

Mr. RICHARDSON. Do you think time buyers read all of this information in the small print?

Mr. ROSLOW. No, I do not believe so.

Mr. RICHARDSON. They look and see the date on the survey, and that is it, is it not?

Mr. ROSLOW. Why, of course.

Mr. RICHARDSON. Doctor, in the past you have done area surveys, have you not?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And you let the station describe the counties to be surveyed, is that not correct?

Mr. ROSLOW. Yes, that is correct.

Mr. RICHARDSON. Would that not be an advantage to a subscriber and a disadvantage to the other stations, especially when you would list the listening for the other stations in the report?

Mr. ROSLOW. This is one of the points which the FTC argued with us about.

Mr. RICHARDSON. Right.

Mr. ROSLOW. I should say that whenever we did area studies, we always spelled out that it was this station. In other words, that station appeared on the title, unless it was joined in by several stations. The counties were spelled out. The problem is that here is a station licensed by the FCC with a large contour or signal pattern, and is requesting audience measurement in the area which it serves.

We argued this with the FTC, since they initially wanted us not to issue such reports any more. But we pointed out that if the FCC authorizes a station, gives it this grant of power and facility to service this area, then it ought to be possible to make a survey to show what that station is doing in this area. They granted us permission to do that if we spell out very carefully that the station, this is this station's report, and, also, if we put into the report the metropolitan area or the home county results, so there are two columns of figures.

Mr. RICHARDSON. Doctor, Mr. Sparger will show you the copies of Pulse surveys for last year, Washington, D.C. Pulse did three surveys during January and February. One of these was entitled, "Washington, D.C., Five-County Area." Another one was entitled, "WTOP, Washington, D.C., Twenty-County Area." The third one was entitled, "Washington City, D.C., Report."

Now, all of these were for the same time period, is that correct?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Doctor, do you not think this leads to confusion as far as the public and time buyers are concerned, with all of these reports out for the same time period and the same market?

Mr. ROSLOW. Well, I suppose I would be naive to say no, but let me point out that you have got three different colors, three different labels. Really, I do not know the answer to that.

I think these stations have a legitimate right to ask us to do these surveys in terms of their power and facilities.

Mr. RICHARDSON. Doctor, do you know how many stations show up in first place in these different reports?

Mr. ROSLOW. I do not—

Mr. RICHARDSON. Do you know how many stations within the different reports show up in first place? In other words, you have three reports here. One report will show one station first; another report will show another station first, will it not?

Mr. ROSLOW. I suppose so. Let us have a look and see.

Mr. RICHARDSON. Are all of these reports sent to advertising agencies?

Mr. ROSLOW. May I check this?

I believe they would go to agencies. They should go. If they did not, it would have been an oversight in mailing. I think they did go. I might be wrong on that, but they should go.

Mr. RICHARDSON. In response to a question, will you check and see if more than one station was first in the different reports?

Mr. ROSLOW. In the metropolitan area report it would be rather difficult to ascertain who was first. There are three stations that are so close that, unless we went through the actual compilation, I am not sure we could tell.

Mr. RICHARDSON. What about the Washington City report?

Mr. ROSLOW. In the Washington City report, well, it would be pretty close, again, because we would have to figure it out. We have three stations, again, that are fairly close. I will assume that if they ran that ad, that it was probably verified.

Mr. RICHARDSON. Would you read that ad for the record?

Mr. ROSLOW. It says.

WOOK Radio is first of all radio stations in metropolitan Washington. WOOK Radio is first in total share of listening audience in the District of Columbia

Monday through Friday. Source: Pulse report, "Washington City, D.C., January-February, 1962."

Mr. RICHARDSON. How big is the print on where it says, "Washington City Report," Doctor?

Mr. ROSLOW. I did not take this ad.

Mr. RICHARDSON. I am fully aware of that, Doctor. I am asking you a question about the ad.

Mr. ROSLOW. It is small.

Mr. RICHARDSON. In other words, if anyone was to look at that, all they would see is "WOOK is first in the Washington metropolitan area," is it not?

Mr. ROSLOW. If they did not look carefully through the page.

Mr. RICHARDSON. Thank you, Doctor.

Then, these three surveys at the same time could be misleading as far as the public and as far as time buyers are concerned?

Mr. ROSLOW. Well, they could be.

Mr. RICHARDSON. Thank you, Doctor.

Is it not a fact that at least subscribers in the local markets know when surveys will be conducted?

Mr. ROSLOW. Would you repeat your question?

Mr. RICHARDSON. Is it not a fact that subscribers in local markets know when your surveys will be conducted?

Mr. ROSLOW. We are on a regular schedule.

Mr. RICHARDSON. What about in a situation where you are not on a regular schedule? You will do a special for anyone, at any time, will you not, Doctor?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Now, let us say I come in and I am manager of Radio Station KOMA, Oklahoma City. I come in and order a survey to be done in November. I order it the 15th of October.

You, then, will write the other stations after I place my order and inform them that a survey is going to be done. Quite often, this will be just a few days before the interviewing starts: before that information will be available to other stations, is that not correct?

Mr. ROSLOW. I do not think quite often. Occasionally. I think in most cases we need more than 2 weeks of preparation. I am sure we probably have done some where we were able to, within a shorter period of preparation, and we would attempt to notify all the stations as soon as possible. I do not think it is quite often, but it could happen. It does happen.

Mr. RICHARDSON. Let us take a case where it happens. And let us say that this is not a normal time when you do a survey, and I have been falsely inflating my audience through gimmicks for a period of time. Would I not have an advantage in the total results of that survey, Doctor?

Mr. ROSLOW. Yes, you would, but may I expand a bit on this?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. The problem of whether promotion, you know, hypos—this is a serious problem, and we have struggled with it for a long time—is not easy to answer, because we now require surveying across 4 weeks, unless there is something unusual in the month where we cannot survey 4 weeks. This means that if a station is going to hypo—not that I am defending them, I just want to describe the

situation—if a station is going to hypo, they must hypo for those 4 weeks, and they have got to start ahead of time a little bit, and maybe it is 6 weeks. They have an advantage, let us say, over another station that does not know and finds out only 12 days before we go into the field.

But, on the other hand, if a station is going to do this for 6 weeks or so, it does become part of that station's program structure the same as, let us say, the station that comes and orders a survey to be taken during the period that it is carrying the national basketball playoffs? Now, this runs for 4 weeks or so.

No promotion, but I think—where is the line? I do not know where the line is, and it has bothered us.

Mr. RICHARDSON. But, as far as the time buyer is concerned, he does not necessarily know, if he is looking through hundreds of these reports, that that situation calls for an inflated report for that station?

Mr. ROSLOW. No, he does not; not necessarily, no.

Mr. RICHARDSON. Doctor, you have stated your company uses what is termed the "aided roster recall method"; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. I know you mentioned it, but would you briefly explain—what goes on your aided roster recall?

Mr. ROSLOW. The roster is a listing; it is a program schedule. It lists all letters of the station, dial position, the names of the programs in quarter-hour units through the day. It has some additional information on the bottom, a listing of FM stations and their call letters and dial positions, and then some information on whether any special events are coming on, on the different days of the week that vary from the regular Monday through Friday programs.

Mr. RICHARDSON. You consider the aided recall important; is that not correct, Doctor?

Mr. ROSLOW. Well, I do not think we would be doing it if we did not think it helped in the identification.

Mr. RICHARDSON. Doctor, when a station's programs are left off of your roster, would this not be a disadvantage to that station?

Mr. ROSLOW. I suppose so.

Mr. RICHARDSON. Is there not an occasion when this occurs that the station is off the air, since you do not list rosters for stations in the morning and the evenings on daytimers?

Mr. ROSLOW. I wish you would rephrase your question.

Mr. RICHARDSON. Pardon me.

Do you not leave blanks for daytimers before and after they come on and go off the air during the day?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. So would it not be an indication, if someone looked at a roster and there were no programs listed for a station, that the program was off the air or the station was off the air at that time, if there was just a blank there?

Mr. ROSLOW. It could be taken to mean that.

Mr. RICHARDSON. Doctor, if a station's programs were left off, it would then be detrimental in the final report, would it not, to that station?

Mr. ROSLOW. Let me say that we request the stations to send us their roster. If they do not send it to us, we try to get the station's

programming schedule where we can, either in a newspaper or listing in Standard Rate or from their rep. Now if they do not send it to us—

Mr. RICHARDSON. Doctor, would you answer my question?

Mr. ROSLOW (continuing). It is off the roster.

Mr. RICHARDSON. Does it not hurt if a station's programs were left off?

Mr. ROSLOW. It could hurt.

Mr. RICHARDSON. Let us go into a specific example, Mr. Sparger, would you give Dr. Roslow a letter dated October 28, 1961, from Mr. Bernie Perlin, general sales manager, KOLD Radio, in Tucson, Ariz.

Would you look at this letter and state whether or not you received a copy of it, Doctor?

Mr. ROSLOW. I would have to check my files because my memory is not clear on this.

Mr. RICHARDSON. Maybe it will be refreshed if we give you a copy of the letter in which you answered Mr. Perlin. Did you write the letter that you now have in front of you, Doctor?

Mr. ROSLOW. I do not know why this letter is not signed.

Mr. RICHARDSON. I do not, either.

Mr. ROSLOW. I would have to check my files and see if we have a carbon.

Mr. RICHARDSON. May I inform you that the committee has a sworn statement from Mr. Perlin that you did send that letter to him and that his letter went to you with the program log attached.

Would you, then, in the morning supply to this committee, if you can get it by that time, the carbon of the letter you sent?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. And the letter that was sent to you from KOLD in Tucson, Ariz.?

Now, Doctor, would you look at the attachment to the letter from KOLD in Tucson, Ariz.? Is that not one of your program rosters?

Mr. ROSLOW. Yes, this is our program roster.

Mr. RICHARDSON. This roster is entitled "This Program Schedule Must Be Shown to All Respondents," is it not?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. On this roster there was no listing for Station KOLD at all, was there, Doctor?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. You just stated a moment ago that it certainly could be a disadvantage because of the importance of the aided recall if a station did not have its programs listed on your roster?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. Then, this station was at a disadvantage in this situation, was it not, Doctor?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Now, would you look at the last paragraph of your letter to Mr. Perlin?

Mr. ROSLOW (reading):

If you send us your program schedules on time, your station's program names will be listed on our roster. Otherwise, we will list only the call letters of the station as in the past.

Mr. RICHARDSON. Let us say I am a station owner, and I do not subscribe to your survey, and I do not send you my program rosters, and, yet, you publish ratings for my station.

Now, you have just stated it is a disadvantage if my programs are not listed and you do not list my programs.

Then, is this a true reflection of listening in the market, Doctor?

Mr. ROSLOW. I would say it is as true as we can do it under the circumstances.

Mr. RICHARDSON. Do you feel that you have no obligation to give each station in the market a fair chance if you list ratings for those stations?

Mr. ROSLOW. I do feel that way, but, if this station would not cooperate with us, if the station does not send us the rosters, what can we do about it? We try to get program schedules. We go to the newspaper sources.

Mr. RICHARDSON. Does Tucson have a paper?

Mr. ROSLOW. Yes, but they are not always complete. You know what newspapers do to radio listings today.

Mr. RICHARDSON. Tucson happens to carry listings, Doctor. In this situation, this station was definitely hurt if the aided recall is important, as you said it was. However, simply because the station did not cooperate with you, it is his fault, even though you produce the ratings.

Do you not have some obligation to produce true ratings in a market, even if a station does not cooperate with you, if you are going to produce the ratings for each station in the market, Doctor?

Mr. ROSLOW. I think we do.

Mr. RICHARDSON. But you do not carry forward with that obligation, do you?

Mr. ROSLOW. We do what we can, sir.

If it is physically impossible for us to get the program logs, I suppose—

Mr. RICHARDSON. Would you state, then, that the Tucson newspapers do not list any programs at all during any period of the day for KOLD?

Mr. ROSLOW. I do not know, sir, but our interviewers would be carrying the newspaper with them in the interview. They are instructed to carry the newspaper with them.

Mr. RICHARDSON. Would it surprise you that it is the statement of the people at this station, and the persons who were interviewed, that newspapers were not carried by your interviewers?

Mr. ROSLOW. Well, nothing would surprise me, sir.

Mr. RICHARDSON. Then, this station was at a disadvantage in this report, is that not correct, Doctor?

Mr. ROSLOW. I am not sure that I could really say that.

Mr. RICHARDSON. If the aided recall is of any value, then it was at a disadvantage, was it not, Doctor?

Mr. ROSLOW. Well, there are some assumptions involved. I am not sure. I am really not sure.

Mr. RICHARDSON. If it is not important, then there would not be any reason to use the aided recall, would there?

Mr. ROSLOW. I think it makes for a better rapport in an interview. I am not sure we could say.

Mr. RICHARDSON. Basically, in this situation, Doctor, then you leave it up to the station to supply you with its program logs. If it does not and you do not happen to get them in any other manner, blanks occur on your roster, the same as when a station is off the air,

and, yet, you produce ratings from this that, supposedly, are true representations, at least to an extent, within the listening market?

Mr. ROSLOW. I would say this:

If a station had any listening audience, it would probably come through, regardless of whether it was left off; as long as the station's call letters appeared, it would come through, I think, to a very significant degree.

Mr. RICHARDSON. But it would not be a true representation of that station's listening, would it?

Mr. ROSLOW. May I consult?

I think you must keep in mind that we have tried to attempt, first, whether they were listening to the radio or not.

Mr. RICHARDSON. Yes, Doctor.

Mr. ROSLOW. So if they were listening to the radio and they are invited to look at the roster and they look down the roster and they fail to recognize—this is a recognition technique—the program that they had listened to, there is an opportunity in a personal interview for respondents to look at this and say, "Well, it is none of these. It could be this station," by elimination. I think, if a station had a significant audience, it would register.

Mr. RICHARDSON. It would register some, Doctor, but would it be a proper registration?

Mr. ROSLOW. The question is, Did it lose enough to disqualify the usefulness of the report? I do not know that we know that answer.

Mr. RICHARDSON. Doctor, we have had testimony as to the value of tenths of rating points.

It certainly would affect this station to tenths of rating points, would it not?

Mr. ROSLOW. I would disbelieve that testimony, because I do not believe radio time is bought that way, and I do not think our reports are used that way.

Mr. RICHARDSON. Would it surprise you to know that we had a time buyer in here yesterday who very definitely stated she bought 120 exact rating points in the market, and it had to meet exactly 120 rating points, Doctor?

Mr. ROSLOW. That meant she was adding up points. Now, if a station only had 0.8 instead of 1.0, they would supply a few additional spots to make it up.

Mr. RICHARDSON. Then, that makes a tenth of a point rather important, does it not, Doctor?

Mr. ROSLOW. No, it does not make it rather important. I think you must understand the way in which the ratings are being used, and I think that you are implying a use which, if it is so, it is wrong, but I do not believe that it is so in most cases.

Mr. RICHARDSON. Anyway, Doctor, this station did not have its programs listed, did it? All it had was blanks?

Mr. ROSLOW. Yes. What did we do with the survey, sir?

Mr. RICHARDSON. In this case you are stating the general policy of your company.

Mr. ROSLOW. Let us find one where we did do this. There must be one where we did do this.

Mr. RICHARDSON. Doctor, during the hearings, and you have just mentioned Mr. Woroner in a supplement to your statement, he stated and put in the record information that clearly showed that certain

of your interviewers' names were public knowledge, did he not? That is, at least in one case you filed the name with the local police department with the exact block which she was going to survey and it was public knowledge, is that not correct?

Mr. ROSLOW. We were forced into this, and I am not happy about it. We were forced into this in terms of getting licensing. This is one of the problems I wish we could clarify by removing these ordinances.

Mr. RICHARDSON. Yes, Doctor.

Mr. ROSLOW. This is not good.

Mr. RICHARDSON. You at least try to keep secret the identity of your interviewers, do you not, Doctor?

Mr. ROSLOW. We do try.

Mr. RICHARDSON. In these situations it would be impossible, would it not?

Mr. ROSLOW. It would be impossible, yes, sir.

Mr. RICHARDSON. How easy is it for a station owner to discover the identity of your interviewers, Doctor?

Mr. ROSLOW. I think if they want to go to some lengths, I suppose they can. They have access to announcements over the air. It would seem to me, if they wanted to go to lengths, I think they could. We hope they do not, and we hope, you know, that it is too much trouble for them to find out.

Mr. RICHARDSON. Doctor, your organization registers through the National Better Business Bureau, is that not correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Mr. Sparger, would you give him a copy of this slip for identification?

Do not each of your interviewers carry this slip of paper informing the public that your organization is cleared through the Better Business Bureau?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Do you publicize this fact at all, Doctor?

Mr. ROSLOW. I do not know in what way you mean.

Mr. RICHARDSON. Do you inform your clients, for example, that your organization is cleared through the Better Business Bureau?

Mr. ROSLOW. No, I do not think we do.

Mr. RICHARDSON. It was in the Madow report; was it not?

Mr. ROSLOW. There is so much in that report, can I check?

Mr. RICHARDSON. Was it not also presented by you in sworn testimony before the Monroney committee in 1958?

Mr. ROSLOW. I do not know. I may have said that. I am not sure. I mean we do not use it—are you asking me, do we use it as a plus and go out and sell with it, and so on?

Mr. RICHARDSON. No, no.

Mr. ROSLOW. We do not do that, sir.

Mr. RICHARDSON. But it is known that your company is registered with the National Better Business Bureau?

Mr. ROSLOW. Well, known. But how widely known, I do not know.

Mr. RICHARDSON. At least, if they read any of these reports?

Mr. ROSLOW. Yes. I cannot even remember it myself.

Mr. RICHARDSON. Doctor, Mr. Woroner, who testified here last week, inserted a letter in the record—this was a letter from you—that stated when your interviewers came around and a police officer stopped them,

they would simply leave and come back and interview later: is that not correct?

Mr. ROSLOW. We would send them back into the area to attempt to finish the assignment. We are not happy about that. I mean this is a trying situation for us with these ordinances.

Mr. RICHARDSON. Then, basically, are you not asking your interviewers to violate local ordinances?

Mr. ROSLOW. Our counsel tells us that these ordinances are unconstitutional, since they violate the rights of freedom of speech.

Mr. RICHARDSON. Have you tested any of them yet, Doctor?

Mr. ROSLOW. No.

We hope we do not have to. We hope we can do something about it.

Mr. RICHARDSON. But at least it is your current policy to tell these women to go ahead and violate the ordinances?

Mr. ROSLOW. We do not know if it is a violation, really. We just tell them to go in.

Mr. RICHARDSON. If it is an ordinance and it is on the statute books, it at least is, *prima facie*, a violation, until it has been tested: is it not, Doctor?

Mr. ROSLOW. I do not know enough about the law.

Mr. RICHARDSON. Would you ask your attorney?

Mr. ROSLOW. My lawyer tells me that it is, first, a matter of interpretation of constitutionality, but it may not be.

Mr. RICHARDSON. Doctor, how much do you pay your interviewers?

Mr. ROSLOW. We pay them on what we call the interviewer day, and that could be \$5 or \$6 for 3 or 4 hours of interviewing. It is a block payment, not an hourly payment. You could average it out per hour, if you wished, but we consider it a payment for the day.

Mr. RICHARDSON. Doctor, you stated a few moments ago that your interviewers do carry slips that state your organization is cleared through the National Better Business Bureau; is that correct?

Mr. ROSLOW. Yes. They distribute those leaflets, you know, if they are questioned in a household, "How do I know you are legitimate, that you are not a bookseller;" why, they would have these available.

Mr. RICHARDSON. Doctor, how often do your interviewers and your supervisors register with the local better business bureaus?

Mr. ROSLOW. Can I check on that, please?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I do not think we know. We know that we have registered. We know some of them do, that is, some of the local supervisors, but we would not know.

Mr. RICHARDSON. Doctor, would it surprise you to discover that in two of the three markets wherein Mr. Sparger and I checked, we found all of your interviewers, or at least a large number of them, listed with the local better business bureaus?

Mr. ROSLOW. Which markets were those?

Mr. RICHARDSON. Well, we checked San Diego, Calif.; Louisville, Ky., and Tucson, Ariz. In two of these we discovered that your interviewers were listed.

Mr. ROSLOW. The Better Business Bureau?

Mr. RICHARDSON. At the local Better Business Bureau.

Mr. ROSLOW. I do not know that I am surprised. I feel rather happy that they would have done it, and I feel unhappy, it is a case of mixed feelings, that it means that access can be had to them.

Mr. RICHARDSON. Actually, the Better Business Bureau local records are public records, are they not, and anyone can walk in and check and see what they are?

Mr. ROSLOW. I do not know. I am not sure. I am sure someone could walk in. I mean if you were a friend of the executive secretary of the Better Business Bureau, I am sure you could get a list of the people. I am not sure whether anybody could walk in and do it.

Mr. RICHARDSON. Would it surprise you, just out of curiosity, we simply had a station owner call, and they gave him this information?

Mr. ROSLOW. No, because calling as a station owner, that would not surprise me. I think he would probably be supporting the chamber of commerce, the Better Business Bureau. It is not good.

Mr. RICHARDSON. Then, basically, any station could find your interviewers, if they desired?

Mr. ROSLOW. Yes, under those circumstances, yes. It is not good.

Mr. RICHARDSON. Would it not be possible, then, to influence interviewing by this method, Doctor, if you found out who the interviewers were?

Mr. ROSLOW. People are people, and subject to all kinds of influences.

Mr. RICHARDSON. Doctor, under your average sample size in the market, let us take Louisville, Ky. How many homes would it take to make a rating point, if they were listening to your station, or to a station?

Mr. ROSLOW. May I just consult some figures I have here?

Mr. RICHARDSON. This is homes in your sample, of course.

Mr. ROSLOW. Yes.

It would take between four and five homes to yield a rating point.

Mr. RICHARDSON. What were you using for a sample base in that?

Mr. ROSLOW. An actual quarter-hour sample base, the way it worked out, would have come to somewhere around 400, between 400 and 500.

Mr. RICHARDSON. Is your sample base actually your sample size?

Mr. ROSLOW. In this case the figures I am looking at, I think it broke down on that basis.

Mr. RICHARDSON. If you had at the top of the page of the report, take Louisville again, sample base 500, would this be the size of your sample?

Mr. ROSLOW. That would not be the size of the sample.

Mr. RICHARDSON. What would it be?

Mr. ROSLOW. That is a case count situation, and that is one of the problems we ran into with FTC, and we have removed that count in future reports.

Mr. RICHARDSON. If you had, let us say, a base of—

Mr. ROSLOW. It would be 400. It would take four homes in this situation.

Mr. RICHARDSON. So, then, if you had a base in Louisville of 500, how many homes would that be? You have in the Louisville report, if you have a copy of it—"base: 500 per quarter hour."

Mr. ROSLOW. The way that sample broke down, it would take 476 homes would be the base for the ratings between 6 and 9 a.m.; 434 between 9 and 1; 434 between 1 and 3; 402 between 3 and 4.

Mr. RICHARDSON. Why is this different for the different periods?

Mr. ROSLOW. Remember that we use two day parts, so you had a different count for 6 to 3, and a different count for 3 to midnight.

Then we had the coincidental, which gave differing numbers.

Mr. RICHARDSON. Then this would be from your completed interviews?

Mr. ROSLOW. Yes.

In other words, a rating between 6 and 9 would take 476; and a rating between 9 and 1 would have been 434. The 500 number is a case-count number which we project into, in order to unify so that we can then pull together across a day quickly. We have been charged with misleading the sample sizes by putting it there, and we have taken it out.

Mr. RICHARDSON. Would it surprise you, Doctor, that we have had several broadcasters in these hearings state in their opinion that the sample size is the 500 that you publish there?

Mr. ROSLOW. Sample size would be the number of interviews we report in the front of the book.

Mr. RICHARDSON. Doctor, Mrs. Rabell, as is known, testified here yesterday, and she gave some information from one of your local interviewers. This was Mrs. Mae Dutelle, is that correct?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Doctor, how many times has Pulse called Mrs. Mae Dutelle in the last week?

Mr. ROSLOW. I think we may have called her once or twice. I am not sure.

Mr. RICHARDSON. Would it surprise you that you called her continually for several days, using different people in San Diego and Los Angeles and from your New York office also?

Mr. ROSLOW. We have instructed them to try and call her. We—

Mr. RICHARDSON. Why did you ask them to call her, even before Mrs. Rabell testified here yesterday? You may consult with your attorney, Doctor.

The CHAIRMAN. I do not know why you need to consult with your attorney about that. Did you call her?

Mr. ROSLOW. When you asked for the San Diego reports, we tried to think, now: What has happened in San Diego? In going through our files, we saw that we had discharged this interviewer. We wondered what had she been up to, if anything. I instructed our field department, and I suppose they called, Los Angeles being closer to San Diego, to try and talk to Mrs. Dutelle to find out what was on her mind, if anything. We did not know. We just had a hunch. We played a hunch.

The CHAIRMAN. For our information, all we want is the facts.

Mr. ROSLOW. These are the facts. We called her.

The CHAIRMAN. Let us just see what the facts are. Our staff had made an investigation, and you were well aware of that?

Mr. ROSLOW. In which city, sir?

The CHAIRMAN. In a number of cities.

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. And you were well aware of that?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. San Diego was one of them. And certain people had been contacted in San Diego, and you evidently were aware of that, is that true?

Mr. ROSLOW. We were aware only because, when you asked, when your committee asked for the San Diego reports, actually, we are trying to be helpful to you, sir—

The CHAIRMAN. I know you are, Doctor. That is the reason I am trying to get the facts—

Mr. ROSLOW. If we only knew.

The CHAIRMAN. Wait a minute. Let me ask the question, now.

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. I want to be as courteous as I can.

Mr. ROSLOW. Yes.

The CHAIRMAN. And I know you do, too, and I appreciate that.

But you knew that, say, in this particular market, in this city, there had been an investigation?

Mr. ROSLOW. Sir, we did not know.

The CHAIRMAN. You did not know?

Mr. ROSLOW. We did not know until the committee asked for San Diego reports, and it then occurred to me—well, what is in San Diego. We knew we had a bad interviewer, and I instructed our people to try and find out whether she had been contacted. We knew we had discharged the supervisor, sir.

The CHAIRMAN. Doctor, that is not the point I am trying to find out here, which is rather important at this point.

You knew that there was a problem in San Diego that the committee was going into, because the committee asked you for information from San Diego, did you not?

Mr. ROSLOW. I made that assumption, sir. I did not know what the problem was.

The CHAIRMAN. But you knew the committee asked for information?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. Regarding San Diego?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. Put it that way: you knew that?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. And you knew these hearings were underway?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. And, yet, last week you directed your people to contact one of the parties that was to appear here as a witness?

Mr. ROSLOW. We did not know she was to appear as a witness.

The CHAIRMAN. But you did know that the investigation was underway and the hearings were underway?

Mr. ROSLOW. Our only feeling was that, if we could understand what information you wanted, I would come more fully prepared with the information, sir.

The CHAIRMAN. Why didn't you ask us? Why didn't you ask the committee if that is the case?

Mr. ROSLOW. Could the committee have asked me?

The CHAIRMAN. I think we spent several days with you.

Mr. ROSLOW. I know, but your committee never mentioned San Diego to me or any problem in San Diego. It didn't ask to see any San Diego information. I don't mean to argue with you, sir. We are not motivated in trying to be helpful to you, and if we come in unprepared, as we have come in several of these questions, we can't supply the information.

The CHAIRMAN. Motivation is the real subject right now, and the question now is to develop, as Mr. Richardson is doing, your motivation of going to a party before she appeared when you knew this committee was going to have her.

Mr. ROSLOW. We did not know she was going to be here, sir.

The CHAIRMAN. It was a rather strange thing that these hearings were underway and you were doubling back, trying to seek information, knowing that there was a question at this place and going to the very party that you found out, if you did find out, that was to be a witness before this committee.

I think that gets into a pretty serious area, on which we would like to have some explanation.

Mr. ROSLOW. Sir, I have tried to explain to you that when the committee asked for San Diego reports, we looked through our records, trying to find out what there is in San Diego that we could come and be of some help, and it occurred to me that we had had this episode with an interviewer whom we fired, and I instructed our people to find out whether there was anything that was asked of her and what would we have available to be of help, sir. I can't answer it any other way because that is the only thing that is on my mind.

The CHAIRMAN. Go ahead, Mr. Richardson.

Mr. RICHARDSON. Thank you Mr. Chairman. You have a Mrs. Ellis in your New York office, do you not, Dr. Roslow?

Mr. ROSLOW. Yes, national field director.

Mr. RICHARDSON. She has contacted Mrs. Dutelle, hasn't she?

Mr. ROSLOW. I asked her to.

Mr. RICHARDSON. Your local supervisor in San Diego has contacted Mrs. Dutelle, hasn't she?

Mr. ROSLOW. I don't know whether she has or not.

Mr. RICHARDSON. Mrs. Terry, in Los Angeles, has also—

Mr. ROSLOW. I don't know which of these people have gotten through to her.

Mr. RICHARDSON. Each time they tried to find out what she told the subcommittee. Hasn't that been the question?

Mr. ROSLOW. We wanted to know if you had been—we didn't even know you had been in touch with her. We tried to find out if you had—what is it you wanted and we would come with our material to be of any help.

Mr. RICHARDSON. You also contacted Mrs. Hoveland, your former supervisor there, did you not?

Mr. ROSLOW. Mrs. Hoveland?

Mr. RICHARDSON. Yes, her name at one time was Goy. She remarried.

Mr. ROSLOW. I do not know that name.

Mr. RICHARDSON. Did you not also contact Mrs. Zackert to find out what she had told us?

Mr. ROSLOW. I don't know that name.

Mr. RICHARDSON. Did you not in fact after we visited San Diego last spring fire your supervisor and all interviewers in the San Diego market?

Mr. ROSLOW. If we did, it had nothing to do with your visit, sir.

Mr. RICHARDSON. Would it surprise you that Mrs. Hoveland—we have a sworn statement of hers, that says you fired her and all of the interviewers right after we visited?

Mr. ROSLOW. It would have nothing to do with your visit, I assure you. We had a number of problems with Mrs. Goy. We know that Mrs. Goy had some heart condition, I don't know what it was.

Mr. RICHARDSON. I thought you didn't even know who she was a moment ago?

Mr. ROSLOW. Hoveland, I don't know that name. I know the name Goy.

Mr. RICHARDSON. She has been Mrs. Hoveland for several years.

Mr. ROSLOW. I wouldn't know that because all of the records, the correspondence would have been Goy. We know she had a heart condition of some sort. At least, that was brought to our attention. I won't say we were concerned for her health, but we just felt that she couldn't carry the work and couldn't do the work, and the record of performance indicated that perhaps she wasn't doing the job.

Mr. RICHARDSON. Did all the rest of these interviewers have heart conditions also?

Mr. ROSLOW. I don't know. I can assure you, sir, it had nothing to do with your visit. This surprises me, this truly surprises me, this coincidence.

Mr. RICHARDSON. Excuse me, Doctor. You said that Mrs. Dutelle did not do satisfactory work for you, is that correct? Well, then, why in the last few days have you offered her additional work and only last night, you offered to make her supervisor in the San Diego market, at least, one of your employees did? I ask you to find out that information and supply it to the subcommittee.

Mr. ROSLOW. I know nothing about that. I would be inclined to doubt it. I will check into that.

Mr. RICHARDSON. How many years did Mrs. Dutelle work for you, Doctor?

Mr. ROSLOW. I am not sure, but I would say several.

Mr. RICHARDSON. Didn't she work for you 8 years?

Mr. ROSLOW. I don't know those facts.

Mr. RICHARDSON. How many years did these other interviewers that were fired last spring work for you, Doctor?

Mr. ROSLOW. I don't know those facts.

Mr. RICHARDSON. How many of the interviewers in Louisville other than Mrs. Newkirk have you contacted about what we tried to find out there, Doctor?

Mr. ROSLOW. I don't think any. I don't know. I should explain to this committee that when this committee first visited Mrs. Newkirk, she called us before she saw you and we told her to go ahead and cooperate fully with you and tell you exactly what it is that she does.

Mr. RICHARDSON. Have you seen the copy of the statement she submitted to the committee.

Mr. ROSLOW. No; we have not.

Mr. RICHARDSON. Has she called you recently, Doctor?

Mr. ROSLOW. Has she called us?

Mr. RICHARDSON. Anyone at your office?

Mr. ROSLOW. I am not sure. She might have.

Mr. RICHARDSON. Would you check and find out for the record, Doctor?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Doctor, in relation to the information supplied here, at least through Mrs. Rabell, Mrs. Dutelle stated she went time and time again, month after month, to a town named Alpine, where

500 persons lived and she had to do 120 interviews in that town and that she quite often had to go out in the country to do these interviews.

This was the testimony yesterday. That is not a very good execution of a sample, is it, Doctor?

Mr. ROSLOW. If we selected the sample that way, it would look rather strange. I am not so sure that we did.

Mr. RICHARDSON. Did you, Doctor?

Mr. ROSLOW. I am not so sure that Alpine fell in the sample every time the way she has said.

Mr. RICHARDSON. If she said she had to do 120 interviews in Alpine, and it was a town of 500 people, that is a lot of interviews to do in one area, isn't it?

Mr. ROSLOW. If I explain the way our sampling design fell out, if Alpine fell in the sampling and we assigned 2 or 3 days of interviewing in that area, it could amount to 100 interviews. It would then be up to her if she was doing her job adequately to report back to her supervisor, "Look, you sent me to an area where I can't interview," and we have arranged a substitution, because we don't do a preenumeration, so we don't know in advance precisely what would fall in these towns.

Mr. RICHARDSON. Did not Mrs. Hoveland on many occasions advise you of this fact and other facts such as the town of Jacumba, and the other towns mentioned in the testimony, about the fact that there was too much interviewing done in those towns?

Mr. ROSLOW. I am not aware of that.

Mr. RICHARDSON. Did she not prepare a map of San Diego and sit down and color out the block areas and send it to you and tell you that you were, time and time again, sending them back to the same business blocks to survey and the women couldn't find any people there to interview?

Mr. ROSLOW. I will have to check on that.

Mr. RICHARDSON. Would you check your records and see if you didn't have such correspondence?

Mr. ROSLOW. We have no memory of it. It may be. We will check. Is there a date on that?

Mr. RICHARDSON. I can't testify, Doctor.

Mr. ROSLOW. But you have been reading statements into the record. Don't you have a date on it? It will help us to find it.

Mr. RICHARDSON. Doctor, we visited with Mrs. Hoveland and all these other women in April of 1962. Those were the statements made to the committee at that time. These persons were employees of Pulse with one exception. Mrs. Dutelle was an employee of Pulse; Mrs. Hoveland or Goy was an employee of Pulse, is that correct?

Mr. ROSLOW. We were on a contractual relationship. They were performing work for Pulse but they were really Mrs. Goy's—well, I would assume they were Mrs. Goy's employees. We paid her in full.

Mr. RICHARDSON. Thereby, you are not responsible for the interviewers, but only the supervisors?

Mr. ROSLOW. I don't mean to get off the hook by saying no. We were trying to do a job and if we were wrong, we were wrong.

Mr. RICHARDSON. At least it would appear, that she sent you information continually pointing out where you were going back to these same areas and you still sent her and all of her interviewers back to these same areas in your sample diagram.

Mr. ROSLOW. We will have to check on that.

Mr. RICHARDSON. Please do.

Mr. ROSLOW. We will and we will let you know.

Mr. RICHARDSON. Now, Mrs. Rabell testified here yesterday that according to your man, Mr. Kline—you do have a man by that name, Alan Kline, who works for you, do you not, Dr. Roslow?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Is Pulse, Pacific, a subsidiary of Pulse, Inc.?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Now, according to her testimony yesterday, both you and Mr. Kline had told her and Mr. Rabell time and again that their station was a high-rated FM station, and that it did have an audience. She further testified that only after they agreed to subscribe were they listed and that they were listed in only two reports to which they subscribed, and then immediately they were no longer listed. You were asked to bring the reports for San Diego, is that correct, Doctor?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Do you have those reports with you?

Mr. ROSLOW. Yes, sir, I do.

Mr. RICHARDSON. Would you present them to Mr. Sparger for him to check and see whether or not this is a true statement?

Mr. ROSLOW. It is true.

Mr. RICHARDSON. It is true?

Mr. ROSLOW. It is true.

Mr. RICHARDSON. That they were listed only when they paid?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. Thank you, Doctor.

Mr. ROSLOW. I explained earlier that there is a minimum level of performance, and their shares were so low that we would not list them or any other stations.

Mr. RICHARDSON. But they were listed ahead of the time they subscribed, Doctor, when they had the same listing according to Mr. Kline.

Mr. ROSLOW. They had 2 percent shares. We would not list a station with 2 percent shares.

Mr. RICHARDSON. Why did you list them when they bought the thing? You didn't change the report any, did you?

Mr. ROSLOW. They asked, they requested, and I explained that in my statement that we list stations if they subscribe, regardless of what the level is, so long as they wish to be listed and to subscribe.

Mr. RICHARDSON. So if I am a low-rated station and have been included in miscellaneous, all I need to do is pay and you will list me?

Mr. ROSLOW. Otherwise, we wouldn't, regardless of what kind of station you are. In other words, if you didn't have a 4 or 5 percent share, we would not list you.

Mr. RICHARDSON. Then in your reports in many cases, to be listed, one must subscribe. They are based on subscription, is that correct, Doctor?

Mr. ROSLOW. Not in many cases. I would say, in cases of low-rated stations.

Mr. RICHARDSON. Do you not have reports wherein you will either list or not list a station, Doctor?

Mr. ROSLOW. I just said so. If it was a 4 or 5 percent share, and depending on how many stations there are in the market—let me explain it, if I may?

May I take a minute to explain this?

Mr. RICHARDSON. Certainly.

Mr. ROSLOW. Generally, we do not list a station that does not achieve a 4- or 5-percent share or about a 1-percent rating consistently through the survey. We will list such a station if the station comes to us and says, "I want to subscribe and I want to be listed regardless of my level of audience."

Now, depending on the market, if you have a market with only a few stations, we might list such a lower rated station, because if there are only three or four stations in a market, there is a good chance that they could be helped, not hurt, by being listed with this low audience. If you have got a dozen or 15 stations in a market and you have got a 2 percent share station, listing them in the report isn't going to help them saleswise.

Mr. RICHARDSON. What if you have 30 stations in the market, Doctor, and each station has a 3 percent share? You don't list any of them?

Mr. ROSLOW. I haven't finished my statement, sir.

Mr. RICHARDSON. Excuse me.

Mr. ROSLOW. Historically, a station may be declining in audience, and we might still show it where it came down to a 4-, or a 3-, or a 2-percent share. We might rate several reports before we finally took it out and put it in miscellaneous. Or we might have the reverse historically, we might have a station that was down in miscellaneous, with a 2- or 3-percent share, and it started growing in audience, and we might wait a report or two while it had a 5 or 6 before we decided now we have got to put this station into the book, whether they subscribed or not.

I am ready for your question, sir.

Mr. RICHARDSON. Mr. Sparger, would you show a copy of this correspondence to Mr. Sternberg? Mr. Sternberg, Mr. Sparger is giving you a copy of a letter written on August 29, 1961, to a Boyd Lawlor, general manager, station WAIT radio, Chicago, Ill. Would you identify this letter and read it for the record?

Mr. Sternberg (reading):

DEAR BOYD: I certainly appreciate your visiting our Chicago office while I was in town.

I certainly hope that we will have the opportunity to service your station with our Pulse radio research and that we be given the opportunity to include station WAIT in our reports.

As we discussed, the cost of subscribing to our regular radio reports would run \$233.33 per month on an annual subscription basis.

However, before I would accept subscription to these reports, I would have to have at least 30 percent of the money that is owed us for past studies conducted for the station.

I certainly hope that I will hear from you regarding your participation in our future studies.

Signed by myself.

Mr. RICHARDSON. Mr. Sternberg, Mr. Sparger will now give you a copy of a letter dated January 18, 1962, addressed to you as director of sales, Pulse, Inc., 730 Fifth Avenue, New York 19, N.Y. This is from Robert O. Miller, managing director, station WAIT. Would you identify the letter and see whether or not you—

Mr. STERNBERG. Shall I read it?

Mr. RICHARDSON. Can you identify the letter?

Mr. STERNBERG. Oh, yes.

Mr. RICHARDSON. Would you read it for the record?

Mr. Sternberg (reading):

DEAR MR. STERNBERG: Enclosed you will find our check in the amount of \$512.05, which is based on your letter of August 29, 1961.

I believe this, then, will be the necessary preliminary step to our future participation in Pulse Chicago studies.

Thank you for your cooperation, and we look forward to hearing from you.
Cordially,

RADIO STATION WAIT,
ROBERT O. MILLER, *Managing Director.*

Mr. RICHARDSON. Now, Mr. Sparger will hand you a letter dated January 25, 1962, addressed to Robert O. Miller, WAIT, Chicago, Ill. Would you identify that letter?

Mr. STERNBERG. Yes.

(The letter follows:)

DEAR MR. MILLER: Thank you for your letter dated January 18 and the enclosed check which was based on my letter of August 29 to Mr. Lawlor, who was then affiliated with the station.

I certainly would welcome the opportunity to service your station with our regular Chicago radio audience measurement studies.

As I stated in my correspondence of August 29, the cost for your station's subscription to our monthly Chicago studies would run \$233.33 per month on an annual subscription basis.

If you are agreeable to this proposal, I would then start listing your station in our reports, beginning with the January study.

If you accept this proposal, it is our normal policy to receive the original copy of this agreement that I have enclosed, with your signature, and the duplicate copy will be for your files.

Please let me hear from you regarding your further interest in participating in our Chicago metropolitan area studies, at your earliest opportunity.

(Carbon to their representative.)

Mr. ROSLOW. Is that \$2.33?

Mr. STERNBERG. No, sir, \$233.33 per month.

Mr. RICHARDSON. Basically, this station owed you a bill and you wouldn't list them until they paid that bill and when they paid you, you started listing them in your report; is that correct?

Mr. STERNBERG. If I recall, and this is going back, I guess, 2 years, I made a visit to the Chicago market and when I do make these periodic visits, I would visit with all the stations and the listing agencies. Of course, I would like to get as many stations subscribing to our service as possible. At that time, I do not recall prior to that visit or prior to his subscription whether he was listed or he was not listed. I would have to check my library for that information.

Mr. RICHARDSON. But anyway, according to your letter which you wrote him:

If you are agreeable to this proposal—

in other words, paying the back money—

I would then start listing your station in our reports beginning with the January study.

This simply means then—if you pay, you get listed, if you don't pay, you don't get listed; is that correct?

Mr. STERNBERG. Well, sir, let me just say this. As Dr. Roslow stated, we will list a station in the report no matter what their share of

audience is. However, if they do not meet the standards for reporting, and they do not subscribe, they are not listed.

Mr. RICHARDSON. Do you have the Chicago reports with you?

Mr. STERNBERG. Yes, sir.

Mr. RICHARDSON. Would you give them to Mr. Sparger?

Mr. STERNBERG. Yes, sir.

The CHAIRMAN. I think probably we will have to adjourn.

Mr. RICHARDSON. I think this is a good place to adjourn, Mr. Chairman.

The CHAIRMAN. Obviously, we cannot conclude with your presentation today, Doctor, so the committee will adjourn until 10 o'clock in the morning.

(Whereupon, at 4:30 p.m., the committee recessed until 10 a.m., Wednesday, March 20, 1963.)

BROADCAST RATINGS

WEDNESDAY, MARCH 20, 1963

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON INVESTIGATIONS
OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D.C.

The special subcommittee met, pursuant to recess, at 10:05 a.m., in room 1334, Longworth House Office Building, Hon. Oren Harris (chairman of the subcommittee) presiding.

The CHAIRMAN. The committee will come to order.

Mr. Richardson, you may proceed.

Mr. RICHARDSON. Thank you, Mr. Chairman.

TESTIMONY OF SYDNEY ROSLOW, PRESIDENT, THE PULSE, INC.;
ACCOMPANIED BY HARRY M. PLOTKIN, ATTORNEY AT LAW—
Resumed

Mr. RICHARDSON. Dr. Roslow, did you find out whether or not you had mailed the letter in question yesterday to KOLD in Tucson, Ariz.? Was that your letter?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Then the letter we were referring to yesterday was a letter sent to KOLD by Pulse, Inc.?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Doctor Roslow, at the close of the testimony yesterday, we were discussing Station WAIT in Chicago. A letter had just been read into the record, wherein it stated "as soon as you pay these back payments, you will be listed in the report." This was a letter to Mr. Sternberg, is this not correct?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. Doctor Roslow, Mr. Sparger will give you the reports for Chicago. Is it not true that prior to this time in this market, WAIT was not listed and immediately upon payment of the back money, they were listed in the report? That would be the January report, as stated in the letter by Mr. Sternberg.

Mr. ROSLOW. Sir, that is true, but may I explain that WAIT was listed in our report for January 1958 to August 1959, when they were not a subscriber and when they had low shares, because they had been a subscriber.

Mr. RICHARDSON. Doctor Roslow, we didn't say you took them out because they hadn't paid the money, but the testimony yesterday was quite clear, "when you pay this money, you will be listed," and they were listed?

Mr. ROSLOW. They were listed for a year and a half when they were not a subscriber with shares below the minimum level.

Mr. RICHARDSON. Would you furnish us all correspondence of WAIT, Doctor Roslow?

Mr. ROSLOW. Yes, we will.

Mr. RICHARDSON. Doctor Roslow, we hand you a copy of a letter the committee has. Would you state what it is?

Mr. ROSLOW. Yes. This is our total billing for 1962 in broadcast, local television, network television, network radio.

Mr. RICHARDSON. Thank you, Doctor Roslow.

Doctor Roslow, yesterday you testified that since your sample was not a probability sample, one could not compute sampling error in the usual manner and you admitted certainly that your ratings were subject to sampling error. Is that not correct?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. In fact, you did advise that the reliability of Pulse ratings could be established only by judgment and personal evaluation by one familiar with the market and by establishing trends over a period of time; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. How would an advertiser or an advertising agency in a decision between two stations for advertising purposes make use of these ratings in making a choice between two stations in the same locality or actually even in different localities?

Mr. ROSLOW. This is a problem that the time buyer faces. I believe the situation, as I understand it, is something like this:

Stations or a station manager or their salesmen come to an advertising agency to the time buyer with their material about their station. They present their promotional material, their programming structure, their facility, power, frequency, studios, tower, pattern, testimonials from other advertisers—in other words, they are trying to put forth their best effort as to why the advertising agency should be on this station.

Now, along with this, they may or may not have a survey, which is another bit of information to document what they are trying to sell.

Mr. RICHARDSON. Excuse me for interrupting, but we have already heard from a time buyer so we are aware of what they do.

Mr. ROSLOW. Well, then, the ratings are used in conjunction along with such information, I would believe.

Now, if the ratings are close, then surely they must rely on as much of this information as possible. If there are differences and the way radio is bought, it is largely bought in terms of the broad shares. They don't buy today the specific periods so much.

Mr. RICHARDSON. Would you say that Leo Burnett was completely wrong when they ordered by a certain number of gross rating points?

This is the information that came before us in the testimony of the time buyer.

Mr. ROSLOW. No, because what they buy is a total circulation across the station and these spots are distributed throughout the broadcast day.

Mr. RICHARDSON. Excuse me again, but Mr. Sylvester Weaver from McCann-Erickson testified and he said when it comes to buying spot time in radio and television, it is all slide rule.

Mr. ROSLOW. If they are going to base it precisely on the decimal point, they are not taking into consideration the other important factors; yes, sir.

Mr. RICHARDSON. In a news article recently in Broadcasting it was announced that one of the largest advertising agencies in the country, Batten, Barton, Durstine & Osborne, popularly known as B.B.D. & O., was feeding Pulse ratings into a computer to be used as the optimum basis for selection of programing. Is this not true?

Mr. ROSLOW. I would not know.

Mr. RICHARDSON. Are they a subscriber of yours?

Mr. ROSLOW. They are a subscriber, but I would not know how they are making use of the information.

Mr. RICHARDSON. Didn't B.B.D. & O. tell you this was the reason they were purchasing your qualitative data?

Mr. ROSLOW. They designed a qualitative project which we then executed. They permitted us to make it available to others. They are using the material somehow.

Mr. RICHARDSON. Do you think a computer can exercise the kind of personal judgment evaluation you stated is required to use Pulse's ratings?

Mr. ROSLOW. I am instructed that the man at B.B.D. & O. with whom we negotiated this project has informed us that they are not putting this material into the computer but they are permitting the time buyers to use it in their judgment.

Mr. RICHARDSON. Whether or not they are putting it into computers, if they are permitting their time buyers to use it in their judgment policies, the different demographic breakouts in your qualitative data as you call it come from this total sample?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. And they become very small; these breakouts?

Mr. ROSLOW. They must become smaller, but please bear in mind, we are doing it by broad periods, because we know this problem.

Mr. RICHARDSON. But if you get a sample of 400 and you break it down by the many and various qualitative areas you do bring it down into, the sample gets awful small, doesn't it?

Mr. ROSLOW. Let's not say awful.

Mr. RICHARDSON. Extremely small.

Mr. ROSLOW. No; let's not say extremely small, because in terms of case counts, it is not getting that small.

Mr. RICHARDSON. Is 10 a small sample, or large?

What would be a small sample in your opinion?

Mr. ROSLOW. May I consult?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I am informed that the way our data was broken down on the kind of sample size you are discussing, the smallest breakdown characteristic might get as low as 20. This would be on the unskilled classification in a particular situation. This would be small, sir.

Mr. RICHARDSON. Let's say we have a sample of 20 in a market of any size, the ones you go into, and there are 10, 12, or 15 radio stations. It is a pretty small sample, isn't it?

Mr. ROSLOW. Well, you see, you are forcing me to agree with the concept that you have, but the data is not processed in the concept you have in mind.

Mr. RICHARDSON. It is used by time buyers, though?

Mr. ROSLOW. Yes; it is used by time buyers.

Mr. RICHARDSON. And they make judgments from it?

Mr. ROSLOW. I suppose they do.

Mr. RICHARDSON. You don't supply statistical variance charts for these buyers in your—

Mr. ROSLOW. May I comment on statistical variance, since you raise that question?

Mr. RICHARDSON. Yes, you may.

Mr. ROSLOW. The concept of the standard error has come up into these discussions, and yet none of the samples is a probability sample and the errors, the formulas, are not truly applicable.

Mr. RICHARDSON. Aren't they greater?

Mr. ROSLOW. They are greater, but I would like to read to you from the *Journal of Marketing* an article by Thomas T. Semon.

Mr. RICHARDSON. Would you explain his expertise, if you are going to use him as an expert?

Mr. ROSLOW. Thomas T. Semon, group chairman, research consultant on the staff of Stewart, Douglass, & Associates; vice chairman, marketing research technique committee; Reuben Cohen, chief statistician, Opinion Research Corporation; Samuel B. Richmond, associate professor of economics and statistics, Graduate School of Business, Columbia; J. Stevens Stock, JSS Research Co.

Mr. RICHARDSON. Dr. Arkin says we will accept their qualifications.

Mr. ROSLOW. He says here—

How much risk is allowable in findings? Traditionally a tolerance of two standard deviations has been steeped in marketing research. That is translated into a pretty high degree of certainty. It is doubtful that much in the way of business venture would be undertaken if odds of 19 to 1 were demanded before proceeding.

A less stringent criterion might be practical in many cases.

So I don't disagree with you on the variance concept. It is a matter of judgment as to what do we do in the practical situation, sir.

Mr. RICHARDSON. We won't get into a discussion of how these are used. We have already had that on the record.

Though, basically, a sample of 20 with the various breakouts is rather small, is it not?

Mr. ROSLOW. I do agree, yes.

Mr. RICHARDSON. Would not the statistical variance using even a one sigma be fairly large?

Mr. ROSLOW. In one sample of 20, yes.

Mr. RICHARDSON. And using one sigma would give the proper result in 68 out of every 100 times. That would be a calculated guess and this would bring it down to where a guess would be better than—

Mr. ROSLOW. No; it is better than 50-50. Anything that is better than 50-50 should help.

Mr. RICHARDSON. Do you publish the sample sizes for each one of these breakouts, Doctor, or do you just leave this to the imagination of the user?

Mr. ROSLOW. The sample size in total is reported. In the first few books that came out they were omitted, but sample size was the same as sample size in the report from which it came. In subsequent reports, we did include the sample size.

Mr. RICHARDSON. You include the total, but like Trendex, with Mr. Hynes last week—you don't explain just how small the sample size is for the breakout, do you?

So no one can know it, can they?

Mr. ROSLOW. May I consult on that?

Please understand that our sample size is not a matter of six cases. We do not publish it; we can't. If it is requested, we will publish the sample sizes in the reports.

Mr. RICHARDSON. But you would admit these people use these reports for judgment decisions, and the only sample size they have is the total sample size and none of the more minute sample sizes are listed, which is the material they are using?

Mr. ROSLOW. The visions are broad. These are no more than four or five categories. Occupation, only four categories; size of family, three categories.

Mr. RICHARDSON. It could not be of much value, could it?

Mr. ROSLOW. It would be better than nothing, sir, but again I submit you must use judgment.

Mr. RICHARDSON. Of course, we will have Dr. Arkin give his opinion on that at a later time, whether a sample of 20 broken down is better than nothing on an educated guess.

Again, in your current reports, are you not producing your data only on a 30-minute basis?

Mr. ROSLOW. You mean the detail in the report?

Mr. RICHARDSON. The detailed data.

Mr. ROSLOW. In the larger markets, we are averaging the 2 quarter hours together and it comes out as an average quarter hour of the half hour. I think that is what you have in mind. In the Monday-Friday.

Mr. RICHARDSON. Yes.

Mr. ROSLOW. In some of the smaller markets, we are producing them by hourly averages. Then on Saturdays and Sundays, we are producing them by broader periods, by 3-hour periods. We have just instituted that change.

Mr. RICHARDSON. Doctor, you use the paired coincidental where you ask a person, if you find him at home, what he is listening to now and what he listened to 15 minutes ago?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. If you are producing this on a 30-minute basis, this home is going to report twice on the same 30 minutes?

Mr. ROSLOW. On the roster method, that is true also. The same home is reporting for a broad period.

Mr. RICHARDSON. But you only ask each home one time for any breakout. You don't ask him twice the listening for this period, do you?

Mr. ROSLOW. In the roster method. We are asking him for an entire period.

Mr. RICHARDSON. I realize that. But in your coincidental, you ask him what he listened to now and what he listened to 15 minutes ago.

Mr. ROSLOW. But, sir, in the roster reconstruction method, the technique is the same. We ask him: "What did you listen to through a period of several quarter hours?"

Mr. RICHARDSON. That actually makes it much worse, then, throughout the day, doesn't it?

Mr. ROSLOW. If you wish to consider it that way.

Mr. RICHARDSON. We will also have Dr. Arkin testify to that.

Mr. Roslow, radio station KITT was discussed in your testimony some yesterday. I would like to read from page 1770 of the record, the testimony of Mrs. Rabell. She was speaking of the problem that her company had had with you in San Diego, and she starts out by quoting you:

"Doctor Roslow said: 'Yes, you will be back in it'", in talking about your regular report.

Then she says:

But we never were. I have a letter here in 1961 from Alan Kline stating we were to be put back in the listings of the regular Pulse. We never were. We kept saying, "We'll buy what we can," but an FM station cannot afford to pay the full Pulse rate, which in San Diego is \$600 a survey for four surveys a year. We can't pay for it.

We have in our possession a letter from Dr. Roslow as early as September 1958, stating, "It may be profitable to keep a continuing record of your quarter-hour ratings for each report, with the possibility that we can list you in the regular rating report if and when you reach a sufficiently high level to justify this inclusion."

The letter from Alan Kline in May of 1961 said, "As per our recent discussion, KITT-FM will be listed on the share page of all future San Diego reports providing it reaches our minimum requirements for reporting. Unless there has been a dramatic change in your audience size, this can be no problem."

Now, she quoted that from a letter from Mr. Kline. It is pretty obvious that, at least in 1961, you were going to put them back in the regular report and yet you never did. Is that not correct?

Mr. ROSLOW. No; that is not obvious, sir. Alan Kline—this was prior to our decision in September or October, where we decided not to process any FM at all in the report. We had offered to the Rabells—and they had been instrumental in establishing—a separate FM service which they could afford, or at least it was priced so low that we thought FM stations could afford this research.

Mr. RICHARDSON. Doctor, you did several special studies for KITT. They were not aware, and it would appear no one was aware until the Federal Trade order came out that you weren't going to list FM. Because your report said radio, and didn't say FM until the Federal Trade report of this year; is that correct?

Mr. ROSLOW. No; that is not correct; because when we eliminated FM, the statement went into record for October 1961.

Mr. RICHARDSON. Would you show us the report for October 1961?

Mr. ROSLOW. If you have the last report for San Diego in 1961, I believe I submitted those yesterday, and you have them, sir.

Mr. RICHARDSON. We will check this, Doctor.

When you went into a market when you were doing television and it had a "U" station and two "V" stations, did you refuse to report the "U" station?

Mr. ROSLOW. My memory is not clear on that. We did so little television when the "U"s came on, by that time we were practically out of the picture, but I am not sure. I have no memory on that. We would have to search our library for that.

Mr. RICHARDSON. Would you say that FM is radio?

Mr. ROSLOW. So is television radio.

Mr. RICHARDSON. UHF is television?

Mr. ROSLOW. I think it is all radio.

Mr. RICHARDSON. All right.

Doctor, if you weren't going to list these FM stations, why did you write and ask them for their program logs? We have many copies of letters where you have written and asked them for program logs.

Mr. ROSLOW. That is correct; because up until the decision to take them out completely, there were requests, occasional requests, as Rabell had ordered, to do a breakout. So we put the FM in a station in a situation like that on our roster. In doing the circulation studies, we carried the FM station on the roster.

When we offered this new service, we put the FM stations on the roster.

Mr. RICHARDSON. Doctor, we ask you to supply these interviewing sheets or roster sheets of San Diego for that period.

Can you supply them?

Mr. ROSLOW. I can't supply them. I have the last one.

Mr. RICHARDSON. That is not what we are interested in.

Would it surprise you that your supervisor in San Diego, Mrs. Hovland, and every interviewer we talked to there said no program listings had ever been on any roster recall in San Diego for any FM station whatsoever? This was even when you sold reports to KITT?

Mr. ROSLOW. I would feel reasonably sure that the FM stations were listed—

Mr. RICHARDSON. Would you try to supply that information for the subcommittee?

Mr. ROSLOW. I know we do not have the roster, but no special roster was made for FM. The FM stations were listed along with the AM stations on the roster.

Mr. RICHARDSON. Doctor, you testified yesterday that they were down at the bottom.

Mr. ROSLOW. This is where we are not doing any FM research as such, but when we instituted this service, where we ran such a survey, the FM stations would be listed along with the AM stations.

Mr. RICHARDSON. Then all of your interviewers and your supervisor in San Diego are wrong but you are right and you don't have any rosters to prove it?

Mr. ROSLOW. I am not saying they are wrong. I am saying they must be mistaken. We have no rosters of that period to prove it. We didn't save them; we had no reason to save them. We produce new rosters every time we do the survey.

Mr. RICHARDSON. It is strange that none of these women can ever remember any FM stations being placed on the recall roster charts isn't it? They have been interviewing for you for many years.

Mr. ROSLOW. I wouldn't know about that. All I can say is if we did the surveys, we would put the FM stations on the roster.

Mr. RICHARDSON. Doctor, a discussion came up the day before yesterday and we had a witness from Lawton, Okla. The question came up as to the sample execution for that market. Would you check your records and supply to the committee a copy of the sample execution and all data and the interviewing questionnaires for this report in Lawton, Okla.?

Mr. ROSLOW. What is the period of that survey?

Mr. RICHARDSON. It was September. You have only made one there, according to your testimony, in several years. It was September of 1962.

Mr. ROSLOW. We will supply what we have available, sir.

(EDITORIAL NOTE.—A copy of the areas surveyed was supplied by pulse. However, no actual field data (questionnaires) were sent.)

Mr. RICHARDSON. Thank you, Doctor.

How soon do you destroy your interviewing sheets, Doctor? You have said you have already destroyed them for the November-December—

Mr. ROSLOW. We do not keep them for more than a few months. If the report is issued, if we get any questions of errors, we can check them through. Two or three months go by and the material keeps accumulating.

Mr. RICHARDSON. Then it would have been impossible for us to check the complete Miami situation and it would be impossible for any subscriber, just a short time after your report comes out, to find out whether or not the interviewing was as you said?

Mr. ROSLOW. No; within 2 or 3 months; it is definitely possible.

Mr. RICHARDSON. Well, Doctor, it is 2 months before you get your reports out after you have done the interviewing, isn't it?

Mr. ROSLOW. We still have the questionnaires. We had the Miami questionnaires in February when I was able to pull out these questionnaires in the seven troublesome communities.

Mr. RICHARDSON. Then since this was in question, you immediately destroyed the others?

Mr. ROSLOW. No; I did not immediately destroy them. They went back on the shelves. By now I assume they are not there, because the February-March interviewing has been arriving. This is simply the process our tabulating unit is employing.

Mr. RICHARDSON. Doctor, you ran an ad on the back page of Broadcasting magazine for the February 25, 1963, issue, is that correct?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. On this, you state "Suddenly everybody is finding the out-of-home audience we never lost."

You go ahead to explain that you are very proud of this fact, do you not, Doctor?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Among other things, this ad stated: "In 1963 suddenly press, air, and mail are filled with gurgles of discovery. Radio is undervalued. Why doesn't somebody measure the "out of home" audience? Let's try to attach a device to transistor radios. It is enough to invoke an immodest ad like this one."

Is that not part of the ad, Doctor?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Dr. Roslow, after our request for them in the middle of January, and your statement that you couldn't supply them to us immediately, in March last year, you supplied us the interviewing sheets for November 1961, Louisville, Ky., for both the regular and the Negro survey; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, it has been the understanding of the subcommittee from testimony presented here in the past and from copies

of surveys which have been shown to members of the committee by Sindlinger and other groups that "out of home" listening is a considerable amount of total radio listening. Is that your opinion?

Mr. ROSLOW. I would estimate it could range from 10 to 40 percent of the "in home" audience, depending on market, time of day, station, depending on the technique or method used in collecting the audience.

Mr. RICHARDSON. Well, Doctor, after your ad, we went back and re-tabulated all of your "out of home" listening as a percentage of total listening.

We have these sheets here. Would it surprise you to discover that in your regular radio report for November in Louisville—we have tabulated this three separate times—that you had only 5.3 percent of your listening as "out of home" listening?

Mr. ROSLOW. It would be low, but of course the Louisville interviewing is not geared for obtaining the optimum "out of home" since that roster break, I believe, is at 3 o'clock or 4 o'clock. In the larger markets, where we do the "out of home" interviewing after 6 o'clock, I think we would have a substantially higher level.

Mr. RICHARDSON. Doctor, you say this is available on this great qualitative basis—in how many markets does it say on that ad?

Mr. ROSLOW. We do "out of home" in every market we survey.

Mr. RICHARDSON. Would it surprise you to find that in the Negro survey for Louisville, only 1.7 percent of all listening was "out of home" listening?

Mr. ROSLOW. Well, it is low.

Mr. RICHARDSON. It is very low?

Mr. ROSLOW. Yes, it is.

Mr. RICHARDSON. A very immodest ad in relation to this great 1.7 percent, wasn't it?

Mr. ROSLOW. This is one market, sir.

Mr. RICHARDSON. Unfortunately, we don't have time to tabulate all of your interviewing sheets, Doctor.

If, according to these other people, the fact is that "out of home" listening does comprise about half of the total listening in radio, then this was not a very good survey of "out of home" listening, was it?

Mr. ROSLOW. Well, I don't think we should apply the claims of others to this survey, sir.

Mr. RICHARDSON. Well, apply your averages, then, for March.

Mr. ROSLOW. Well, it is low. I think we should find a much higher level than that.

Mr. RICHARDSON. I think you stated you should, too, Doctor.

Mr. ROSLOW. It is low, yes.

Mr. RICHARDSON. Then as far as this one survey is concerned, this ad is sort of false and misleading, isn't it?

Mr. ROSLOW. No; I do not believe so.

Mr. RICHARDSON. This ad further states:

What we do want you to know is that Pulse regularly measures out of home in 266 markets and reports the data to more than 1,000 agencies, advertisers, and stations.

Mr. ROSLOW. There is nothing untrue in that statement, sir.

Mr. RICHARDSON. I think it will be interesting to note that it reaches as high as 5 percent in the information we have tabulated. I think the public will be glad to know that, don't you, Doctor?

Mr. ROSLOW. Well, these are not our tabulations.

Mr. RICHARDSON. We will be glad at a later time to let you retabulate.

Doctor, on this Louisville report, which we have tabulated, you sent us the interviewing, as I mentioned, after we requested it of you in January and you said you could not get it for us at that time. You did send it to us in March; is that not correct?

Mr. ROSLOW. I don't know. I would have to check on that.

I have a letter from you on February 8, sir, from Robert Richardson; "Thank you for the interviewing sheets for the Louisville, Ky., market."

So we must have sent them to you before March.

Mr. RICHARDSON. That is quite possible. We have a letter from you dated March 7 in which you explained all the information we had asked for. We must have received the interviewing sheets from you in February.

Doctor, Mr. Sparger has just handed you the regular report for Louisville. Would you identify this report for the record?

Mr. ROSLOW. Yes; this is the Louisville Metropolitan Area Radio Report for November 1961.

Mr. RICHARDSON. What else does it say as far as the information on the front of the cover is concerned?

Mr. ROSLOW. Total audience, in-home and out-of-home.

Mr. RICHARDSON. All 5 percent of out-of-home?

Doctor, did you not state that—

Mr. ROSLOW. It doesn't say 5 percent in this for "out of home." It just says total "in home" and "out of home." We simply added together what we would have found.

Mr. RICHARDSON. Doctor, on this report it states that the interviewing was done from November 1 to 22d, and from the 24th to the 30th, does it not, 1961?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, Mr. Sparger will now hand you the other report you did in November 1961 for Louisville.

Would you identify it?

Mr. ROSLOW. This is the "Negro radio audience, Louisville, Ky., metropolitan area, Negro radio, November 1961, total audience, in-home and out-of-home."

Mr. RICHARDSON. When we asked for this interviewing in January, we asked you to send along a copy of the report, which you did, and an explanation as to how the interviewing was conducted and any weighting factors used; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And you sent us a letter dated March 7; is that correct?

Mr. Sparger will supply you with a copy of this letter and the attachments you sent at that time?

Mr. ROSLOW. Yes, sir; I recognize this.

Mr. RICHARDSON. Would you identify that letter and the attachment for the record, Doctor?

Mr. ROSLOW. Yes; this is the letter which I sent.

Mr. RICHARDSON. Would you identify it as to what it contains and each attachment connected thereto?

Mr. ROSLOW. Do you want me to read it?

Mr. RICHARDSON. No; just tell us briefly what it is.

Mr. ROSLOW. It contains the procedure in selecting the block areas. Is that satisfactory?

Mr. RICHARDSON. What do the attachments explain?

Mr. ROSLOW. The attachments are the sample design, the explanation of the sample.

Mr. RICHARDSON. In this Louisville report, did you prescribe that the interviewers were to be assigned to specific blocks and the exact method they were to proceed on in those blocks?

Mr. ROSLOW. The sample design shows blocks and it shows an arrow as to the way in which they should proceed around the block.

Mr. RICHARDSON. All right; this is a rather elaborate sample execution, it is not?

Mr. ROSLOW. Well, it is complex.

Mr. RICHARDSON. Yes, sir. It would be important that it be followed, then, would it not, Doctor?

Mr. ROSLOW. We would wish and hope that the interviewers followed this as closely as possible.

Mr. RICHARDSON. Do you know how closely they followed it in the Louisville report?

Mr. ROSLOW. May I consult a moment?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. When the data returns to the office, the counting-in department, you might say, checks them off on these block schedules, because they come clipped with these block—the questionnaires come clipped with these blocks.

Mr. RICHARDSON. Did you find many substitutions?

Mr. ROSLOW. There would be substitutions. There always are some substitutions, because there are several problems—new housing, buildings destroyed.

Mr. RICHARDSON. Would it surprise you that a great many of them were substitutions, Doctor?

Mr. ROSLOW. Well, I don't know. I would have to see the original return.

Mr. RICHARDSON. You don't have that information with you?

Mr. ROSLOW. No, I do not. I am not sure we have it.

Mr. RICHARDSON. It was obvious to you that we had tabulated all the results from this Louisville report?

Mr. ROSLOW. Was it obvious to me?

Mr. RICHARDSON. Well, we had written you letters explaining this, and we received this material from you, did we not?

Mr. ROSLOW. You asked us. I don't know what you did with it.

Mr. RICHARDSON. I imagine you have been following these hearings, Doctor. It was obvious that we tabulated these other companies' materials.

Would it be a great shock to find that we had tabulated yours?

Mr. ROSLOW. I don't know that I would be shocked either way.

Mr. RICHARDSON. On this letter which has just been handed to you, you stated that you used census data, is that correct?

The letter handed you just now by Mr. Sparger, which you wrote to us, March 7, 1962?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Now, you said you used this with a random start and a systematic sampling procedure through the area, is that not true?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. You also stated in your letter of March 7 that this held true for the Negro reports: is that not correct? It would be on page 2 of your letter there, Doctor. The letter just handed to you by Mr. Sparger, the second page.

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Now, Doctor, along with this letter, you forwarded and you—

Mr. ROSLOW. May I consult a moment on that? I want to make sure we are referring to the same survey.

Mr. RICHARDSON. Yes.

Mr. ROSLOW. To the best of my knowledge, we think they were picked that way.

Mr. RICHARDSON. At least that letter said that, didn't it?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. You forwarded along with this letter the specific areas which were to be surveyed for Metropolitan Louisville, did you not, and that is attached to this letter?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Would you identify what those sheets are for the subcommittee?

Mr. ROSLOW. Well, they show the blocks to which the interviewers are assigned.

Mr. RICHARDSON. Would you describe sheet by sheet as to how they were drawn?

Mr. ROSLOW. One sheet shows the statistical breakdown of the communities and the manner in which the counting took place.

Mr. RICHARDSON. This is for three counties of the metropolitan area?

Mr. ROSLOW. Yes, sir: it is the three counties—Jefferson, Clark, and Floyd.

The second page shows the statistical counting procedure and, finally, the blocks are shown.

Mr. RICHARDSON. Doctor, you stated in this information that the sample size for the Regular Pulse Report in Louisville November 1961 was 1,609; is that not right?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Of the 1,609, you stated 555 were listening families?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. You stated that 241 were not listening families in this, did you not?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. You stated there were 300 interviews conducted on a coincidental basis?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. You stated there were 513 interviews with people who were not at home?

Mr. ROSLOW. Those are not-at-home contacts—not interviews.

Mr. RICHARDSON. How do you contact somebody who is not at home?

Mr. ROSLOW. It is simply a count of a door that was not answered.

Mr. RICHARDSON. And this goes into your sample size?

Mr. ROSLOW. It is reported in the report. We have been, shall we say, admonished by the FTC. We now report the numbers separately.

Mr. RICHARDSON. Still, you do include it in your sample base or your sample size?

Mr. ROSLOW. No; we are not including it in the sample size any more.

Mr. RICHARDSON. You were at the time this report was done?

Mr. ROSLOW. We were at the time, yes, sir.

Mr. RICHARDSON. Doctor, last Friday, it was the testimony of Doctor Arkin, the consulting statistician of this committee, that if you were interviewing and you included such people as persons who didn't answer the telephone, and this would, of course apply to people who were not at home, you could just as well include the whole city, because you didn't contact them.

Would you have an opinion on that, since you are the head of a statistical organization?

Mr. ROSLOW. Well, we have conducted an experiment to arrive at what to do about the "not at home" families when we get there. So in this experiment, if I may go through—

Mr. RICHARDSON. Just give us your opinion, Doctor.

Mr. ROSLOW. In this experiment, we revisit "not at home" families up to four times in an effort to get some listening information on them. When you do that, you come up with a statement of the amount of listening they may have done, so you now have a basis for applying a statistical adjustment for the "not at home" families in the future surveys.

Mr. RICHARDSON. Was this internal research by your company?

Mr. ROSLOW. We did it. We did this additional research. We have submitted that experiment to the FTC. We have another one we are now processing. We expect to do this two or three times a year.

Mr. RICHARDSON. Doctor, you also listed on this sample size information that the Louisville Negro survey had a certain sample: did you not?

Mr. ROSLOW. I am sorry; I did not hear you.

Mr. RICHARDSON. You listed the Negro sample size on this information sent to the committee?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. According to your information, there were 304 listening families; correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Thirty-one nonlistening families?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. One hundred and forty-six coincidental interviews?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And 96 "not at home?"

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. This was a total of 577.

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Once again, there were "not at home" interviews?

Mr. ROSLOW. No; there was just a count.

Mr. RICHARDSON. Now, you could not find out what their listening was for a prior 9 to 12 hour period, could you, if they were not at home?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. You also explained in this information which was mailed to the subcommittee, the number of families for coincidental interviewing; is that not right?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. You also stated there could be 10 to 20 interviews not accounted for; is that not right?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. The next sheet is entitled "Louisville, Kentucky, Metro 1961." Is that not right?

Mr. ROSLOW. That is right.

Mr. RICHARDSON. Would you identify for the committee what this sheet is?

Mr. ROSLOW. It shows the distribution of population in the three counties and the percentage of population and then the way the days of interviewing were appropriated.

Mr. RICHARDSON. On this sheet, you break down the listening, at least the samples or the homes, for the different counties of metropolitan Louisville; is that correct?

Mr. ROSLOW. Yes, that is correct.

Mr. RICHARDSON. Under this, you have listed Jefferson County, Ky., Louisville, 25 days; is that correct?

Louisville City?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. You have listed the remainder of Jefferson County as 14 days; is that not correct?

Mr. ROSLOW. That is correct.

Mr. RICHARDSON. Then you listed that you surveyed outside the city limits of Louisville; did you not?

Mr. ROSLOW. This is the sample design.

Mr. RICHARDSON. Yes.

Next you list Clark County?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And Clark County comprises part of the Metropolitan Louisville area?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Next you listed Floyd County?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And Floyd County comprises part of the Louisville metro area?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Would you read to the committee the town you included for Clark County?

Mr. ROSLOW. The sample count called for Winchester.

Mr. RICHARDSON. All right. Would you read the city which the sample execution called for in relation to Floyd County?

Mr. ROSLOW. Prestonburg City.

Mr. RICHARDSON. Now, behind this, in the area where you were actually to do the interviewing, you gave specific block areas for Louisville?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Then you listed areas for the remainder of Jefferson County, Ky., such as Shively; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Pleasure Ridge Park?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Valley Station?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. St. Matthews City?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Then you listed Jeffersontown City and Middleton, Ky.; did you not, Doctor?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Then on the next sheet you had 2 days of interviewing for Clark County, Winchester City; did you not, Doctor?

Mr. ROSLOW. Yes; that is right.

Mr. RICHARDSON. And you had 3 days for Prestonburg City?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Mr. Sparger will now show you a map explaining what Metropolitan Louisville is. Would you read those three counties?

Mr. ROSLOW. Floyd, Clark, and Jefferson.

Mr. RICHARDSON. Now, Mr. Sparger, take that back to him for just a moment.

On that map, it says, Jefferson County, Ky.; correct?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. And Clark and Floyd Counties?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Mr. Sparger, would you bring the map of Kentucky out where Doctor Roslow and the committee can see it?

Doctor, you have gone over this and identified it right here?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. This is a map of Kentucky. As you will see from the marks the subcommittee has placed on this map, Jefferson County, Ky., is part of Metropolitan Louisville, but Prestonburg City and Winchester are at a great length downstate, one of them being 80 miles from Metro Louisville, the other 160 miles from Louisville, across a mountain range. Is that not so, Doctor?

Mr. ROSLOW. Are those the cities in these counties?

Mr. RICHARDSON. Yes, sir.

Would you identify from the map Winchester City and Prestonburg at a distance of 160 and 80 miles from Metropolitan Louisville, the counties you measured for Metropolitan Louisville, Ky.?

Mr. ROSLOW. Are we talking about the same counties?

Mr. RICHARDSON. We just had you go through your sample design where you scheduled your interviewing.

Mr. ROSLOW. Are we talking about Clark County across the river?

Mr. RICHARDSON. We just asked you to explain what cities you interviewed in, Doctor, and you listed Winchester and Prestonburg.

Mr. ROSLOW. Well, those are not in the counties.

Mr. RICHARDSON. I don't argue that, Doctor, but those were in your sample design?

Mr. ROSLOW. I think there is something wrong.

Mr. RICHARDSON. We think so, too. Would it surprise you that your supervisor in Louisville says you have been sending her these

interviews 80 and 160 miles away, time after time, and she has complained to you and you have never done anything about it?

Mr. ROSLOW. Well, it would surprise me if our statistical department did nothing about it. I am wondering whether there isn't a confusion with some other studies which were run at the same time.

Mr. RICHARDSON. Doctor, we have just had you identify specifically the information which you sent us for Louisville, Ky. We have the interviewing sheets where this interviewing was done for Metro Louisville in Winchester City, a town over 80 miles from Louisville. You said you applied careful consideration and caution to designs of these interviews?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. You didn't even get into two counties that comprise Metro Louisville, according to the information you have given us from your interviewing sheets. This isn't a very careful design?

Mr. ROSLOW. May I check with my colleagues?

Mr. RICHARDSON. You were in the right counties, but the wrong State, weren't you?

Mr. ROSLOW. It is possible that our sampling department simply has the counties in the wrong State. This is an error which could occur. I hardly believe that if our supervisor had complained to us about this, no action would have been taken on it.

Mr. RICHARDSON. All we know is what she told us. We had the same complaints about other markets we went into, which we discussed here yesterday and the day before in San Diego.

Mr. ROSLOW. It would surprise me, because we would have acted on it if she had told me this was the situation.

Mr. RICHARDSON. I thought you told me yesterday you wouldn't be surprised by anything?

Mr. ROSLOW. I would not be surprised by some of the things you brought up. Do the questionnaires show you they were in these counties?

Mr. RICHARDSON. Very definitely.

Mr. ROSLOW. At least we made the interviews in two counties by that name.

Mr. RICHARDSON. But they were in the wrong State?

Mr. ROSLOW. They were, but this is an error our sampling department must have made and we will have to look into this. If the supervisor called it to our attention, we would have acted on it.

Mr. RICHARDSON. The woman in San Diego said she sent you a map explaining what you were doing wrong there.

Mr. ROSLOW. Let me say, in the new sample Ramona is there with all the turkeys again. Let me say a little community that falls into a sample cluster represents a lot of little communities. If there isn't enough interviewing that is possible in that community, they are supposed to follow the instruction and continue on out. I don't know that we have had this information from our San Diego supervisor.

Mr. RICHARDSON. In the case of Louisville, to quote a member of our staff, Mr. Briscoe, it looks like Pulse measured the wrong pulse, doesn't it?

Mr. ROSLOW. I think if this is the wrong State, this is an error and we can check it.

Mr. Moss (presiding). Doctor, the supervisor indicated that she had been going down here for some time, 160 and 80 miles. Do you pay these interviewers mileage?

Mr. ROSLOW. We pay them for travel time and travel costs; yes, sir.

Mr. Moss. Now, would you normally, in any interview, be paying for a trip of 80 miles and not somehow, somewhere pick it up?

Mr. ROSLOW. Sir, it would not have been spelled out individually. You see, we would get a total bill from the supervisor.

Mr. Moss. You have a record of cents cost per travel?

Mr. ROSLOW. Well, we should have detected it, but it would be difficult, because we get a total bill from the supervisor that would not be broken down to this day, so many miles to get to this place.

Mr. Moss. But if one person is working for you within a rather confined area and the other one is going 80 miles, the difference in cost should be obvious, shouldn't it?

Mr. ROSLOW. I regret that it wasn't obvious. We certainly paid a lot of money.

Mr. Moss. Well, the thing that bothers me is here you are selling this service that measures in finite proportions and yet your control within your office does not pick up something as obvious as an extremely excessive travel cost.

Mr. ROSLOW. Well, I think there was a laxness in the sampling department, if such an error has been made—definitely there was, and I think bookkeeping should have caught an excessive amount. But as I say, I think it would be difficult to detect.

Mr. Moss. There is no doubt the error was made, is there?

Mr. ROSLOW. I can hardly believe, from what I have seen here, there is no question that an error has been made, sir.

Mr. Moss. Is there anything you see here that you regard as being inaccurate or untruthful? You have seen the map. You know where the survey is.

Mr. ROSLOW. I would say inaccuracy. I don't like the word "untruthful," because I don't think we have by intention intended to do something here.

Mr. Moss. I think you should point out to the committee, if anything, that has been presented to you in laying the foundation for this appears to be inaccurate.

Mr. ROSLOW. We don't know that we have had any communication from our supervisor complaining about this, sir.

Mr. Moss. We didn't show you a communication from the supervisor. I confined my remarks to information shown you and discussed here. Is there anything to indicate that it is inaccurate?

The question really is whether you made the survey across the river or in two counties in the wrong State?

Mr. ROSLOW. It appears that we made them in the wrong two counties, the two counties in the wrong State.

Mr. Moss. The fact is you made them in the wrong counties and in the wrong State?

Mr. ROSLOW. It appears so, yes, sir.

Mr. Moss. That is all. Mr. Richardson.

Mr. RICHARDSON. Thank you Congressman Moss. Doctor, would it surprise you that according to the Federal Communications Commission, only two stations from Louisville, WHAS and WAKY, can go into Winchester city, Ky.?

Mr. ROSLOW. Well, I would not expect very many stations would reach out that far, sir.

Mr. RICHARDSON. Would it surprise you that the State capital is located in the counties between where you surveyed for metro Louisville and Louisville?

Mr. ROSLOW. I don't think I should be surprised about that.

I have no notion of the geography in the area. I don't see the point.

Mr. RICHARDSON. Would it surprise you that no station from Louisville has a signal that will reach into, with any quality, Prestonburg, Ky., Doctor?

Mr. ROSLOW. I wouldn't know about that, sir.

Mr. RICHARDSON. Would it surprise you that according to the Federal Communications Commission, the station in Prestonburg and the station in Winchester cannot reach Louisville?

Mr. ROSLOW. Well, I would imagine in the outlying areas, the stations are of low power.

Mr. RICHARDSON. Doctor, would it surprise you that you had quite a little listening show up for a station that was located in Winchester in your survey and yet that station didn't get listed in the report.

Mr. ROSLOW. It would be under miscellaneous. Well, because we have a policy of reporting central city stations generally, so that the tabulating—I wouldn't know about it—they would automatically put it into miscellaneous.

If I may finish, sir, we would be reporting central city stations. This would be the general policy. And automatically, the tabulating people would have put it into miscellaneous.

Mr. RICHARDSON. As a statistical organization, Doctor, shouldn't it have been called to someone's attention that here you had a station showing up that was a long distance away? Wouldn't this be the type of thing that your organization would be on the lookout for, to try to find out if an error had been made?

Mr. ROSLOW. Well, we should be on the lookout for it, but you must understand the nature of processing, where you have coders and key punch operators who simply put the stuff through. We should have been on the lookout for something of this sort, yes.

Mr. RICHARDSON. Doctor, what do you do to verify the accuracy of the information that is key punched?

Mr. ROSLOW. We do a sampling duplicate. They do a sample—the supervisors would do a few of each interviewer's work, they pull the cards out and repunch a few and see if they match. We do not have a verifier as such.

Mr. RICHARDSON. How many?

Mr. ROSLOW. I wouldn't know. That would be in the judgment of the supervisor in the key punch operation.

Mr. RICHARDSON. Then you have no assurance that the listings in the report are accurate, do you, Doctor?

Mr. ROSLOW. Well, we believe they would be fairly accurate. I wouldn't have assurance to the nth degree.

Mr. RICHARDSON. These Louisville reports couldn't have been accurate if you measured two of the wrong counties out of three, could they?

Mr. ROSLOW. I don't deny that, knowing what has happened here.

Mr. RICHARDSON. Well, Doctor, you would say in the only case we had a check—

Mr. ROSLOW. The thing that is bothering me is we are probably doing this right now in the new survey. I bet we are. It does bother me.

Mr. RICHARDSON. I think it should, Doctor.

You would have to say, then, that sample execution here is pretty poor, wouldn't you?

Mr. ROSLOW. It would be wrong.

Mr. RICHARDSON. It would be of extremely poor quality, wouldn't it, Doctor?

Mr. ROSLOW. Yes, it would.

Mr. RICHARDSON. Well, Doctor, we have, of course, all of the interviewing sheets here, and the staff of the subcommittee has made a full study of the diagrams sent to us by you for this Louisville survey. We studied the sample size, and on three occasions, we have tabulated all of the data and we have it all available here.

Now, Doctor, we have just gone over the information which stated that the sample size, according to you, for this report was 1,609 roster reconstruction and paired coincidental interviews, is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Would you refer to that sheet again, Doctor?

Mr. ROSLOW. Yes, I have it.

Mr. RICHARDSON. Now, it states that interviewing was conducted between 4 and 8 p.m. each evening; correct?

Mr. ROSLOW. That is on the roster interviewing. I believe so.

Mr. RICHARDSON. "Not at home" cases were statistically treated to be included in the sample here, were they not, at this time?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And the total here is 1,609?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, Mr. Sparger just gave you, a moment ago, a copy of the Louisville Regular Pulse report. On the back page—I believe it is the second page—it states in speaking of shares of audience for the 6 a.m. to noon, noon to 5:30, and noon to 6 p.m. periods—you have found that?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Would you read that quote starting with the words, "These figures"?

Mr. ROSLOW. "These figures are percentages indicating the relative popularity of the stations during the day. The base, total station quarter-hour mentions, is the sum of the number of stations listened to during the period. This base divided into total mentions of each station gives the figures listed above."

Mr. RICHARDSON. Is not a correct interpretation of that statement this: If you had 20 listeners to station "A" and you had 100 listeners for all stations, you would take the 100 into the 20 and the percentage you came up with, which I assume would be 20 percent, would be the listening for that station?

Mr. ROSLOW. I know what you are driving at, sir.

Mr. RICHARDSON. That statement is true, is it, Doctor?

Mr. ROSLOW. Not the way we process our material.

Mr. RICHARDSON. Then the statement is wrong in the report.

Mr. ROSLOW. You couldn't do it for the raw sheets as such. You would have to adjust for the "not at homes." It is really for the case count sheets.

Mr. RICHARDSON. When we were asking for this material, we asked you for the weighting factors. This is the entire material you sent us. Do you find any weighting factors?

Mr. ROSLOW. Not then, but we sent you the weighting factors.

Mr. RICHARDSON. After we told you what we found they were.

Mr. ROSLOW. I beg your pardon, sir.

Mr. RICHARDSON. Would you give Dr. Roslow a copy of the letter we sent to him on March 23?

I might point out that after we had been out in the field and found that weighting was used in your surveys, we tabulated the diaries and found that weighting did occur.

Mr. ROSLOW. Sir, you asked us for the questionnaires. I don't think you asked for anything beyond that.

Mr. RICHARDSON. If we didn't ask you for anything further, why did you supply us with this other information, which you said awhile ago was in response to our request?

Mr. ROSLOW. Which other information?

Mr. RICHARDSON. The sample design, the wrong counties, what have you.

Mr. ROSLOW. Again I would like to see the letter in which you requested this information.

Mr. RICHARDSON. This was in a conversation in your New York office.

Mr. ROSLOW. Then I don't think it was clear, sir. We would have supplied you with all that information at once had it been clear.

Mr. RICHARDSON. It was clear on everything but the weighting.

Mr. ROSLOW. We gave you the weighting the moment you asked for it, sir.

Mr. RICHARDSON. After I wrote you this letter explaining that I knew what it was?

Mr. ROSLOW. You asked us what it was and we told you what it was in answer to that letter.

Mr. RICHARDSON. Doctor, will you read this letter for the record?

Mr. ROSLOW. Yes—

Mr. RICHARDSON. Would you identify it first and then read it for the record?

Mr. ROSLOW. Yes, this is the letter, March 23, 1962, addressed to me. You indicate the weighting for the coincidental.

Mr. RICHARDSON. Would you read it, Doctor?

Mr. ROSLOW (reading).

Of course, the coincident on measure—

Mr. RICHARDSON. Would you read it all, Doctor?

Mr. ROSLOW (reading).

DEAR DR. ROSLOW: Thank you for your letter of March 7 in relation to the selection of your sample for the Louisville market. We have just returned to the office and your letter was awaiting us.

In relation to the Louisville sample and the production of a Pulse report, some questions have come up for which I do not find answers in the notes from our discussion with you in the past. These questions pertain basically to the end product from the raw material and, in relation to the regular Louisville survey, are as follows:

1. It is not true that on each workday each interviewer completes 24 interviews?
2. In looking through the interviewing sheets for Louisville I noticed some sheets on which there was coincidental listening but no recall listening. Are

these sheets treated differently in final tabulation than other roster recall interviewing sheets?

3. In the use of the coincidental on the regular form does it fill the same position in the sample design as the coincidental which you conduct strictly as a coincidental from 9 a.m. until 4 p.m. and from 8 p.m. until 9 p.m.?

4. Of course the coincidental measurement is taken on a minute-by-minute basis and is used to show that a person was listening at an exact time. Is there any weighting used in this coincidental other than the 10 percent adjustment factor which you apply for the difference between total quarter-hour audience and average-minute audience which is produced by the coincidental?

5. On your coincidental interviewing sheets you have a place for present listening and listening as of 15 minutes ago. Are both of these periods figured into the final tabulation of your report and is there any difference in the weighting applied to these two different periods?

6. In your roster-recall interviews for Louisville each interview covered 9 hours. A coincidental interview would only be applicable to a given 15-minute period. How do you weight the total coincidental interviews to get the number which you apply for each 15-minute period to complete your sample base? In other words, in the Louisville sample there were 300 coincidental interviews. These covered the periods from 9 a.m. until 4 p.m. and 8 p.m. to 9 p.m., or a period of 8 hours. Would these 300 interviews be divided by 8 and added to the roster-recall interviews for each 15-minute period, or will the 300 interviews be divided by 32 (quarter-hour periods) and added to the roster recall interviews for each quarter hour, or do you take the actual number of these 300 interviews which were conducted in every 15-minute period and apply that number to the specific 15-minute period?

7. From the information which has been supplied us, the only weighting which you do in the production of your reports is as follows:

(a) On the period 6 a.m. to 9 a.m. and 9 p.m. until midnight, you adjust by adding a 9-percent factor. It is our understanding that you do not make any adjustment on your roster-recall interviews from 9 a.m. to 9 p.m. because of your coincidental measurement.

(b) It is our understanding that on your coincidental interviews you apply a 10-percent adjustment because there is a difference between total quarter-hour audience and average-minute audience as is produced by the coincidental.

Is this correct, and if so, do you adjust by adding or by subtracting?

(c) Is any other weighting done in the production of your reports, and if so, explain in detail.

In the interviewing sheets you sent us for the Louisville survey your cover sheet stated that there were 555 listening families. You mentioned that there might be 10 or 20 questionnaires not accounted for. Upon receipt there were 548 interviewing sheets for the regular Louisville survey. Are the other 7 sheets still in your files, and is the number 555 the actual number of interviews done by your staff in Louisville?

In relation to the Louisville Negro survey you listed 304 listening families. From the interviews which were done in Negro areas from your sample design there were 133 interviewing sheets. Did you add to this the Negro interviews which were conducted in the regular survey? There are 142 of these, giving a total of 275. If this was done, do you have the other 29 Negro interviewing sheets in your files?

In looking through the material you sent me I notice that you did not include the buff colored sheets showing the nonradio and not-at-home families. Would you please send these to me?

Your immediate attention to these questions will certainly be appreciated, because if the answers are not clear I will want to discuss them with you in Chicago at the NAB convention—assuming, of course, that you are there.

Sincerely yours,

ROBERT E. L. RICHARDSON,
Staff Attorney.

Mr. RICHARDSON. Thank you, Doctor. I might add that our understanding of this weighting came from our tours in the field at that time. Would you pick up the Regular Louisville report and show me where these weighting factors are explained in that report, Doctor?

Mr. ROSLOW. They are not explained in the report, sir.

Mr. RICHARDSON. Then that statement in there is false and misleading, is it not? The statement you read into the record about all you need to do is take the listeners into the total mentions?

Mr. ROSLOW. Actually, it describes the process after the base counts have been determined from the weightings. It does not describe what you would do just to take the raw mentions of the questionnaires.

Mr. RICHARDSON. You use the word "mentions," do you not, Doctor?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. Do you need to read it again?

Mr. ROSLOW. We probably should say the case counts; we probably should clarify it.

Mr. RICHARDSON. It is false and misleading, wouldn't you say?

Mr. ROSLOW. I don't like the word "false," because it is not intentional. It is misleading in that point, yes.

Mr. RICHARDSON. Doctor, the first question on my letter which you have is in relation to the number of interviews completed in Louisville per day, is that correct?

Mr. ROSLOW. Well, we send out the assignment in units of 24, sir.

Mr. RICHARDSON. All right. Then basically the most an interviewer could have done in Louisville is 24, because that is the number of sheets she had?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Per day?

Mr. ROSLOW. Per day, yes, sir.

Mr. RICHARDSON. And it could have been many less than 24, is that correct?

Mr. ROSLOW. There might be.

Mr. RICHARDSON. Now, in Louisville, Doctor, your supervisor, Mrs. Newkirk, has or did at this time have, an interviewer by the name of Mrs. Lacefield, is that correct?

Mr. ROSLOW. I don't know that I would know that, sir. She might.

Mr. RICHARDSON. Would you check it for the record?

Doctor, I would like to reconfirm your statement by pointing out that these women said they could not do over 24 interviews a day if they followed your procedure, because that is all the slips they had.

In your report which was handed to you a moment ago you listed the number of days for specific places at specific times?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. This total comes to 44, does it not?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, you have 300 coincidental interviews here; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Take 300 from 1,609 and it leaves 1,309, does it not?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Would you multiply 24 by 44 and see what the result is?

Mr. ROSLOW. 1,056.

Mr. RICHARDSON. Then that 1,309 is an exaggeration of 253, isn't it? And this is assuming every woman completed at the maximum 24 interviews a day, which they probably didn't.

Mr. ROSLOW. I don't follow you.

Mr. RICHARDSON. If you had 44 potential interviewing days and you had 1,309 roster reconstruction interviews, at 24 a day, the maximum you could have had was 1,056.

Mr. ROSLOW. How many did we say we had?

Mr. RICHARDSON. 1,309.

Mr. ROSLOW. That includes the not-at-homes, sir, in this count.

Mr. RICHARDSON. But if an interviewer can only do 24 a day, this also includes not-at-homes.

Mr. ROSLOW. Oh, no, sir; the not-at-home is a tally count of doors that do not answer, sir.

Mr. RICHARDSON. Then it appears we are going to have to bring in several of your interviewers and have them explain to you what they do. It is the information, and this is why you have a buff-colored sheet, that they go along and when a not-at-home is not at home, they list it on this sheet and they take one of the interviewing sheets out and stick it in the back and don't use that sheet.

If that were true, Doctor, then you would have 24 completed interviews for each day, wouldn't you?

Mr. ROSLOW. May I check with my colleague on that?

Mr. RICHARDSON. You certainly may.

Mr. ROSLOW. If you have talked to our interviewers and that is what they have said they do, they are not following our instructions, sir. They are to do 24 completed interviews. A completed interview is one in which they talk to somebody in the household.

Mr. RICHARDSON. Look at your figures, Doctor. You have 1,609. You have 513 not at home, 300 coincidental, 241 nonlistening, and 555 listening families. This is the total of 1,609. If you subtract the 300 coincidental, this leaves 1,309.

Mr. ROSLOW. Subtract the 513, sir. This is a separate count.

Mr. RICHARDSON. Then subtract the 513 and what do we come up with, Doctor?

Mr. ROSLOW. 796.

Mr. RICHARDSON. How does that agree with anything we have found to date, Doctor? The figures don't agree, do they?

Mr. ROSLOW. I don't know what you mean. What are you trying to reconcile the 796 with?

Mr. RICHARDSON. I don't know what you mean, either.

Would you explain what you mean by your sample size, then, Doctor?

Mr. ROSLOW. Sample size includes 555 listening families, 241 non-listening families, 300 coincidental, 513 not at home.

Mr. RICHARDSON. That equals a total of 1,609. You take the total coincidental away and this should leave a total of 1,309 roster reconstruction interviews?

Mr. ROSLOW. No, sir; we have a tally count of 513 "not at homes." The interviewers are not to destroy the questionnaire. They keep a tally count of the door that doesn't answer. They are to attempt to do 24 completed interviews. A completed interview, as I have explained to you, sir, is an interview with someone in a house, where someone answers a door. There need not be any radio listening, but they must talk to someone.

Mr. MOSS. Doctor, it is all well and good for you to explain that, but you have been given some figures. The Chair believes it to be a

reasonable assumption that you can figure. You have asked the staff what they are trying to prove by citing the 700-odd. I think perhaps you had better stop now and go through with the staff again, starting with the 1,600 gross of your sample and let's see what you did. We are interested in what you did.

Mr. ROSLOW. May I consult my colleague?

Mr. MOSS. Yes, you may consult your colleague.

Mr. RICHARDSON. Doctor, before you do that, let me ask you this: If you did 44 days' worth of interviewing and each interviewer was to complete 24 interviews a day, what would that total come to?

Mr. ROSLOW. We would get 1,056 completed questionnaires. If they all did that, this is what we would get.

Mr. RICHARDSON. Now, counting your listening and your non-listening, which is the only thing you can count in this figure—

Mr. ROSLOW. This is what you would count in that figure, sir.

Mr. RICHARDSON. Would you add those and see what you would get?

Mr. ROSLOW. That would be the 555 and the 241.

Mr. RICHARDSON. Yes.

Mr. ROSLOW. And that would come to 796.

Mr. RICHARDSON. Well, if these interviewers were supposed to do 24 a day for 44 days, it is rather strange that you accepted 796 instead of 1,096, isn't it, Doctor?

Mr. ROSLOW. Well, we know, sir, that it may not be possible to do 24 a day. It may be physically impossible in some cases. We know, sir, that there is a delay in the mail, and we would cut off and start processing. Some of them may not all be back.

Mr. RICHARDSON. Does each interviewer mail the interviews to you, or do they take them to the supervisor in Louisville, Doctor?

Mr. ROSLOW. At that time, I think they would have taken them to the supervisor and she would have mailed them. But there would be several mailings: they would not all come in in one big bunch. We know that there are delays in the mail, we know that interviews may get lost, we know that there are unusable questionnaires.

Mr. RICHARDSON. Well, Doctor, isn't it rather strange that all of the interviewers we have talked to state that when they come to a home and there is no one there, they take this slip out and put it in the back, and you knew nothing about that?

Mr. ROSLOW. They do not do that, because we get the questionnaires back. The "not at home" is a separate count on the buff sheet. It is just a tally count. It has nothing to do with completing the questionnaire, sir.

Mr. RICHARDSON. So your actual sample size here for Louisville would have been 796 and not 1,309 for the roster reconstruction, wouldn't it?

Mr. ROSLOW. It would have been 555 and 241.

Mr. RICHARDSON. Why did you print as your sample size in your report, the only sample size given, 1,609?

Mr. ROSLOW. Well, we printed 1,609 roster reconstruction and house-to-house coincidental. The reason for this, and this is an argumentative point that Dr. Arkin and other statisticians could have argued, is do you legitimately count the not-at-home part of the sample if you have some basis for statistically applying an adjustment? I think this is argumentative.

Mr. RICHARDSON. Since each questionnaire is for 9 hours, does your 9 hours apply to listening for 9 hours to all these people who were not at home?

Mr. ROSLOW. No, we are not.

Mr. RICHARDSON. Isn't your system a 9-hour system, so if you were adding them, they would have to be added for 9 hours?

Mr. ROSLOW. We were not adding them for 9 hours; we were applying them to the 6-9 period, and I think either 8-12 or 9-12 at night. I am not sure.

Mr. RICHARDSON. Isn't it rather obvious that your sample size as stated in here is a misrepresentation of your actual sample size?

Mr. ROSLOW. We have had that called to our attention and we have changed that.

Mr. RICHARDSON. Why must things be continually called to your attention? We have called to your attention here today that you were in the wrong State, that your sample size is wrong. What type of operation do you run, Doctor?

Mr. ROSLOW. We think we are running a fairly good operation, sir.

Mr. ROGERS of Florida. What is this that you say you have changed now, Doctor?

Mr. ROSLOW. We now report the sample size in detail in the report.

Mr. ROGERS of Florida. In what way?

Mr. ROSLOW. We report the roster interviews, the coincidental interviews, the "not at homes" or the unoccupied homes in three separate counts.

Mr. ROGERS of Florida. When did you start doing this?

Mr. ROSLOW. Let me consult my records and I can tell you. In June 1962.

Mr. ROGERS of Florida. Was this done as a result of the Federal Trade action?

Mr. ROSLOW. I would say it was a result of the questions going back and forth between the Federal Trade Commission and ourselves. I think we realized that there would be objection to this and we changed it, sir.

Mr. ROGERS of Florida. But you saw no objection to it, yourself?

Mr. ROSLOW. Well, our own interpretation of the statistical treatment of the "not at homes" led us to believe that we are applying some information, because we had an experimental study which indicated that there could be such a statistical adjustment to bring their influence into the sample. This, I think, is argumentative, statistically. I'll bow to any, you know, committee of statisticians who say "No." you do not do this, or any experts. I am not the statistician. But I am sure this is an argumentative point, sir.

But we have changed it, in June of 1962.

Mr. ROGERS of Florida. As a matter of fact, wasn't there an order entered that you make that change?

Mr. ROSLOW. Yes, the order came—I said, sir, that as a result of our negotiating with FTC—that is, their study of our process.

Mr. ROGERS of Florida. There wasn't just questioning going back and forth then?

Mr. ROSLOW. Yes, that there would be an objection to this and we changed it.

Mr. ROGERS of Florida. Actually, there was an order, wasn't there?

Mr. ROSLOW. There was an order, yes.

Mr. ROGERS of Florida. So it wasn't just questioning.

Mr. ROSLOW. The order came later, sir. There was an order and we later changed it.

Mr. ROGERS of Florida. Thank you.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Doctor, you mentioned statisticians, and you said you weren't one. How many full-time statisticians do you have on the staff of this statistical company you run?

Mr. ROSLOW. May I consult?

Mr. RICHARDSON. You may consult.

Mr. ROSLOW. We have one chief statistician on our staff, sir, who is assisted by statistical assistants or clerks.

Mr. RICHARDSON. Would you supply their qualifications for this committee at a later time, as soon as possible?

Mr. ROSLOW. Yes, sir.

(EDITORIAL NOTE.—Dr. Roslow furnished the committee the following information concerning the educational qualifications of his statistical department:

(1) Laurence Roslow, in charge of sampling. B.A., C.C.N.Y., 1941; major in economics, minor in statistics. M.A., Columbia, 1947; major in economics. Post graduate statistics course, New York University.

(2) At date of hearings, others had some college training (undergraduate); two are currently minoring in statistics.)

Mr. RICHARDSON. Now, Doctor, a close look at the interviewing that was actually done in Louisville for this regular report we are now discussing showed that not all of the days you scheduled in November were actually done. Are you aware of that?

Mr. ROSLOW. Not all of the days were done?

Mr. RICHARDSON. Yes, you scheduled 44. Were you aware of how many days were done?

Mr. ROSLOW. We knew at the time. I don't remember now.

Mr. RICHARDSON. I thought since we were discussing this, you might have brought some information on the only report we asked you for.

Mr. ROSLOW. Let me check. Perhaps I did. I'm not sure.

Mr. RICHARDSON. Who does know, Doctor?

Mr. ROSLOW. Let me find out, sir.

At the time the questionnaires were received in the office, the counting-in department would have that record, sir. I don't know that I have the record.

Mr. RICHARDSON. Would you see if you can supply it to the committee?

Mr. ROSLOW. I am sure our supervisor has the record. I am sure she has it.

Mr. RICHARDSON. We know what your supervisor knows is done.

Mr. ROGERS of Florida. Will you supply it for the record?

Mr. ROSLOW. We'll attempt to supply it if the people in the accounting department did have it.

(EDITORIAL NOTE.—The information requested was not supplied by Pulse to the subcommittee.)

Mr. ROGERS of Florida. Is there any reason why they would not have it?

Mr. ROSLOW. There is no reason why they would have kept it this long. I don't know. There would never have been any reason in our minds to keep it this long, sir.

Mr. RICHARDSON. For example, Doctor, the 3 days done in Prestonburg, according to our information, were not done, because the man who usually drives that 160 miles down and 160 miles back was sick and didn't feel like doing it.

Mr. ROSLOW. I thought you said you applied the questionnaires and found they had been done there, sir.

Mr. RICHARDSON. I said they had been done in Winchester. I just said your sample execution said they would go to Prestonburg. They didn't go, because it was too far and they didn't want to go that far.

Mr. ROSLOW. In what month did our supervisor say they hadn't been done?

Mr. RICHARDSON. November. There is no interviewing, by the way, for Prestonburg. There is just interviewing for Winchester. At least, we didn't have a lot of listening on the Prestonburg station in the Louisville metropolitan report.

Mr. ROSLOW. Are you sure our supervisor is not confused with an October survey or with another survey in November?

Mr. RICHARDSON. The one you sent the staff. We took the interviewing sheets and went all over it with her, Doctor, and she informed us as to what was done and what was not done. I would assume she also informed you—not you, but someone in the company.

Mr. ROSLOW. There would have been some questionnaires come in with the block cards attached. I am not sure. I wouldn't know about that, sir. I don't see how that is possible.

Mr. RICHARDSON. This 3 days would lower the count to 41 days, wouldn't it?

Mr. ROSLOW. It would if it hadn't been done.

Mr. RICHARDSON. There are 4 other days that aren't here. We'll be glad, during the lunch break, to go over it with anyone you desire. But by restacking each one of these per day per interviewer per time period, there were only 37 days actually done in Louisville, Doctor.

Now, two of those were done in Winchester, which is 75 miles away from Louisville, Doctor. So at 24 interviews a day, what would your sample size be if you had only 37 days worth of interviewing?

Mr. ROSLOW. 888.

Mr. RICHARDSON. Now, at least according to all of your interviewers in Louisville and other places we have checked, this 888 would even include the not-at-homes. You are not aware of this, but I wish you would try to check that out at your earliest convenience, also.

Mr. ROSLOW. Sir, if you were to subtract 513 from 555, we could only have sent you 42 questionnaires. We sent you, I believe, 555 in the case of this study.

Mr. RICHARDSON. 548.

Mr. ROSLOW. So they must not have been counting those "not at homes," and throwing those sheets away. It doesn't seem possible, does it, sir?

Mr. RICHARDSON. Take 37 days of interviewing by 12 interviews per day and see what you come up with.

Mr. ROSLOW. You would just get half.

Mr. RICHARDSON. What is it?

Mr. ROSLOW. 444.

Mr. RICHARDSON. Take the 37 by 15 and you are going to get your 548, aren't you?

Mr. ROSLOW. I don't know what you mean by 15.

Mr. RICHARDSON. Let's say they did 15 interviews for each day. It's obvious that they didn't do 24 for each day. We have the slips here and we'll be glad to go over them with one of your men at noon.

Mr. ROSLOW. You have the questionnaires.

Mr. RICHARDSON. Questionnaires, yes. There were, according to your tabulation, 548.

Mr. ROSLOW. You are missing 241 nonlistening questionnaires.

Mr. RICHARDSON. And what was the figure with that added to it?

Mr. ROSLOW. You would get 796.

Mr. RICHARDSON. Divide that by 37 and what do you come up with?

Mr. ROSLOW. Almost 22—21.

Mr. RICHARDSON. There must have been a few that weren't at home, anyway?

Mr. ROSLOW. No, it means there may have been a few instances where they didn't complete 24, sir, or there may have been some unusable questionnaires which were discarded.

Mr. RICHARDSON. Anyway you look at it, as far as the 1,609 figure is concerned, sir, the sample size here is exaggerated?

Mr. ROSLOW. I admit that, and we have changed that.

Mr. RICHARDSON. You mentioned sample base. Would you in detail explain what sample base is?

The reason for this question is, we asked a large number of broadcasters what they thought the sample size was for this report, and they answered, "You have the figure up there, 500."

Mr. ROSLOW. That is a case count. If you have differing numbers of bases for the various time periods during the day and then you are faced with a problem of adding together a total day to arrive at a total day share, you would have to weight each of these. The simple way to do that is to weight each base up to a common base, so if every period has a common base, and 500 is a nice easy number, it then becomes easy to add all those periods together if you want to produce the total shares.

Mr. RICHARDSON. If 500 is a nice easy number but not the actual number, this would give a false picture to the ratings and/or shares, would it not, Doctor?

Mr. ROSLOW. Well, actually, in our process, the weighting could go up or down.

Mr. RICHARDSON. Why didn't you use 1,000, Doctor?

Mr. ROSLOW. We do, in some markets. And the weighting could go up or down. We might have more questionnaires and weight them down in some instances.

Mr. RICHARDSON. So really, a rating in here could be just about whatever you want to make it?

Mr. ROSLOW. No, sir, it has nothing to do with the share or the rating.

Mr. RICHARDSON. How do you get the share or the rating except by taking something into the number of listeners—by the time you have applied all your weighting to the number of listeners?

Mr. ROSLOW. I tried to explain that to you, yesterday, sir but you didn't let me finish.

Mr. RICHARDSON. I'll be glad to have you explain it now.

Mr. ROSLOW. In the Louisville example, for the period from 6 a.m. to 9 a.m., we come up with 476 as the base. In other words, if we were to arrive at a rating, we would divide every number by 476.

Mr. RICHARDSON. What does that 476 include?

Mr. ROSLOW. 433 roster recall interviews, 57 applied when we use our 12 percent not-at-home adjustment, and we add 57 into the base. This actually lowers the rating. We add from the Negro part of the sample—there were 71 recall interviews, there were 5, applying against 12 percent to the not-at-home count that we got in the Negro part of the sample. You add that in and when you add it all up, it comes to 476. Every rating would be arrived at by dividing for each station whatever was credited to each station.

Mr. RICHARDSON. When you say Negro sample, what do you mean?

Mr. ROSLOW. The white and the Negro were shown here separately, within the regular.

Mr. RICHARDSON. You don't throw all the Negro interviewing into the regular, do you, Doctor?

Mr. ROSLOW. No, we simply commute all numbers from the 476 base to a 500 base. For the period from 9 to 1, this works out so that grand total for ratings would have been 434. Now, someone says what is the share from 6 a.m. to 12 noon. If we operated with a 476 base for part of the period and a 434 base for another part of the period, we can't just add the numbers together to arrive at a total share for each station. So what we have done is commute or transmit, however you want to say it, and I am sure Doctor Arkin understands, from 476, we changed all those numbers to 500. From 434, we changed all those numbers to 500. Now, it doesn't affect the relative size of ratings between stations and doesn't affect the shares between stations.

Mr. RICHARDSON. Dr. Arkin explained to me that he understands it, but he doesn't like it.

Mr. ROSLOW. That is his privilege, sir.

Mr. RICHARDSON. Weighting is done equally, is it not, for each station?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, when Mr. Sparger and I were in New York to visit with you in the fall of 1961, you explained that Pulse used a 6-hour roster recall, is that correct?

Mr. ROSLOW. I think we were talking about the large markets.

Mr. RICHARDSON. We were just talking about the Pulse system. Isn't that also what you told the Madow committee, Doctor?

Mr. ROSLOW. I would have to look into the Madow report and see what they wrote up.

Mr. RICHARDSON. They say Pulse was a 6-hour recall, Doctor.

Mr. ROSLOW. That doesn't seem possible, because we sent them the details on a study in Utah, if I may check my colleague.

We are not sure, but we think if we supplied them with information on a study in Utah, that might have been a 12-hour roster.

You see, depending on the size of the market and the budget available for research, we should break a day into three parts or two parts, or we would do the entire day in one interview.

Mr. RICHARDSON. Louisville, about that time, was the 31st market in the United States in size. You had told us you used a 6-hour roster recall, and when we got these sheets, it was 9-hour.

Mr. ROSLOW. I am sure that is what happened, but I don't think we were intending to mislead you, sir.

Mr. RICHARDSON. Actually, in the interviewing for Louisville, you used a roster recall sheet for two different time periods, did you not?

Mr. ROSLOW. Yes, we broke the day into two parts.

Mr. RICHARDSON. The first one went from 6 a.m. to 3 p.m.?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And the second 9-hour period went from 3 p.m. to midnight?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. In certain of these recall situations, you would be asking for a recall on periods of more than 24 hours prior, is that not correct?

Mr. ROSLOW. When you refer to overnight, that would be true. It would be somewhat in excess of 24 hours.

Mr. RICHARDSON. Now, in your coincidental interviewing, you don't do any "paired" coincidental interviews between 6 a.m. and 9 a.m.: is that correct?

Mr. ROSLOW. No, and we don't do it late at night, either.

Mr. RICHARDSON. And you don't do it between 9 and—

Mr. ROSLOW. Nine and twelve p.m. I think it is 8 and 12 at the present time.

Mr. RICHARDSON. Doctor, since all of these broadcasters for many years have been buying all of these not-at-homes, they have been paying a lot of money for people who were not at home, haven't they?

Mr. ROSLOW. I wouldn't put it that way. They have been buying a survey. We haven't costed our survey in terms of "we are going to have some not-at-homes."

Mr. RICHARDSON. Does not the size of sample affect the cost of your survey?

Mr. ROSLOW. Why, of course, it does.

Mr. RICHARDSON. Then the not-at-homes they were buying made it appear they were getting a larger sample than they were getting?

Mr. ROSLOW. Except that we would have costed our sample in terms of what our interviewing costs are like and our tabulating costs, and we would have hoped to arrive at a profit.

Mr. RICHARDSON. Let us discuss sample execution. We have already discussed part of it in relation to two counties.

You have first stated in the information sent to the committee that in selecting the block areas in Louisville, you picked the first number at random, correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. In your letter of March 7—do you have a copy of that handy?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. In the paragraph under step 3, it says:

Next we use a random number, 9,486, to obtain the first block area and add our interval, 11,170, to get the other 9 areas.

Is this your normal procedure, Doctor?

Mr. ROSLOW. May I consult?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. This is step 3?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. In step 2, it is stated:

We divided the 6 into the population, 220,308, and obtained an interval of 36,718 people.

Then out of that, you got this random number; is that not correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, this might explain why your interviewers in Louisville state that time after time, they go back to the same areas to interview. Maybe this is an indication that you have goofed and have used this same random number and they get the same areas to interview?

Mr. ROSLOW. I don't believe so. Anything is possible, but I don't believe so.

Mr. RICHARDSON. Doctor, is the interviewing supposed to be done in relation to the population of respective areas in the metropolitan area of Louisville?

Mr. ROSLOW. I don't get the import of your question, sir.

Mr. RICHARDSON. Do you do it proportionately to the different sections of town?

Mr. ROSLOW. May I consult?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. No, that would not be true, sir. We pick the sample according to a random number start, and we keep counting, and blocks fall out.

Mr. RICHARDSON. Doctor, it is rather strange that the interviewers in Louisville seem to think that you continually send them back to a section in Louisville where the houses are close together and the income is extremely low.

Mr. Sparger, will you show Doctor Roslow the map of Louisville?

Doctor Roslow, on this map, we have outlined the areas where you have said interviewing is to be done. Those are in blue for the regular survey and in green for the colored survey. In red are the interviews that were actually done. You can see there is not a lot of correlation between them in many cases, can you not?

Mr. BROTZMAN. Before he answers, will you hold that around this way so that the committee can see it briefly, Mr. Richardson?

Mr. MOSS. Mr. Richardson, will you undertake for the record to carefully define exactly what you are showing Dr. Roslow?

Mr. RICHARDSON. We are showing Dr. Roslow a map of the city proper of Louisville, Ky. On this map are drawn the different areas as are explained in the sample execution material sent to the committee by Pulse, Inc. These are in blue on the map.

The staff has then taken all of the interviewing as it was actually done in the field and they have put it on the map in red. This map shows the many differences where interviewing didn't occur where it was supposed to occur.

This second map, I might also add, and the committee members have a small copy of it in their amendments to the Pulse report, comes from

census data prepared by the Louisville Chamber of Commerce, and deals with income areas for the different parts of Louisville city limits.

Mr. BROTZMAN. May I ask one question?

Do I understand correctly that the red indicators on the map indicate where the staff ascertained that a survey was not done where it has been represented it was done?

Mr. RICHARDSON. No, Congressman Brotzman. The red indicates where the woman actually did interviewing. The blue on the map indicates where they were supposed to do the interviewing.

Mr. BROTZMAN. Thank you.

Mr. RICHARDSON. Now, Doctor, in relation to this——

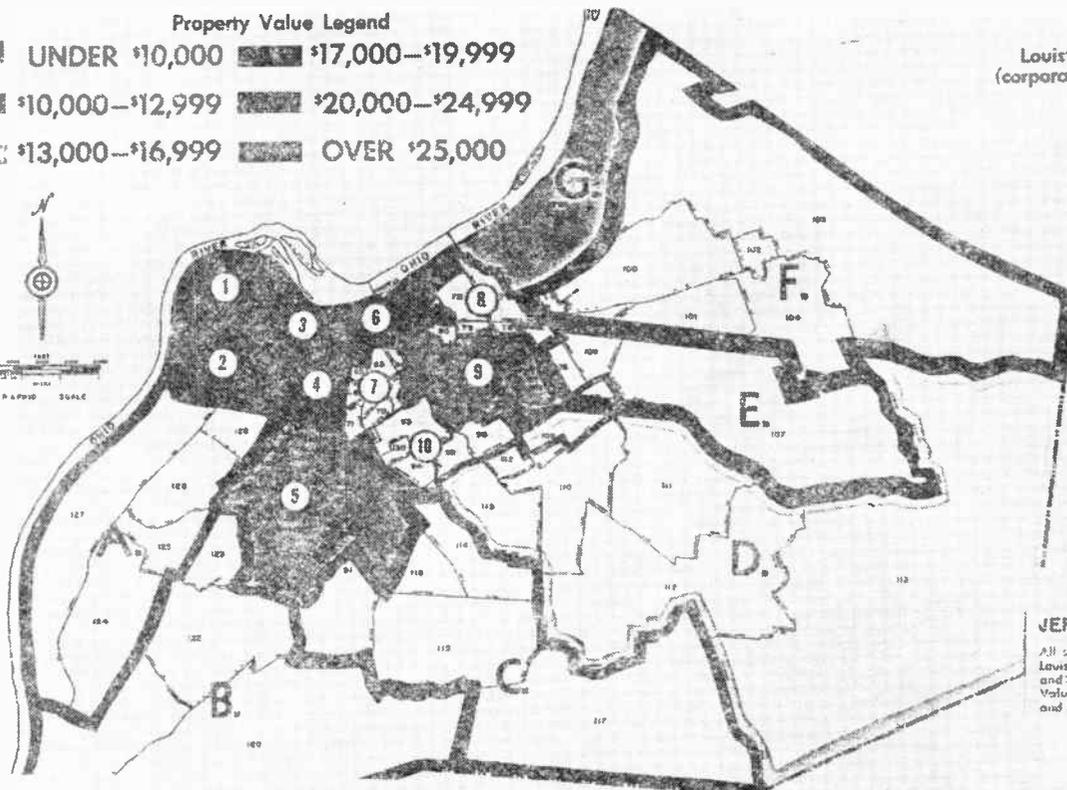
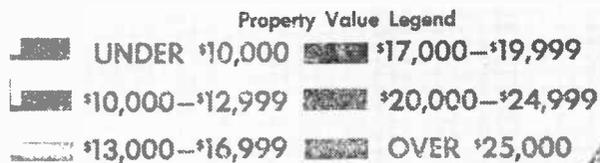
Mr. MOSS. I think at this point, we should receive a copy of this second map for the hearing record.

Is there any objection?

Hearing none, it will be included at this point.

Mr. RICHARDSON. There will be no objection if we can draw it up, sir.

(The map referred to is as follows:)



Louisville:
(corporate city)

- | | |
|---|--|
| ① | Families: 15,763
Family Income: \$6,188
Home Valuation: \$11,602 |
| ② | Families: 17,727
Family Income: \$5,767
Home Valuation: \$11,783 |
| ③ | Families: 12,138
Family Income: \$2,963
Home Valuation: \$5,751 |
| ④ | Families: 20,017
Family Income: \$4,577
Home Valuation: \$9,066 |
| ⑤ | Families: 21,277
Family Income: \$6,773
Home Valuation: \$17,936 |
| ⑥ | Families: 12,072
Family Income: \$4,335
Home Valuation: \$8,431 |
| ⑦ | Families: 10,646
Family Income: \$6,406
Home Valuation: \$13,512 |
| ⑧ | Families: 6,342
Family Income: \$8,430
Home Valuation: \$16,502 |
| ⑨ | Families: 13,706
Family Income: \$9,563
Home Valuation: \$19,089 |
| ⑩ | Families: 4,613
Family Income: \$7,183
Home Valuation: \$14,476 |

MAP OF
JEFFERSON COUNTY KENTUCKY

All statistics are based on census tract studies by the Louisville Chamber of Commerce. Number of Families and Family Income figures are as of July 1, 1959; Home Valuation figures are as of July 1, 1956. Family Income and Home Valuation figures are averages for the areas.

Families: 12,154

Mr. RICHARDSON. Doctor, in relation to this map, we have here the different breakdowns of family incomes in Louisville. We have in our audience people from Louisville. I have checked with them also, as well as with census data, and it definitely appears that only people in middle, high, and upper income brackets live in areas 8, 9 and 10 in Louisville. No interviewing was done at all in those areas.

You will notice here that most of your interviewing, either done or scheduled, was done in the very low income area, the income area of \$2,963 per family.

Mr. ROSLOW. Sir, I don't think this is the way to analyze this sample. You would have to analyze this sample on proportion of income levels, proportions of blocks which fell in the sample. It always appears when one looks at a map like this that it was drawn in the lower level blocks. I think it would have to be worked out. If it has been worked out and it shows that this was skewed, then I would admit that it was skewed.

Mr. ROGERS of Florida. Is that the way you worked it out?

Mr. ROSLOW. No, sir; this is the way it fell out.

Mr. ROGERS of Florida. In other words, you make no attempt to get a cross section?

Mr. ROSLOW. That would throw us back into quota sampling, which we did many years ago, but which we do not do any longer.

I am not saying this is wrong. If I may explain—

Mr. MOSS. The only question here is whether this placement on the map reflects the facts. If this map also reflects that in areas of high income and high valuation no sampling was taken: that is a fact?

Mr. ROSLOW. Sir, I don't know from this map whether this is a fact or whether there is a skewed distribution of the sample.

Mr. MOSS. The staff has taken your samples and placed them on a map. The map is a map of Louisville. The information now being shown you is very authoritative information which was secured and the distribution of property evaluations were determined. The question before you is whether the information before you is a fact. Your interpretation on how you might do it is not the point.

Mr. ROSLOW. May I point out to you that this map shows medians by areas, medians by income level, housing valuations, and there is considerable overlap. So it is possible in a lower level area to have found some upper level households just the same. I say this requires a more thorough analysis.

Mr. MOSS. It is possible, Doctor, but not too probable in any great numbers.

Mr. ROSLOW. If you look at the medians, sir, there is considerable overlap.

Mr. MOSS. At this point, the Chair is going to ask that you discuss the points being made, the information before you. You are not in a position at this time to challenge the many figures you have in your possession.

Mr. YOUNGER. May I ask a question?

Mr. MOSS. Mr. Younger.

Mr. YOUNGER. I am interested in whether or not, in your report of Louisville, you stated that you interviewed in certain sections. Is that true?

Mr. ROSLOW. I didn't say sections, sir, no, sir.

Mr. YOUNGER. Certain areas?

Mr. ROSLOW. With respect to this? No, sir, I didn't say that with respect to this.

Mr. YOUNGER. Then the interviews that were given to the committee were the areas in which you interviewed?

Mr. ROSLOW. Yes, they do represent those areas, sir.

Mr. YOUNGER. And do they represent the same areas which you say in your report you interviewed?

Mr. ROSLOW. Well, the report doesn't detail the areas, sir.

Mr. YOUNGER. Doesn't detail them at all?

Mr. ROSLOW. No, it does not.

Mr. YOUNGER. From the questioning, I thought you started in with a group which you said they interviewed.

Is that right, Mr. Richardson?

Mr. ROGERS of Florida. Would the gentlemen yield?

Mr. MOSS. Just a minute.

Mr. YOUNGER. I want to get it straight as to what these areas are and where you got them.

Mr. RICHARDSON. The reason this is being brought up, Congressman Younger, is that the interviewers in the markets we have been in in relation to Pulse state that they continually go back to low income areas, and the houses are very close together. I think it is rather obvious that if you are going to knock on doors and the houses are close together, it is easier to do it there than in the houses of upper income levels, where the houses, instead of being 30 feet apart, are perhaps 150 feet apart.

Mr. ROGERS of Florida. Let me ask you this: We asked you to give us the pattern of your sampling, I believe. You furnished a map, did you not, to the committee?

Mr. ROSLOW. Well, we furnished the blocks.

Mr. ROGERS of Florida. Now, in checking, they find that this pattern was not carried out and it was not in those blocks. Isn't that true?

Mr. ROSLOW. I don't think that is the point Mr. Richardson is making.

Mr. ROGERS of Florida. That is the point I am making. Is that true?

Mr. ROSLOW. I don't think it is true. In the first place, there is considerable overlap of assignment and execution, and where the blocks differ, it is a case of crossing a street and going to the next block in terms of interviewing procedure.

Mr. ROGERS of Florida. I haven't looked at the map to know.

Is that a correct statement, Mr. Richardson?

Mr. RICHARDSON. Doctor, this information is broken down into 10 different areas. For example, in Area No. I, interviewing was scheduled for this area. This interviewing was not done anywhere in area I, and there is not any interviewing that has been done, it would appear, within—would you say a mile of that? It appears to be at least 12 to 15 blocks.

Mr. ROGERS of Florida. This is the point. Now, how do you explain that, Doctor? You give us the pattern and say you did—schedule interviews, but then you did not carry them out?

Mr. ROSLOW. We have assigned this to the supervisor. She should send her interviewer to that block. She did not do it. Perhaps they

went there and the block has been destroyed. We don't know. We would have to—perhaps your staff may know. They have been there.

But we did assign it to the supervisor and she was to have sent her interviewers to those blocks to do the interviewing.

Mr. ROGERS of Florida. Then it doesn't matter what you send out of your office; you leave everything to your supervisor?

Mr. ROSLOW. Well, the local supervisor is on the spot and should know whether interviewing is feasible in any troublesome block. It may be a dangerous block; it may be destroyed.

Mr. ROGERS of Florida. Don't they apprise you of that fact?

Mr. ROSLOW. Yes, they do. They come back to us.

Mr. ROGERS of Florida. Why didn't you furnish the staff with the correct information?

Mr. ROSLOW. We furnished the staff with the design of the sample and the sampling pattern.

Mr. ROGERS of Florida. But you tell me this is not true, now.

Mr. ROSLOW. Sir, may I explain. We furnished the staff with a set of sheets. The Congressman may have copies of a set of sheets that have blocks on them. The interviewers are supposed to go here and interview. When they finish their interviewing, they cut this out and attach it to their questionnaires, and that comes back on into the office.

Now, we look at the questionnaires and check off that this is where they have been, this is where they have done the interviewing. They are supposed to countercheck addresses, but it is not always possible because you don't know numbers, and they may be on a street and still be 10 streets away. It isn't always possible to pinpoint it precisely. If they go around the block and go to the next block, the street names change.

So when they come back clipped this way, we feel that this has been checked in with the supervisor on the spot, and they have been in this block or the adjacent block in the course of their interviewing.

Mr. ROGERS of Florida. You made no further check?

Mr. ROSLOW. Not beyond that routine, sir.

Mr. ROGERS of Florida. So as a matter of fact, your surveying could be done in the same block every time you go back there and you would not know it?

Mr. ROSLOW. It could be, but I hardly think so, sir.

Mr. ROGERS of Florida. It could be, very obviously.

Mr. YOUNGER. I have just one question here to go back, if I may, Mr. Chairman.

You just told me that you didn't represent to your buyers that you interviewed in certain areas; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. YOUNGER. Now, you have just said that you do assign these interviews in certain areas; your assignment sheet.

Mr. ROSLOW. We do assign them that way, yes, sir.

Mr. YOUNGER. All right, if I am a buyer and I come into your place and I ask you in what sections you interviewed, you take out that assignment sheet and say, "This is the area in which our interviews took place." Wouldn't that be true?

Mr. ROSLOW. It would be true. We would supply a sample. I recently did that for a radio station in—

Mr. YOUNGER. I am not concerned with that. I am concerned with this one right here you have in your hands. I am a buyer. I come in to ask you, I am interested in Louisville. What sections are you interviewing for your test? Wouldn't you take that assignment sheet out and show it to me?

Mr. ROSLOW. We would take the one out that had the blocks checked in that the interviewer has come back on. We would show that. It would show some blocks, some blanks where the interviewing hadn't been done.

Mr. YOUNGER. You don't have it back yet. You are just making the survey.

Mr. ROSLOW. Oh, this would be in advance.

Well, after the facts, we would have to have this duplicate sheet with blocks checked off. I think you had one like that.

Mr. RICHARDSON. This is the only one we had.

Mr. ROSLOW. After that, there would be a duplicate sheet with the checked blocks which the supervisor checked when they came. This would have been pinned to the questionnaires, and there would be a duplicate check that this had been done.

Mr. YOUNGER. Would you inform me that the information you had given me before was wrong and a change had been made?

Mr. ROSLOW. It would not reveal the change. It would be technically incorrect, sir.

Mr. YOUNGER. That is all.

Mr. RICHARDSON. But you would not actually then send a letter out to your subscribers and say, well, we didn't do our interviewing where we planned to, and therefore, the survey may not be very accurate, would you?

Mr. ROSLOW. I don't know that it would come to our attention that this question would come up.

Mr. ROGERS of Florida. Let me just ask one question.

So you really don't know where your questions are asked, do you?

Mr. ROSLOW. In an absolute sense, yes; in a relative sense, no, sir.

Mr. RICHARDSON. Are these supervisors that you place this great importance on full-time employees, Doctor?

Mr. ROSLOW. They are not full-time employees of Pulse. They are generally survey contractors who do research for almost all of the market research companies in the country.

Mr. RICHARDSON. What will the one in Louisville make a year out of working for Pulse, approximately, Doctor?

Mr. ROSLOW. I don't know that I can answer that offhand.

Mr. RICHARDSON. Could you find out and supply it for the record?

Mr. ROSLOW. May we have just a moment?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. We can supply that for the record, sir.

Mr. RICHARDSON. Would you supply what you paid Mrs. Newkirk for 1962 for the subcommittee record?

Mr. ROSLOW. Yes, sir.

EDITORIAL NOTE.—As the record shows, Dr. Roslow stated that he would supply the amount of money Pulse paid the Louisville supervisor, Mrs. Hazel Newkirk, in 1962. This information was not supplied. Dr. Roslow did send the total amount of money paid to Mrs.

Newkirk for her own work as well as the work of all Pulse interviewers in Louisville. This information was supplied for the year 1961, not 1962, and is as follows:

February-March 1961—Metro surveys.....	\$943.00
February 1961—TV national profile.....	81.17
May 1961—TV national profile.....	89.66
October 1961—Football survey.....	347.62
November 1961—TV national profile.....	85.30
November 1961—Metro area surveys.....	571.38

(These amounts total \$2,118.13.)

Mr. Moss. Mr. Richardson, I think we had better suspend now. The committee will resume at 2 p.m.

(Whereupon, at 12:03 p.m., the hearing recessed until 2 p.m., this same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order. You may proceed, Mr. Richardson.

TESTIMONY OF SYDNEY ROSLOW—Resumed

Mr. RICHARDSON. Thank you, Mr. Chairman.

Doctor, it is quite obvious that it would be possible to miss certain areas, needless to say, in your method of selecting areas, and that this would be statistically all right.

However, in area No. 1, from the map—this comes from census data prepared by the Louisville Chamber of Commerce—you had a certain amount of interviews scheduled.

I am assuming it was 2 days. I am not positive. It may only have been 1 day.

The sheets show that no interviewing was done in this area. The sheets show that no interviewing was done in area 8, area 9, and area 10. Now, here are the different evaluations. It is also realized that you wouldn't necessarily hit all income brackets in your type of sample, but these four areas comprise over 30 percent or, at least, approximately a third of the total population of Louisville, and these areas are very definitely the principal high income areas in Louisville.

Now, would a sample that does not take into consideration over a third of the area and a sample that does not take into consideration the high income areas, be a very good sample?

Mr. ROSLOW. May I consult my statistician?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I am advised that this would not be a good sample. However, it could fall out on the manner in which we do our systematic sampling procedure. It could be one of those instances where a—not a good sample develops.

Mr. RICHARDSON. Well, Doctor, since you did have interviewing scheduled in one of these four areas, and they are higher income areas, and since that interviewing wasn't done it's rather——

Mr. ROSLOW. One is a poor income area.

Mr. RICHARDSON. It is rather apparent that——

Mr. ROSLOW. One is a poor income area.

Mr. RICHARDSON. Well, would you read off then the income areas?

Mr. ROSLOW. Isn't it—

Mr. RICHARDSON. Would you read off the incomes for each one of the groups, 1 through 10?

Mr. ROSLOW. May I ask, Is there a range? These are median incomes. I would prefer to have a range.

Mr. RICHARDSON. You may, if you will prepare—you may get that information for the subcommittee—

Mr. ROSLOW. The family income in area No. 1 is \$6,188.

Mr. RICHARDSON. All right. Now, in area No. 2?

Mr. ROSLOW. Two is \$5,767.

Mr. RICHARDSON. And you did some interviewing there, didn't you, but not much?

Mr. ROSLOW. That's right.

Mr. RICHARDSON. Area 3?

Mr. ROSLOW. \$2,963.

Mr. RICHARDSON. Now, you did a lot more interviewing in area 3 than any—

Mr. ROSLOW. No; that's what it looks like on the map. Four is \$4,577; five is \$6,773; six is \$4,335.

Mr. RICHARDSON. Now, Doctor, in area No. 4 you had interviewing scheduled, at least in this part of it, and it wasn't done, was it, and actually the interviewing went down in No. 4, I guess. I am not exactly sure where it went.

Mr. ROSLOW. I am not sure, either. I am accepting your placement on the maps, sir.

Mr. RICHARDSON. Certainly. We had hoped you would have had a chance to look through it. I know you couldn't completely have cross-checked these, but you could have at least looked through the information from the questionnaires at first—

Mr. ROSLOW. Six is \$4,335.

Mr. RICHARDSON. Seven is this area here [indicating].

Mr. ROSLOW. Seven is \$6,406.

Mr. RICHARDSON. Eight?

Mr. ROSLOW. Eight is \$8,430; nine is \$9,536; ten is \$7,183.

Mr. RICHARDSON. It is rather obvious, then, even though No. 1 isn't the highest income area, it is highest where no interviewing was done? Since more interviewing was done in three than any of the others—

Mr. ROSLOW. That's true.

Mr. RICHARDSON. Isn't it also true, Doctor, that the houses, and we have people here from Louisville if we need an expert, but even by the map it is rather obvious that the houses are much closer together in these areas here in three and four and two, aren't they?

Mr. ROSLOW. May I have a moment to do some arithmetic here, please?

Mr. RICHARDSON. Yes, certainly.

Mr. ROSLOW. May I ask you to repeat the figure you said as to what proportion 8, 9 and 10 and 1 were of the total?

Mr. RICHARDSON. I believe, if you will total it out with the different families, it comes up to approximately 40,000 homes in areas 8, 9, 10 and 1.

And with the other areas, if my calculation is correct, it comes to about 120,000 total homes.

Mr. ROSLOW. May we continue and have my associate do that, please?

Mr. RICHARDSON. Certainly. Now, Doctor, what we have been speaking about is the regular interviewing.

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Well, if time permits we will get into what happened in the colored interviewing. I will simply point out, since the map is here, that you had in definitely colored areas 8 days scheduled, is that not correct, according to your specifications?

Mr. ROSLOW. I don't seem to have it but—

Mr. RICHARDSON. Mr. Sparger will give you a copy of it.

Mr. ROSLOW. If that is what we sent you, I will accept it, sir.

Mr. RICHARDSON. That was down here somewhere, Doctor, but here is another copy of it.

Mr. ROSLOW. Yes.

Mr. RICHARDSON. In those 8 days, which were diagramed on the map here in green—for example, this area here was diagramed. This area was diagramed. This area and this area were diagramed.

Only 4 of those days were conducted as prescribed in interviewing and, of course, we have the sheets up here. So that also wasn't very good execution of the original sample, as it was drawn, was it, Doctor?

Mr. ROSLOW. No, it was not.

Mr. RICHARDSON. Doctor, in order to clarify the record, in October of 1961, Mr. Sparger and I had a meeting with you. Is that correct?

Mr. ROSLOW. May I have a moment?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. Probably correct, yes, sir.

Mr. RICHARDSON. At that time you advised us of several ways Pulse uses to verify its interviewing work. Is that not correct, Doctor?

Mr. ROSLOW. I believe so.

Mr. RICHARDSON. I will read these and ask if you supplied us with this information. This is from a memorandum which we did at that time:

(a) Pulse inspects complete interview worksheets for obvious errors and omissions.

The CHAIRMAN. Well, I—

Mr. ROSLOW. I believe so.

The CHAIRMAN. I think it probably would be more appropriate to ask him if he made that statement, too.

Mr. RICHARDSON. Thank you, Mr. Chairman. Did you make that statement to us, Dr. Roslow?

Mr. ROSLOW. Well, I'm not sure, but if you noted it down I may have. My memory wouldn't be that certain.

Mr. RICHARDSON. Would Mr. Larry Roslow be able to help you on this?

Mr. ROSLOW. I will consult him. It would probably be our normal procedure, and I may have said it.

The CHAIRMAN. Well, what we are more interested in is whether or not it is a fact.

Mr. ROSLOW. Well, sir, I can't be sure. I mean, I did not note down what I said.

The CHAIRMAN. I don't mean what you said. Is the statement correct?

Mr. ROSLOW. It is part of our procedure.

The CHAIRMAN. That is what I want to know. I am not too concerned about what you said—

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. Other than whether or not it is a fact.

Mr. ROSLOW. Yes, sir, it is part of our procedure, sir.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Would this also be a fact, Dr. Roslow, that you send postcard inquiries to one respondent out of each day's interviewing quota? This would be about 5 percent of your interviews that you would send postcards to?

Mr. ROSLOW. That would be approximately right.

Mr. RICHARDSON. Did you do it in 1961, a cross-check on the 5 percent?

Mr. ROSLOW. Yes, we think we would have done that.

Mr. RICHARDSON. And at that time you made the statement that approximately 40 percent of these cards are returned to Pulse, that you mailed out to check on the interviewing?

Mr. ROSLOW. May I check that?

Mr. RICHARDSON. If you like.

Mr. ROSLOW. Well, approximately we would expect somewhere in that area.

Mr. RICHARDSON. And is the local supervisor asked personally to check a home where a card has been sent?

Mr. ROSLOW. No.

Mr. RICHARDSON. At any time?

Mr. ROSLOW. No.

Mr. RICHARDSON. Do your local survey supervisors make any checks on the interviewers?

Mr. ROSLOW. They are required to. It is part of their task as a supervisor to verify the work of the interviewers under their supervision.

Mr. RICHARDSON. May a supervisor call an interviewer without warning and request that she bring her day's work in to be checked by the supervisor?

Mr. ROSLOW. I would say the operation of that staff is entirely in the hands of the local supervisor.

Mr. RICHARDSON. Then you take no responsibility for what the interviewers do other than what these supervisors tell them to do?

Mr. ROSLOW. Well, when we engage a supervisor, who has control over the staff, there must be a line of command as you go down the line. We would rely on the supervisor.

Mr. RICHARDSON. Do you know whether you omitted any of these procedures on checking the one survey that we have gone through here today? In other words, did you send out cards to check on the verification, as to whether or not the interviewing was done?

Mr. ROSLOW. On this one?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. May I consult?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. I would assume that the people responsible for counting the questionnaires and checking them out would have gone through the procedure of sending these cards.

Mr. RICHARDSON. Well, had they sent these cards out shouldn't some of these things become apparent to your people in New York?

Mr. ROSLOW. Well—

Mr. RICHARDSON. Such as—pardon me.

Mr. ROSLOW. Well, at that time, and again this is one of the things— one of the things we are in the process of correcting and have corrected. At that time the card, which we mailed, checked only, I think, on one fact, and that is: Was the household interviewed? Let me confirm that, please.

Mr. RICHARDSON. Yes.

Mr. ROSLOW. Yes, it checked only on the one fact, was the household interviewed.

Mr. RICHARDSON. Now, at this time—we went through this this morning, but I would like to refresh both of our memories from the memorandum which the staff wrote that day. The length of interviewing covered by the Pulse system is a 6-hour period of the 18-hour broadcast day (6 a.m. to 12 p.m.).

Interviewing takes place in the late afternoon and evening according to the following schedule:

From 4 to 5:10 p.m. interviewing is done from 9 a.m. to 3 p.m. for that day. From 5:10 to 6:30 p.m. interviewing is done for 6 to 12 p.m. yesterday. And from 6:30 to 6:45 p.m. it has here “no interviewing; a rest break.”

From 6:30 to 6:45—

Mr. ROSLOW. I am not sure I would have said that but it is possible.

Mr. RICHARDSON. From 6:45 to 8 p.m. interviewing, from 6 to 9 a.m. and from 3 to 6 p.m. today.

Would that be your normal schedule?

Mr. ROSLOW. That is the three-roster day part in the large metropolitan markets. That takes place in some 20 or 30 of our markets. And I think we were describing—we had that in mind when we were describing this to you.

Mr. RICHARDSON. As we went through it, of course, there may have been a problem here. You didn't differentiate that you did this in only the large metropolitan market. Louisville is the 31st market. Where would you draw this line? At 30 or —

Mr. ROSLOW. No, actually the line is not drawn in terms of size of markets necessarily. It is drawn in terms of the stations, number of stations participating in a survey and the availability of the research budget, as to whether we can do a two-part day or a three-part day.

Mr. RICHARDSON. So in New York City you might actually do a two—

Mr. ROSLOW. In New York City we do a three-part day because we have enough stations participating and there is enough of a budget.

Mr. RICHARDSON. Doctor, looking at what we have shown from the map of Louisville, if your company did use the same random number interval each time it would be possible to go back to the same areas time after time, wouldn't it?

Mr. ROSLOW. If we used the same starting point and the same random number at the beginning, but I don't believe this would have been done.

Mr. RICHARDSON. In your original sample, as it was outlined in the material, before you for the regular survey, would you turn to that, please, at this time?

Mr. ROSLOW. Is this the material you mean?

Mr. RICHARDSON. Yes. For the regular survey.

Twenty-three days of interviewing were scheduled in Louisville proper and twenty-one days were scheduled in the remaining areas, is that not correct, for Jefferson County?

Mr. ROSLOW. I don't see those numbers here. I am trying to find them.

Mr. RICHARDSON. On the information I gave you this morning, the original copy, Doctor, you had diagrams of the areas which had been surveyed.

Mr. ROSLOW. Twenty-five and fourteen?

Mr. RICHARDSON. Is it 25 and 14 or 25 and 19?

Mr. ROSLOW. It is—it looks like 25 and 14 here; 25 inside and 5—19 and 25.

Mr. RICHARDSON. Nineteen and twenty-five?

Mr. ROSLOW. Would have been on the assignment.

Mr. RICHARDSON. Do you have the information I gave you this morning, the original copy of the blocks which were diagramed which you were to interview?

Mr. ROSLOW. (Indicating).

Mr. RICHARDSON. Would you cross-check and see how many blocks were scheduled for internal Louisville?

Mr. ROSLOW. Blocks?

Mr. RICHARDSON. Well, how many specific areas? For example, you have an area outlined and you will say 3 days for it or 2 days. Would you count the number of days for the total?

Mr. ROSLOW. It looks like 25.

Mr. RICHARDSON. And for the remainder of the area how many?

Mr. ROSLOW. The balance of the county or the total remainder?

Mr. RICHARDSON. The balance of the county here.

Mr. ROSLOW. The county? Fourteen.

Mr. RICHARDSON. Doctor, do you have the population data for Louisville proper compared with the remainder of the county?

Mr. ROSLOW. 63.6 and 34.4—percentages.

Mr. RICHARDSON. Where do those figures come from?

Mr. ROSLOW. Right here (indicating).

Mr. RICHARDSON. I know, but where did those figures come from?

Mr. ROSLOW. Sales managements households.

Mr. RICHARDSON. Twenty-three days of interviewing were done within Louisville city limits and only twelve days were done in the remaining areas. How will this apportion out in relation to the county as to the census population?

Mr. ROSLOW. You mean instead of 25—14 it was 23?

Mr. RICHARDSON. Twelve.

Mr. ROSLOW. Twelve? Well, it's a little off.

Mr. RICHARDSON. According to my calculations, which may be wrong, 66 percent of the interviews were done inside Louisville and 34 percent were done outside of Louisville. And these are the—

Mr. ROSLOW. You mean against the 63.6 and 36.4?

Mr. RICHARDSON. Well, here are the 1960 census figures for Louisville and the population is 733,000. Of this number 390,000 reside within the city limits and 343,000 lived in the remaining area. This would break down to 53 percent and 47 percent. In other words, you

did 66 percent of the interviewing inside, where 53 percent of the population lived, and you did 35 percent or——

Mr. ROSLOW. I know, but the sample was based on sales management households.

Mr. RICHARDSON. And not census——

Mr. ROSLOW. Not this break, no.

Mr. RICHARDSON. What do you normally use as the data from which your information comes as to the households in an area?

Mr. ROSLOW. May I consult?

Mr. RICHARDSON. Why don't you have him come to the table with you, Doctor?

Mr. ROSLOW. Sit up here.

We normally use sales management households because they update each year.

Mr. RICHARDSON. Doctor, when Mr. Sparger and I were in New York in the fall of 1961 you informed us, and I believe you informed the Madow committee or, at least, the report so shows that you tell the interviewers in these remaining areas to go to specific points for each day's interviewing and then you give them instructions as to how to proceed.

Now, look on your chart there and see what it says in relation to these remaining areas. Take Shively, Ky., for example. It just says "Shively," doesn't it?

Mr. ROSLOW. Yes, that's so.

Mr. RICHARDSON. Would it surprise you that the interviewer there, says she just goes any place in Shively that she wants to? Isn't that what your instructions allow her to do there?

Mr. ROSLOW. Well, it should have been an intersection as there were in the case of the other two counties.

Mr. RICHARDSON. But were there any instructions as to the remaining areas or could they just go in any of the suburbs, pick out an area that they liked and pick out a——

Mr. ROSLOW. This is a laxness and an error on our part and our sampling department was wrong.

Mr. RICHARDSON. We didn't have time to check out all of these areas, just this one. Then basically, in all the information that you supplied to this committee and the Madow committee, the sample design wasn't followed at all in this report, was it?

By that, I mean first you got two counties in the wrong State, and then in the remaining area you didn't have any starting point and you just interviewed wherever the interviewers wanted?

Mr. ROSLOW. It was not followed properly or adequately, sir.

Mr. RICHARDSON. Doctor, in the interviewing, and you have seen the plan for Louisville at this time, would it surprise you that Mrs. Newkirk informed us that much of this interviewing wasn't done in these areas because it was occupied by business establishments; that there weren't any people living there and that she had had this problem in the past and had informed you of it?

This is in the areas, numbered two and three on the map.

Mr. ROSLOW. Well, that may be the reason why she shifted the blocks or why the interviewer shifted the blocks.

Mr. RICHARDSON. Shouldn't your organization have some better correlation of where people live in a town?

Mr. ROSLOW. No, because if we went through the counting procedure, and I assume that we did—if my statistical department went through this counting procedure, and this is the block that fell, this is where she should start and they have an instruction as to how to proceed around this block and then go to the next block and then to the next block. Now, it may well be that on this map the shift—those shifts of two or three blocks at a time represent this problem, that the original block was a business block and the interviewing could not be conducted on a business block, and they would move over until they came to the nearest block where it was possible to interview. This may be the explanation. I don't know for sure.

Mr. RICHARDSON. So at this point the interviewers design their own sample?

Mr. ROSLOW. Well, it's not a question of designing their own sample. We give them an instruction as to how to go. Now, perhaps they don't follow it, and we have been inept in catching it.

Mr. RICHARDSON. Well, Doctor, would it surprise you that Mrs. Newkirk and Mrs. Lacefield both informed the staff that time after time, within the city limits Pulse will send them back to the same blocks? I know that this could happen, but shouldn't someone become aware of this in your organization after some time?

Mr. ROSLOW. I don't know how you can say "Time after time," sir. We only interview twice a year in Louisville.

Mr. RICHARDSON. How many years have you been interviewing in Louisville, Doctor?

Mr. ROSLOW. I think I might estimate that. I couldn't tell now. I would guess perhaps 5 or 6 years. I am not sure. We would have to look at our library and see.

Mr. RICHARDSON. In yesterday's testimony you stated that there was a difference in radio listening—a difference in the ethnic groups of the community.

You stated, for example, that Spanish language stations would have a different potential audience as would Negro programed stations and that Negroes would have a tendency to listen to a different type of programing, I believe you stated, than possibly some other people?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. For that reason you do conduct or, at least, at this time did conduct a special Negro survey for Louisville?

Mr. ROSLOW. We had an order from one of the stations to do this. Yes, sir.

Mr. RICHARDSON. Yes. Now, Doctor, in this case you scheduled, according to your diagram again, 10 interviewing days in the regular survey in Negro areas. This would have been 10 out of 44 days. In the interviewing actually done 8 days were in completely colored areas and 4 other days were in mixed areas. Since there were only 37 interviewing days done, this includes, of course, 2 days in Winchester, and since 8 were done in completely colored areas, this equals 21 percent of the total sample.

Now, is it not true that the population of Louisville is only 11.6 percent colored?

Mr. ROSLOW. May I have a moment?

Mr. RICHARDSON. This is my information from the 1960 census.

Mr. ROSLOW. May I have a moment?

Mr. RICHARDSON. Yes.

Mr. ROSLOW. In the Louisville metropolitan area it would be 11.6 percent, sir.

Mr. RICHARDSON. So out of this total where the interviewing was done for Louisville in the regular survey you did 21 percent in Negro areas and if there is a difference in listening, as you have stated, then you oversampled the Negro population.

Is that not correct?

Mr. ROSLOW. But I think we were aware and we corrected our sample for that in the processing.

Mr. RICHARDSON. How did you correct it, Doctor?

Mr. ROSLOW. We used only part of the Negro sample in the total metropolitan area sample, and discarded at random some of those Negro interviews.

Mr. RICHARDSON. Doctor, we are not talking about the 8 days of interviewing that you did in the Louisville Negro report. We are talking about what was scheduled in your Louisville regular report.

Mr. ROSLOW. Yes, I am talking about that, too.

When it came to the processing of the regular report we discarded the overage of the Negro interviewing.

Mr. RICHARDSON. Then this lowered your sample size greatly, didn't it, and the sample sizes you have been giving us here today are once again—

Mr. ROSLOW. No; in those today we reported only the Negro sample that we used in the total metropolitan area sample.

Mr. RICHARDSON. Well, Doctor, I don't see how, from the interviewing sheets that were sent the subcommittee, that you can possibly give that explanation.

It would seem that at the most you had interviewing from approximately 320 homes for each broad day period and now you discarded, I suppose, at least 10 percent of those.

And yet you still stated you had 400-plus roster recall interviews during each one of these periods.

Mr. ROSLOW. Our estimate shows that in the total metropolitan area sample the Negro sample ran high.

It ran approximately 17 percent.

Mr. RICHARDSON. However, you didn't really schedule all of those 44 days, and you were counting those days done in Winchester in that, weren't you?

Mr. ROSLOW. No, I am counting the returns on this.

Mr. RICHARDSON. Well, there were returns from Winchester?

Mr. ROSLOW. Yes, they were in the sample, unfortunately.

Mr. RICHARDSON. Doctor, as has already been pointed out, we asked you for the weighting when we first discussed this problem with you, and you read into the record this morning a letter dated March 23, 1962, from me.

Would you turn and reread question No. 7?

Mr. ROSLOW. Is any other weighting done in the production of your reports and, if so, explain in detail.

Mr. RICHARDSON. Doctor, you didn't mention when you explained in detail, any of this weighting which we now learn for the first time, did you?

Mr. ROSLOW. We did in our letter to you, sir, in answer to this, did we not?

Mr. RICHARDSON. Would you read your answer No. 7, I believe it is (c), again for the record?

Mr. ROSLOW (reading) :

Fluctuations from one successive report to another within the same 12-month period are reviewed.

If the difference between the successive ratings is greater than 50 percent of either rating, the 2 may be averaged.

This depends on whether program changes have occurred or not, seasonal changes, et cetera. Other weightings may be used, depending on geographic, economic factors, et cetera, to balance the sample,

this is the thing that we talked about in the Negro sample—I haven't finished reading, sir.

Mr. RICHARDSON. I am sorry.

Mr. ROSLOW (continuing) :

and depending upon transition from one roster period to the next to smooth unexplained fluctuations.

Mr. RICHARDSON. Actually, as far as this statement is concerned, Doctor, you could do any type of weighting you wanted to, couldn't you?

Let's just look at this.

Fluctuations from one successive report to another within the same 12-month period are reviewed.

Now, in Louisville you only do two reports a year. Isn't that correct? You just stated that for the record a moment ago.

Mr. ROSLOW. That's right.

Mr. RICHARDSON (reading) :

If the difference between the successive ratings is greater than 50 percent of either rating, the 2 may be averaged.

If you only do two reports a year, program changes occur rapidly in some of these markets, and how could you balance the end result?

Mr. ROSLOW. I think we said in our answer there we said where a program—

Mr. RICHARDSON. We will take the statements one at a time here and—

Mr. ROSLOW. May I read my answer?

Mr. RICHARDSON. Yes.

Mr. ROSLOW (reading) :

This depends on where the program—this depends on whether program changes have occurred or not.

So that if there was a recognizable program change there would not be the 50 percent averaging.

Mr. RICHARDSON. Doctor, you testified yesterday, in relation to Miami, that you didn't know what went on in these markets because you were in New York.

How did you know about all of these program changes?

Mr. ROSLOW. Well, it's on the program log that we get from the stations.

Mr. RICHARDSON. If they send you one?

Mr. ROSLOW. Well, there are very few instances where we do not get a program log, but what you say is true.

Mr. RICHARDSON. When we went through your operation in New York, is it not true that we saw in the compilation of this data, a per-

son taking an old report and going through and recording the results of the latest report above the prior figures?

In other words, instead of putting it on a clean sheet you were putting the figures right next to those on the old report?

Mr. ROSLOW. Well, the old report is used as the dummy report for the typist for the new report.

We correct the program names in the report and we put in the new ratings into the report and then this goes to the typist for typing.

Mr. RICHARDSON. And then you may average these out?

Mr. ROSLOW. Where the fluctuation is as described there—

Mr. RICHARDSON. Do you tell your subscribers that you may average the two reports in Louisville for the year and even though you do new surveying, it doesn't make much difference, because you still go by the prior report to a great extent?

Mr. ROSLOW. Well, we discussed that situation originally with our counsel and we were advised that this could be considered in the nature of a trade secret, and we did not report this.

We did report this to the Madow committee. We had no reaction from the Madow committee. We had no reaction from this from the FTC, but we, ourselves, have changed this. We are no longer doing this because we did feel uncomfortable about it, mostly because of the question you have raised, as when there is a program change or when there isn't.

The program name may remain the same, and I think that we were probably unsophisticated in the beginning, when we thought that this was a good technique for smooth and unexplained fluctuations, but when you look at program names, while program names remain the same, we finally realized that they may not be the same even though the same name had been used or if they change, it may still be the same kind of program.

And so, in our judgment, we have eliminated that, although no comment had been made on this method either by the Madow Committee or the FTC.

Mr. RICHARDSON. Doctor, would you once again read what you stated in this report?

Mr. ROSLOW (reading):

These figures are percentages indicating the relative popularity of the stations during the day.

The base, total station quarter hour mentions, is the sum of the number of stations listened to during the period.

This base, divided into the total mentions of each station gives the figures listed above.

This should have been corrected to include that the case counts were obtained first going through the adjustments and then these shares were computed.

Mr. RICHARDSON. Yes, but in view of what we have just brought out, you can make any changes in here that you feel might need to be changed. You can balance the figures.

If the difference is over 50 percent you can average.

Do your subscribers know that all of these things are going on in these ratings that are supposed to represent the listening public at a specific time on stations?

Mr. ROSLOW. What you say is true. We could. I am sure we don't, with any intention involved, and our subscribers did not know of this 50 percent adjustment factor.

Mr. RICHARDSON. To further quote here, you stated:

Other weightings may be used depending on geographic, economic factors, et cetera, to balance the sample—

Mr. ROSLOW. Well, those would be statistical adjustments, in an attempt to maintain the proper geographic ratios, where called to the attention of the statistical department and there would be this weighting adjustment in an effort to balance the sample.

If you had too many outside or too many inside, and if it was called to the attention of the statistical department there would be this weighting to bring the sample into line.

Mr. RICHARDSON. Then by the time you got through with it there wasn't much relationship at all between what the fieldwork showed and what the report showed, was there?

Mr. ROSLOW. Well, I don't know. Maybe so.

Mr. RICHARDSON. Well, we will be glad to inform you in just a few minutes.

You went further to explain that to balance the sample, and depending upon the transition from one roster period to the next, to smooth unexplained fluctuations—you could just go along and if something was unexplained in New York, that you didn't understand, you could just smooth it out?

Mr. ROSLOW. No; that would apply only at the roster break.

You realize, if you break the day into two parts, as in Louisville, that at 3 o'clock—I think the break was at 3 o'clock—the same program continued and you might have a violent fluctuation that could be smoothed.

The CHAIRMAN. Mr. Richardson, Mr. Moss wants to ask a question for clarification at this point.

Mr. Moss. Doctor, I am looking at the March 28 letter from you to Mr. Richardson, item 7, subheading (c).

Do you see the copy there?

Mr. ROSLOW. Yes, sir.

Mr. Moss. This is the one we have just been discussing.

And I wanted to have it clear in my mind.

Is this 50 percent adjustment factor the one you have now discarded because you have become more sophisticated?

Mr. ROSLOW. Well, that is part of it, sir. We are automating our operation and, in preparation for that, this would have involved a tremendous machine operation to put it into the IBM equipment.

And that, too, was a factor in our discarding this procedure.

Mr. Moss. Now, if you were discarding it because you were automating, then you are faced with a little different problem than the matter of your personal sophistication?

Mr. ROSLOW. I think both together.

Mr. Moss. You are discarding it because you are going to automate, and you can't have all of these variables with no rule applying, can you?

Mr. ROSLOW. That is true, sir.

Mr. Moss. So you have got to knock them down to something definitive, haven't you?

Mr. ROSLOW. That's true.

Mr. Moss. Well, you rather amazed me that after—this is 1962, this letter—after 21 years you hadn't gained sophistication, but you have

now gained sophistication because in automating, resorting to some form of data processing, you can't have all of these ad hoc factors thrown in, can you?

Mr. Roslow. You are right, sir.

Mr. Moss. But on the basis of the 1962 practice these factors were all being used by you?

Mr. Roslow. In this report, sir?

Mr. Moss. In this report.

Mr. Roslow. Yes, sir, at that time.

Mr. Moss. And this is all inclusive. You can adjust for anything, can't you?

Mr. Roslow. Well, you can. I wouldn't say that we did, sir.

Mr. Moss. No, but you made it quite clear, in your response, by adding the "et cetera" that everything that wasn't mentioned could also be tossed in if it was felt necessary.

Mr. Roslow. Well, I think that was an unfortunate "et cetera" in that statement, sir.

Mr. Moss. I think it is an unfortunate policy.

Mr. Roslow. Well, I stand reminded about that by you, sir.

The CHAIRMAN. What did you say?

Mr. Roslow. He said it was an unfortunate policy and I do concur, sir.

Mr. Moss. Now, you say:

Other weightings may be used, depending on geographic, economic factors, et cetera, to balance the sample, and depending upon transition from one roster period to the next to smooth unexplained fluctuations.

Mr. Roslow. Well, sir "smoothing" is a—

Mr. Moss. Smoothing unexplained fluctuations in the share of a market?

Mr. Roslow. Well, sir, smoothing is a statistical procedure where figures may bounce around.

There is always a possibility to do an averaging or smoothing and, in the roster break, as I tried to describe, sir, if you can bear with me for just a moment, when you go at the roster break at 3 o'clock we have another sample and the same program continues.

You have a rating at 2:45 to 3, let us say, and then a rating from 3 to 3:15, and it is the same program, and you might get a violent fluctuation.

I don't think this happens very often, but it could happen.

You might have a rating of 2 and you might have a rating of 4, greater than a 50 percent difference between the two.

This is what we would use.

If a difference between the two is greater than 50 percent of either, then we would average the two together in an effort to smooth it, and this is what we did, sir.

Mr. Moss. Yes, but what does that prove when you take the two and this four and make it three?

Mr. Roslow. Well, sir, if it is the same program it would not be likely that this audience danced around like that.

It would be one of these accidental functions—

Mr. Moss. I understand we are talking about—

Mr. Roslow (continuing). And we would smooth it, sir.

Mr. Moss. We are talking about a break of 6 months.

Mr. ROSLOW. Yes, sir, we are.

Mr. MOSS. You are going to smooth between March and October, and this dancing around wouldn't permit it?

It might be very logical.

Mr. ROSLOW. On program changes, it would, sir.

Mr. MOSS. Oh, people become tired of programs, I am told.

I see that they have put a lot of new ones on each year and they take a lot of them off or they change the format or jazz them up a bit or do something to try to keep them going, and this might affect the listener or the viewer?

Mr. ROSLOW. Yes, it could.

Mr. MOSS. But not in your survey it hasn't, because you balance it out.

You smooth it up even though it's 6 months later.

Mr. ROSLOW. Yes, sir, this happens in instances.

Mr. MOSS. And you—

Mr. ROSLOW. It has happened. It hasn't happened any more.

It did happen, I will put it that way.

Mr. MOSS. This adjustment is on statistical variations?

Mr. ROSLOW. Yes, sir.

Mr. MOSS. Therefore, you—using that principle—you could make any kind of an adjustment and value it with statistical variations?

Mr. ROSLOW. Sir, you couldn't make any kind. I am simply asking the committee to bear with us, that we did not make any kind of adjustment, sir.

Mr. MOSS. The committee, I think, is inclined to be very charitable, I think, in hearing your explanations but at least, speaking for myself, I find it difficult to stretch it as far as your thinking has stretched it. That's all.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Who establishes the weights to be used in modifying all of these different results for each time period in each survey, Dr. Roslow?

Mr. ROSLOW. May I consult a moment?

Mr. RICHARDSON. I mean, you have one statistician. He must be 10 Mrs. Jones or something.

Mr. ROSLOW. May I consult a moment?

Mr. RICHARDSON. You may consult.

Mr. ROSLOW. I think it is a—it is a fairly standard procedure.

Mr. RICHARDSON. Would it surprise you, Doctor, that in all of the companies that have been in here to date, this is the first time that this standard procedure has come into effect?

Mr. ROSLOW. Well, the weighting is a standard statistical procedure.

Mr. RICHARDSON. True, Doctor.

Mr. ROSLOW. There are many ways of weighting. The weighting to balance a sample is certainly a standard procedure.

The weighting, where a difference is of more than 50 percent and then the decision to average the two to smooth it is a decision we make in our judgment.

Mr. RICHARDSON. But none of your buyers know this, do they, Doctor?

Mr. ROSLOW. They did not know it because, as I explained, we had been advised, when we discussed this with our counsel, that this could be considered one of our trade secrets.

Mr. RICHARDSON. Well, it is a secret, all right, isn't it?

Mr. ROSLOW. It was poor judgment on our part.

We have discontinued it when we realized that we were going to automate and that we could not tell with certainty when the program change occurred or didn't occur, sir.

Mr. MOSS. Do I understand you to say that this variable, which you cannot explain to this committee in its full dimensions, is a trade secret?

Mr. ROSLOW. We were advised by our counsel that this type of procedure could be considered a trade secret.

Mr. MOSS. It might, by the most tortuous of reasoning, but I don't see how something you can't define can be called anything or classified as anything.

It is secret, no doubt.

Mr. ROSLOW. We did make this known to the Madow committee and to the FTC, and we were not criticized.

Mr. MOSS. I don't care. I don't like you to tell me that this is a trade secret when you can't even define it.

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. Is it included in the Madow report?

Mr. ROSLOW. They have that report. The FTC had that information and it was not brought to our attention by either of these two bodies, sir.

It was entirely on our own judgment that we eliminated this, as I explained, on two counts:

One, the uncertainty as to whether a program change did or did not occur and, secondly, we were going into automation and we knew that we could not punch the necessary information into the machines to try to accomplish this.

And we removed this procedure entirely on our own, sir.

The CHAIRMAN. Well, I asked you if it were included in the Madow report.

Mr. ROSLOW. In their writeup? I don't know how detailed—the information, we supplied to them.

I don't know how detailed they went through it in their analysis and report, sir.

I think there is reference to "weighting." I don't think any weighting is spelled out in detail to any other companies in the matter of the committee's report, sir, or in the Madow report.

Mr. MOSS. If the difference is 49.89 percent, do you then adjust for the fluctuation?

Mr. ROSLOW. Well, you have to be arbitrary about it, sir.

Mr. MOSS. You arbitrarily knock it off at precisely 50 percent?

Mr. ROSLOW. Well, I would say—of course, you can't always get a division, you know, when you are working with numbers, that comes out exactly at 50, but if it is 50 or over—yes—

Mr. MOSS. How much variation do you have from 50 up or down?

Mr. ROSLOW. Well, I would say we drew the line and we said that this would be our procedure.

Mr. MOSS. Well, you drew it at precisely 50 and if you couldn't draw it at 50 then you had some further variation?

Mr. ROSLOW. No, no, if you had numbers that you are dividing, they don't always yield a 50 percent cutoff—

Mr. Moss. I know, but they might yield my cutoff at 49.89. I asked you if you then made an adjustment to smooth out the flow here.

You don't know, do you?

Mr. Roslow. I don't know. It's a good question, sir, and I don't really know.

Mr. Moss. Thank you.

Mr. Richardson. Thank you, Mr. Chairman.

You just—

Mr. Roslow. May I—it has been pointed out to me, sir, Mr. Chairman, the Madow committee does have a statement in here on page 29, if I may read paragraph 3, at the bottom of the page.

This is in the Madow report:

In some surveys samples are treated as being self-weighting when, in fact, the difference between sample and surveyed population does not justify this. In others a somewhat arbitrary adjustment or smoothing occurs.

We do not claim these procedures are necessarily bad practice. However, the committee recommends that the procedures used in computing the estimates be fully reported including weighting, adjusting, and smoothing procedures.

We were not fully reported.

Mr. Richardson. Doctor, you just stated a moment ago that these decisions were arbitrary on your part, correct—before you read from the Madow committee report?

Mr. Roslow. Well, was a decision we made, sir? Yes.

Mr. Richardson. Doctor, you stated a minute ago that you weighted in the Louisville regular report concerning the Negro population. Is that correct?

Mr. Roslow. Well, the effect was the same. We discarded some of the excess Negro questionnaires. We didn't quite—

Mr. Richardson. That is not the same as weighting, is it, sir? Just taking out and throwing away—

Mr. Roslow. At random?

Mr. Richardson. Did you do it at random?

Mr. Roslow. Yes, I think we did do it at random.

Mr. Richardson. Will you find out whether you did it at random or not?

Mr. Roslow. Well, to the best of our ability.

Mr. Richardson. It is still not weighting, is it, Doctor?

Mr. Roslow. May I ask my statistician?

Mr. Richardson. Doctor, will you explain his qualifications, if you are referring to him as a "statistician"?

The Chairman. Well, the Doctor can consult anyone of his staff that he wants to, and if any member wants to testify, whether he is testifying as an expert or not, if necessary, why then he would have to qualify him, but as long as he is just consulting him I don't think that is necessary.

Mr. Roslow. My statistician says that, discarding "at random" has the same effect as weighting down. This is what we were doing.

Mr. Richardson. We will have Dr. Arkin give an opinion on that a little bit later, Dr. Roslow.

Mr. Roslow. Yes, sir.

Mr. Richardson. The Madow committee didn't check the results of any of your surveys, did it? It didn't tabulate them?

Mr. Roslow. I don't believe on some.

Mr. Richardson. Neither did the FTC?

Mr. ROSLOW. I do not know. We gave the FTC some several markets of questionnaires.

Mr. RICHARDSON. Mr. Sparger is placing a chart (chart No. 1) concerning your regular Louisville report to your right. This will show the result of your weighting.

The red on the chart is what your fieldwork shows. The black is what your report shows.

Between 12 and 1 o'clock the chart would show that WLOU was first in each one of these 15-minute time periods.

Now, it is true that you said you discarded certain ones of the Negro questionnaires.

However, in some of these cases, if you will look—would you look at the copy of your report, Doctor, at 12 o'clock?

At 12 noon, Doctor, as mentioned earlier, the staff tabulated the results of your survey three times, from your interviewing sheets, as shipped to us, and these are the results in red.

The black is what you published in your report.

Now, you have just told us that you used all of these different ways to weight the results.

Mr. ROSLOW. Sir, this would include all the Negroes, would it not?

Mr. RICHARDSON. This does, yes, including the next—

Mr. ROSLOW. And WLOU is a Negro program station, is it not?

Mr. RICHARDSON. Yes, and, according to you, you would have taken out 5 percent?

Mr. ROSLOW. We eliminated some.

Mr. RICHARDSON. You eliminated some?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Here is the interesting thing, if you will look at the comparison here:

At 12 o'clock on WLOU you show them with a share of 12.

Now, the field work tabulated by the staff shows WLOU—what does that say on there, Mr. Sparger, at 12 o'clock?

Mr. SPARGER. 12 o'clock, WLOU, 23.6.

Mr. RICHARDSON. 23.6. In other words, you cut them in half?

Mr. ROSLOW. Sir, this includes the excess of the Negro sample. I don't know what affect this would have had.

Mr. RICHARDSON. But if you cut off 5 percent or cut out less than a third of the Negro sample, according to your statement, it is rather strange that it changed the result 100 percent here, isn't it, or approximately 100 percent?

Mr. ROSLOW. Well, We think—we eliminated the excess Negro and in the averaging with the previous report, if there were any fluctuations greater than 50 percent this could have happened, sir.

Mr. RICHARDSON. Well, the disadvantage we find—

Mr. ROSLOW. I don't know—

Mr. RICHARDSON (continuing). The disadvantage we find with this, Doctor, is that if you did this, it would be for all stations and not just WLOU.

And yet we found at this time no discarding of any listening for the other two stations. The Negro questionnaires went in for the other stations just as they came out in your report.

In other words, you see, for example, the figures are slightly higher, but very close on the other two stations.

Mr. ROSLOW. Well, how much listening in Negro homes would there be on the other two stations—

Mr. RICHARDSON. For example, I will give you this amount : During the entire daytime, for station WAKY there were 157.3 Negro listeners.

This is after your explicit weighting factors have been applied, as you explained them this morning.

This was out of a total of 1956.3 total listeners for WAKY.

Now, on station WKLO they had 593 Negro listeners out of a total of 1,662.

It's obvious from looking at these charts, that if you weighted the Negro questionnaires for the Negro station, you didn't weight them for the other two stations.

And it is quite clear that WKLO at this time period had three times as many Negro listeners as WAKY did and yet this wasn't taken into account ; only the listening for the Negro station was affected.

Pulse also sold a Negro report to this station at this same time ?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. You sold to WLOU both a regular report and a Negro report ; didn't you ?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Would it surprise you that in the Negro report we find the reverse, wherein you upped the Negro listening to WLOU and lowered the listening—

Mr. ROSLOW. I don't think we upped or lowered it to anyone.

I think this is the effect of the statistical procedure, but if the other two stations didn't have as much Negro listenership, I think this type of a relationship may be possible.

Mr. RICHARDSON. It is, except wouldn't you have to weight Negro listeners to them proportionately also ?

Mr. ROSLOW. It is not a question of weighting.

We had discarded the surplus Negro questionnaires in the total sample and tabulated that total sample, sir.

Mr. RICHARDSON. Did you send those discarded questionnaires to us ?

Mr. ROSLOW. Yes, you have them because they became part of the Negro sample.

Mr. RICHARDSON. How can we tell which were discarded and which weren't, if you put them right back in ?

Mr. ROSLOW. Well, I think the best approach would have been to have taken a random selection of Negro questionnaires and put them back in the total sample in the proportion in which they occurred.

Mr. RICHARDSON. Wouldn't it be just as logical then to leave all the Negro questionnaires in and to weight them down to their proper percentage of the total ?

Mr. ROSLOW. You could do that.

Mr. RICHARDSON. But it's quite obvious, from looking at this chart that it wasn't done.

It was done for WLOU. Actually—

Mr. ROSLOW. I don't know about that, sir. I couldn't say.

I don't know.

Mr. RICHARDSON. Well, it is obvious that these decisions are made arbitrarily and no one knows. That is the problem, Doctor.

Mr. Sparger, since it is obvious that no one can figure out what happened here, will you put the next chart up ?

Now, this chart (chart No. 2) is for time periods after WLOU has gone off the air. So we can't have the problem of checking it out, Doctor.

The red line again is the staff tabulation, having tabbed it three times, and the black is what the Pulse report shows.

This is a very interesting thing.

At 7:45 p.m. WAKY came in with a share of 58 percent or 57.7 percent.

WKLO had 24 percent.

Now, through using your various adjustments, which none of your subscribers are aware of, you changed this and brought WAKY down to 38 percent and brought WKLO up to about 28 percent.

That moved them pretty close together; didn't it, Doctor.

Mr. ROSLOW. Well, 38 to 28 is a lot closer; yes, sir.

Mr. RICHARDSON. You explained yesterday, in looking at these three reports for Washington here, that it was pretty hard to tell who was in first place and who was in second place.

It's also pretty obvious, if you placed every station along the same line, you could sell more stations; couldn't you?

Mr. ROSLOW. I wouldn't say that, sir.

Actually, the history has been the other way around. When you have several stations that dominate, you get subscriptions. You hardly get subscriptions from——

Mr. RICHARDSON. All right. There are some other interesting things here on this, Doctor, as well as the weighting for these two stations.

The staff tabulation shows a share of 4.4 percent for station WAVE. Your report shows 10 percent.

WHAS is a 50,000-watt power station in Louisville, on that the staff tab shows 2.2 and your report shows 10 percent.

On WINN the staff tab shows 2.4; your report shows 8. And, of course, WWKY is located down in Winchester, Ky., and we can't consider it here because it shouldn't have been in the sample in the first place.

The staff tab for miscellaneous showed 6.6 percent and your figures showed 5 percent.

It is fairly obvious that this weighting can just take any angle it desires at any time; isn't that right?

Mr. ROSLOW. Well, it appears, sir, so.

Mr. RICHARDSON. Mr. Sparger, will you bring the next chart (chart No. 3) out?

The CHAIRMAN. Well, were these tabulations you referred to made from Pulse's records?

Mr. RICHARDSON. They are made from all of the records supplied by Dr. Roslow to the staff.

The CHAIRMAN. That is what I wanted to know.

Mr. ROSLOW. Well, there are several.

There are a few missing, but I don't think they would have, you know, tremendous effect. In other words, 15 questionnaires were——

The CHAIRMAN. But what I wanted the record to show, and what we would like to know, are the charts referred to here in this record made up from the information supplied by you or your company?

Mr. ROSLOW. Well, I am accepting them, sir.

The CHAIRMAN. Yes.

Mr. RICHARDSON. Mr. Roslow stated there should be 555 questionnaires, Mr. Chairman.

When they were received we numbered them immediately, before we did anything with them, and there were 548.

He stated a few might be missing.

However, we believe that 7 out of 555 shouldn't change the result to this extent.

The CHAIRMAN. Well, I just wanted the record to show that this information was developed from the records of this company.

Mr. RICHARDSON. Yes, Mr. Chairman.

At 8:30 p.m. WAKY had 36.6, according to the staff tabulation, and 33 percent according to your report.

At this same time WAVE came out with a big 4.9 percent on the staff tabulation but with 13 percent in your report.

WHAS had 14.6 percent by the staff tabulation and 12 in your report.

It is rather interesting that on the last chart we looked at, WHAS had fewer listeners under the staff tabulation. There is no system at all, is there, Doctor?

It just goes every-which-way.

Mr. ROSLOW. Well, I am glad you found that because I think there is no intention on our part to present other than what we do in the course of our processing.

Mr. RICHARDSON. But you have said that it was arbitrary and—

Mr. ROSLOW. Well, we had some weightings involved and we had to correct for the surplus Negro sample, sir.

Mr. RICHARDSON. Well, if you will check, and we will supply you with a copy of it, it is rather obvious that certain stations were definitely hurt by the results, although in this case, as I pointed out, WHAS was not.

Now, WINN, we couldn't find a listener to WINN in any of these 548 questionnaires at 8:30 p.m. and yet you gave them 8 percent of the audience.

I guess this is an unexplained fluctuation.

They didn't appear to have any, so you decided they had some?

Mr. ROSLOW. Now, this could be some of the missing questionnaires or this can be the effect of the 50 percent factor.

Mr. RICHARDSON. Because they had some listeners—

Mr. ROSLOW. Well, zero, zero and one—that would be more than a 50 percent fluctuation.

Mr. RICHARDSON. Over here on WKYW they had 2.4 percent and you just decided not to list them at all.

Mr. ROSLOW. Well, I think that is a daytime station and after 6 o'clock we did not report the daytime stations—

Mr. RICHARDSON. Even if they have audiences?

Mr. ROSLOW. Even in the miscellaneous category.

Mr. RICHARDSON. WKYW is not a daytime station.

We will be glad to refer to Federal Communications records on that.

Mr. ROSLOW. It is not?

Mr. RICHARDSON. No—just a second, I want to make sure.

Mr. ROSLOW. They are at times.

Mr. RICHARDSON. At times it is?

Mr. ROSLOW. It must have been a daytime station at that time because we don't list them in the record after 6 o'clock.

Mr. RICHARDSON. It is quite possible that at that time it was.

Mr. ROSLOW. It must have been.

Mr. MOSS. Will you yield at that point?

Mr. RICHARDSON. Yes, sir.

Mr. MOSS. The staff tabulation on the station for 8:30 p.m. shows that there were listeners included in your interviewing.

Now, if your interviewers produced a listener then you had to tabulate it some place?

Mr. ROSLOW. It is in the miscellaneous, sir.

Mr. MOSS. I see.

Mr. RICHARDSON. The staff tab shows, Doctor, more for miscellaneous than your report shows.

Mr. MOSS. But if he was a daytime station and went off the air you shouldn't have had any listeners at this time, should you?

Mr. ROSLOW. No, he might have been on part of the time and we just cut them off at 6 o'clock.

Mr. MOSS. You cut them off beyond that and they don't have listeners?

Mr. ROSLOW. Yes, sir; we don't report daytime stations.

That is stated in the report. The daytime stations we do not report beyond 6 o'clock.

Mr. RICHARDSON. Thank you Mr. MOSS. Mr. Sparger, will you bring the next chart?

Doctor, throughout the day we had the following results because of the fluctuations, unexplained or what have you.

Now, is it not true that this field work was done in November 1961?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And the last report—

The CHAIRMAN. By "this report" you are talking about what?

Mr. RICHARDSON. The report we are discussing here that the staff tabulated.

The CHAIRMAN. The Louisville report?

Mr. RICHARDSON. Yes.

The last report done in Louisville, prior to the November 1961 report, was in March 1961.

Is that correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. Doctor, on this chart (chart No. 4) are the results as to what your report shows.

The lines, and I will describe which line represents each station, are what the tabulation of your field work shows.

For example, station WLOU.

The solid line is what your results show. The open circle line is what the result of the tabulation of your field work shows.

All through this period, Doctor, it is quite evident that if you just threw out a third of the Negro interviews you must have thrown out those that had all of the listening to WLOU on them because it is obvious that you have thrown out over half of the listening to WLOU.

In many cases you have thrown out about five times as much listening as they are given credit for. Now, then, let us look at WAKY. I might add for the record, the reason we are using these three stations is that these three stations were the subscribers to this report.

The CHAIRMAN. Well, were they subscribers, Doctor?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. All right.

Mr. RICHARDSON. In the top position on this chart is station WAKY.

Through a good part of the day the staff tab and your report ran along fairly evenly but then toward the evening it is obvious that you decided WAKY did not have that many listeners and so you whacked them off in your report.

Now, for WKLO though, throughout the day, the two tabulations ran pretty smoothly. There are variations here but I would say that WKLO wouldn't have too much to complain about. However it is pretty obvious the two stations, WLOU and WAKY, sure have a lot to complain about, haven't they, Doctor?

Mr. ROSLOW. Well, it would appear so, sir.

The CHAIRMAN. Were the other stations subscribers?

Mr. ROSLOW. They were all subscribers, sir.

Mr. RICHARDSON. I ask the chairman's indulgence for a moment.

Now, Doctor, you also did a Negro report in this market at this time.

Is that not correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. And for this report you pulled all of the Negro interviewing sheets from the regular survey, irrespective of where they came from, and threw them in with those 8 days that you had scheduled for the Negro survey.

Will you explain how you got the 500 base cases in that Negro report when such few interviews were done?

Mr. ROSLOW. Well, there were 500—there were 304 listening families.

There were 41 nonlistening families and there were 136 coincidentals.

The Negro report is based on a half hour, an average of the two quarter hours of a half hour. So that, technically, the base count is 250 on a quarter hour and for the half hour, when you put the two quarter hours together, you would have 250 base count, which would make 500.

Mr. RICHARDSON. Doctor, if you are using the same number of interviews on a half hour as you used on a 15-minute basis, and you only got a response from the house for each 15 minutes, how could you, by combining that, double the sample size?

Mr. ROSLOW. We didn't double the sample size, sir.

Mr. RICHARDSON. Well, how could you double the base?

Mr. ROSLOW. It is the case count that is doubled.

Mr. RICHARDSON. You didn't do this on your other report.

Mr. ROSLOW. It's a quarter hour report. We report it by quarter hours.

This is reported by the average quarter hour of a half hour.

Mr. RICHARDSON. If I talked to two people—say I talked to Mr. Larry Roslow first, during this 30 minutes, and then talked to you during this 30 minutes. I have talked to two people.

Is that not correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. If I talk to Mr. Larry Roslow and to you on a 15-minute basis, I get the results of the listening for 15 minutes.

Is this correct?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. If I talk to you for 30 minutes I get the results for 30 minutes?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. So I have the result from two people for 30 minutes or 15 minutes.

Is that not correct?

Mr. ROSLOW. Yes, but it is reported in the 15-minute unit.

So if you put the two 15 minutes together you have one and one and that is two.

And you would have one and one which is two again. So we would consider that on the half hour to be four.

Mr. RICHARDSON. So you are counting the result from that same listener twice and he is counted as two people in your base instead of one?

Mr. ROSLOW. In a sense. When you do this, in a sense.

Mr. RICHARDSON. Well, I am glad it is "in a sense."

Mr. ROGERS of Florida. Let me ask a question.

If you are weighting them twice, then the same person's two answers are being counted as two different persons, aren't they?

Mr. ROSLOW. It is not the question of weighting them twice, sir.

Suppose we interview you and we get your listening for 8 o'clock's quarter hour and for the 8:15 quarter hour.

Now, if we want to do the average of the two quarter hours we add the two together.

So let's assume we are interviewing six people and getting the listenership for 8 o'clock and for 8:15. Now, we are going to report the average of 8 o'clock and 8:15.

In other words, the average of the hour—the half hour. And we have gotten the information within each quarter hour.

Then adding up, we have got six people, in effect, giving us information. They are giving us information in the terms of 12 quarter hours. So we have to divide by 12.

And that is how we get the double case count.

In this case, in this Negro study we have 500 for the half hour, and in the other report we have 500, but it was on the quarter hour. The doubling didn't take place. So if you had approximately half as many interviews when you went to the half-hour space of reporting you would almost have the same number of case counts.

Mr. ROGERS of Florida. How would that affect this graph?

Would it make it go up or down?

Mr. ROSLOW. It wouldn't affect the rating, sir, because you are just averaging it out.

Mr. ROGERS of Florida. All right, thank you.

Mr. RICHARDSON. Doctor, would you state what this Negro report is?

Mr. ROSLOW. Well, it is the Negro radio audience; the Louisville, Ky., metropolitan area Negro radio audience.

Mr. RICHARDSON. In these 8 days which you surveyed, what is the period covered?

Mr. ROSLOW. Well, it's a daytime report.

Mr. RICHARDSON. But is it Monday through Friday or—

Mr. ROSLOW. It's a Monday through Friday average.

Mr. RICHARDSON. Doctor, isn't it true that the listening on week-ends varies from listening during the week for radio stations?

Mr. ROSLOW. Well, I would expect so, yes, sir.

Mr. RICHARDSON. Doctor, how do you explain the fact that during these 8 interview days which you conducted for the Negro survey, that interviewing was done on Saturday and included for a Monday through Friday report?

Mr. ROSLOW. Sir, if you will look at this questionnaire you will notice that there are 2 hours—3 hours referred to yesterday.

Mr. RICHARDSON. But how many hours refer to today?

Mr. ROSLOW. But we don't use this information in processing the report.

We only use the 3 hours of yesterday in processing the report, and this may also be a factor of some of the differences in the chart.

Mr. RICHARDSON. The charts were for the regular report and we are now discussing interviewing done on a different questionnaire and used only for the Negro survey. All of these women go out and make all of these interviews just for kicks, then?

Mr. ROSLOW. No, sir; it's part of the same interview.

We don't change the procedure. We have to pick up the 3 hours yesterday.

Since we do our interviewing at 3 o'clock, and we are going to cover the rest of the day going past 3 o'clock, we have to go the next day to pick up the period from 3 to 6 of the previous afternoon.

Now, we would not send the interviewers out only to do the 3 to 6 and cut a new questionnaire and change the instructions. It only confuses them.

So we simply say, "Go out and do it."

Mr. RICHARDSON. When this Saturday interviewing was represented in your sample base as being from 9 a.m. to 3 p.m., that was a false statement also, because it was one of the 8 days that you included in your sample design?

Mr. ROSLOW. It wasn't false. We used the information from yesterday.

Mr. RICHARDSON. No; I said from 6 a.m. to 3 p.m.; from 6 a.m. to 3 p.m.?

Mr. ROSLOW. This is one of the reasons why we have different bases by different parts of the day.

This is one of the factors which enter into it.

I tried to explain that to you earlier today, sir.

Mr. RICHARDSON. Yes; you have explained several factors, Doctor. Here is another interesting thing in this survey:

Your company, when it receives a colored interview slip places a "C" across it, doesn't it?

Mr. ROSLOW. I don't know that we cross that "C." No; that means a post card was sent.

Mr. RICHARDSON. That means a post card was sent?

Mr. ROSLOW. I think so. I don't think that "C" has any bearing as to its being colored or white.

Mr. RICHARDSON. Would you check and verify for the record what that "C" means?

Mr. ROSLOW. I will check it, but I am quite certain that is the case, sir.

(EDITORIAL NOTE.—Dr. Roslow verified that the large "C" means a post card verification had been sent for that interview.)

Mr. RICHARDSON. Doctor, the staff charts that you mentioned a while ago, in relation to this survey, have nothing to do with the Negro survey.

They have only to do with the regular survey?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. We have also tabulated, although we did not prepare charts for it, What happened in the Negro survey?

For example, between 5 and 5:30 in the afternoon.

The Pulse Negro report gave WLOU 29 percent of the audience, for 47.6 listeners.

The staff tab showed 33 percent of the audience for WLOU.

However, here is an interesting one. This one is at 9 a.m.

On WLOU there were 157 listeners.

Your report gave them a share of 54, whereas the staff tab gave them a share of 65.

Mr. ROSLOW. Well, I won't argue so much with that one, sir, because they are the giant station, no matter whether it is 54 percent share or a 65 percent share, sir, in that particular case.

Mr. RICHARDSON. Now, it is interesting, however, to look, for example, at the shares for WKLO.

At 5 p.m., the staff tabulation showed a 28 percent share for the 41 listeners, and your Negro report showed 21 percent.

At 9 a.m. on WKLO, with 32 listeners, the staff tabulation gave WKLO a share of 13.2 while your Negro report gave it a share of 14 percent.

It was very close there, wasn't it?

Mr. ROSLOW. Yes.

Mr. RICHARDSON. So it seems that the results in the Negro report bounce back and forth over the area the same as the regular report, and these are only from Negro interviewing sheets.

This survey didn't include anything but the Negro sheets; correct?

Mr. ROSLOW. Yes, sir.

Mr. RICHARDSON. So there could be no variance here.

And so at 9 in the morning for the colored station, WLOU, you gave it a 54. The staff showed 65.

At 5 in the afternoon you gave WLOU a 21. The staff tabulation shows a 28. We can go over this all through the daytime and give the staff tabulations and they can be included in the record if the chairman would like for the entire period on each 15-minute breakout.

The staff tabulation shows that sometimes WLOU has more listeners and sometimes it has less.

It's just been sort of averaged out across the board. Of course, this comes under your many adjusting factors that you can use, does it not, Doctor?

Mr. ROSLOW. Well, I don't think many, sir.

There are several adjustment factors which were employed.

Mr. RICHARDSON. The arbitrary adjustments—would you just list what all these adjustments might be?

We have heard that it can be et cetera.

Mr. ROSLOW. Well, there is a not-at-home adjustment.

Put the "not at home" into the base to reduce the level since they know that the "not at home" factor is a reducing factor—

Mr. ROGERS of Florida. Mr. Chairman?

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Could you explain specifically now?

The general terms are not very helpful to us.

Mr. ROSLOW. Yes, sir.

Mr. ROGERS of Florida. Please explain specifically how it was applied to the particular figures we are now discussing.

Mr. ROSLOW. Based on an experiment, sir, the number of families not at home. We take 12 percent of that number.

We add that into the completed interviews.

Let us assume that in the course of doing—let's take some easy numbers, if I may, sir—let's assume, in the course of doing 100 interviews we found there were 100 more doorbells that were rung and no one answered.

So we would have 100 not at home. Now, in the 100 which we did find let us assume that we have a 30-percent "sets-in-use" level. Now, this other 100, we know they have to do some listening. We don't know how much or what.

So we keep coming back to these doors and we come back to them two, three, four times and when we do we get an interview.

Mr. ROGERS of Florida. Excuse me. Now, was that done in this instance?

Mr. ROSLOW. We did an experiment.

Mr. ROGERS of Florida. I say, was it done in this instance?

Mr. ROSLOW. It wasn't done here. No, we have done an experiment and we are trying—

The CHAIRMAN. He is using an example now.

Mr. ROSLOW. I am using an example of where this 12-percent factor came from; of how it came out of such an experiment.

Now, we revisit. We revisit, and finally we get to these 100 households.

The CHAIRMAN. You mean the other 100?

Mr. ROSLOW. The other 100 that were not at home the first time.

Let us assume that their listenership was at a 20 percent level; that really means we should put these 200 households together, and if we found 30 percent in one and 20 percent in the other, the true level is 25.

Do I make myself clear on that? It is 25 percent. So now we know what it ought to be. In other words, we know that this 30 ought to be reduced down to 25 and that is now in practice.

Now, we are surveying and in practice we know that if we found the 30 in this situation it ought to be reduced down to 25. Now, what would we have to add into this first base of 100 to reduce the 30 down to 25?

We would have to divide by 120, not by 100, to get this level.

So, therefore, we take, in this hypothetical situation—the adjustment factor would have been 20 percent.

We will say we will take 20 percent of these unoccupied households that we found in the course of surveying, which gives us 20, 20 percent of a hundred, add it to the number we did find at home, where we could interview.

So we have a divisor now of 120. We divide by 120 and we would bring this 30-percent level down to where we think it ought to be based on this experiment.

Now, we have done this experiment in some 10 markets across the country to try and strike an average. And so we now apply this average in order to attempt to correct for this “not at home” factor.

Mr. ROGERS of Florida. What was the base of the actual experiment? How many homes did you try?

Mr. ROSLOW. In this actual experiment that is based on 1,005 households interviewed. Actually, in one of the latest experiments we did, I described a hypothetical case—we found 699 households where we could conduct an interview the first time. Then we kept going back and back on the balance, which amounted to 306 that we had to keep going after to get.

We had to revisit them later that night and finally the next day in an effort to bring them into the sample.

Now, we have done another experiment like this—we have not processed it yet. We want to come up with a later figure because this may change as you go through the seasons or from year to year.

This factor may change. So we are trying to keep track of it by doing two or three such experiments a year to arrive at what the best adjustment factor might be—I won't say the best, but the latest.

Mr. ROGERS of Florida. Do you then assume that these people are not at home and do you then use same factor to decide that they are listening to the same stations as the other people interviewed?

Mr. ROSLOW. It is an assumption applied uniformly across the total. There is no differential by stations.

Mr. ROGERS of Florida. Is there any reason why you could not start out with, say, 1,000 supposed homes and maybe knock on 5 doors, find 1 person listening to station 1 and just project it? Why would that not work just as well?

Mr. ROSLOW. Well, in the beginning of our history, we did nothing about the “not at home,” the unoccupied households. And at the time of the Advertising Research Foundation's evaluation of ratings, we were criticized that this “not at home” factor was an important factor in this type of interviewing technique and we should attempt to do something about it. I am not happy with what we are doing about it. I don't think we have the answer.

Mr. ROGERS of Florida. I agree with you. I don't think it is very good at all.

But thank you, Mr. Chairman.

Mr. MOSS. Mr. Chairman, could I ask a couple of questions?

The CHAIRMAN. Mr. MOSS.

Mr. MOSS. Do I understand that you went out on a sort of control project and you took homes where you got no response the first time?

Mr. ROSLOW. They were not at home.

Mr. MOSS. They were not at home?

Mr. ROSLOW. Yes, sir.

Mr. MOSS. And you made a study to determine what?

Mr. ROSLOW. We revisited.

Mr. MOSS. Yes; revisited. What were you trying to determine—the stations they watched when they were home?

Mr. ROSLOW. We wanted to get the report of their radio listening.

Mr. MOSS. When they were home?

Mr. ROSLOW. When they were home, yes, sir.

Mr. MOSS. That is whether they listen when they are home?

Mr. ROSLOW. No; this would be regardless of their listening, whether they listened at home or away from home. We wanted to get their radio listening. We had no information on them in the first visit.

Mr. MOSS. Did you determine whether these people are away from home every day at the time of your survey and that you had to go back and call a little later in the day?

Mr. ROSLOW. We asked them about the original day. Let us assume we are out surveying for today and we get information on some homes and then there are some that are unoccupied, the people are out. So we kept coming back. We might have to come back tomorrow to get them, but we would ask them about today and then we would know what they had been listening to today. This enables us to use this, so that depending on how many of these "not at homes" we find in a given survey, we can make an adjustment into the base so we can get the effect of their listenership into the study.

The reason for this is when you get to a household and it is not occupied, they are out, the people in general do less listening than the people in the homes that are occupied. So this is an effort to bring them into a sample to try to get a truer level of listenership.

Mr. RICHARDSON. Thank you, Mr. Chairman.

Basically, then, in summation, Dr. Roslow, in this Louisville report, two of the three counties were surveyed in the wrong State; is that correct?

Mr. ROSLOW. Yes, sir, we were wrong; it was in error.

Mr. RICHARDSON. In the suburbs, the interviewers could interview any place they desired?

Mr. ROSLOW. This happened at four points, I believe.

Mr. RICHARDSON. In the letter you sent me dated March 28, which is in the record, it states:

* * * (c) Fluctuations from one successive report to another within the same 12-month period are reviewed. If the difference between the successive ratings is greater than 50 percent of either rating, the two may be averaged. This depends on whether program changes have occurred or not, seasonal changes, etc. Other weightings may be used depending on geographic, economic factors, etc., to balance the sample, and depending upon transition from one roster period to the next to smooth unexplained fluctuations. * * *

Now, with all of this in mind, I quote to you from your letter of December 13 to me:

We do not permit subscribers to see the questionnaires or to tabulate them.

Without a station's being able to see these results and without any of this information being printed in your report, it was pretty hard for a subscriber to find out what you have been doing, wasn't it?

Mr. ROSLOW. Sir, I explained that if the stations, as a group, came to us and wanted to process the questionnaires, we would permit them to do it. We would reveal to them the details as to how to do it, as to how we do it, so that they could see if they come up with the same results, sir.

Mr. RICHARDSON. Doctor, this is your opinion now. All I know is what you told me when you answered this specific question put to you.

Mr. ROSLOW. Well, it has never happened.

Mr. RICHARDSON. It probably will happen a few times in the future, won't it?

Then, Doctor, by any possible imagination, wouldn't you say that Pulse does not do what it says and does not say what it does, at least in this report under discussion here today?

Mr. ROSLOW. In this report, I would say some elements of that are so.

Mr. RICHARDSON. Isn't it true that under these weighting factors that are applied, any station could be given any rating at any time of the day you desired in New York to give it?

Mr. ROSLOW. Not that I desired to give it, sir; depending on how the weightings work out.

Mr. RICHARDSON. But they are arbitrary.

Mr. ROSLOW. They are not all arbitrary, sir.

Mr. RICHARDSON. You said they were arbitrary, Doctor?

Mr. ROSLOW. Certainly the "not at home" adjustment comes from an experimental basis. The smoothing we use is arbitrary only in the sense of—for a cutoff point, we decided the 50-percent difference.

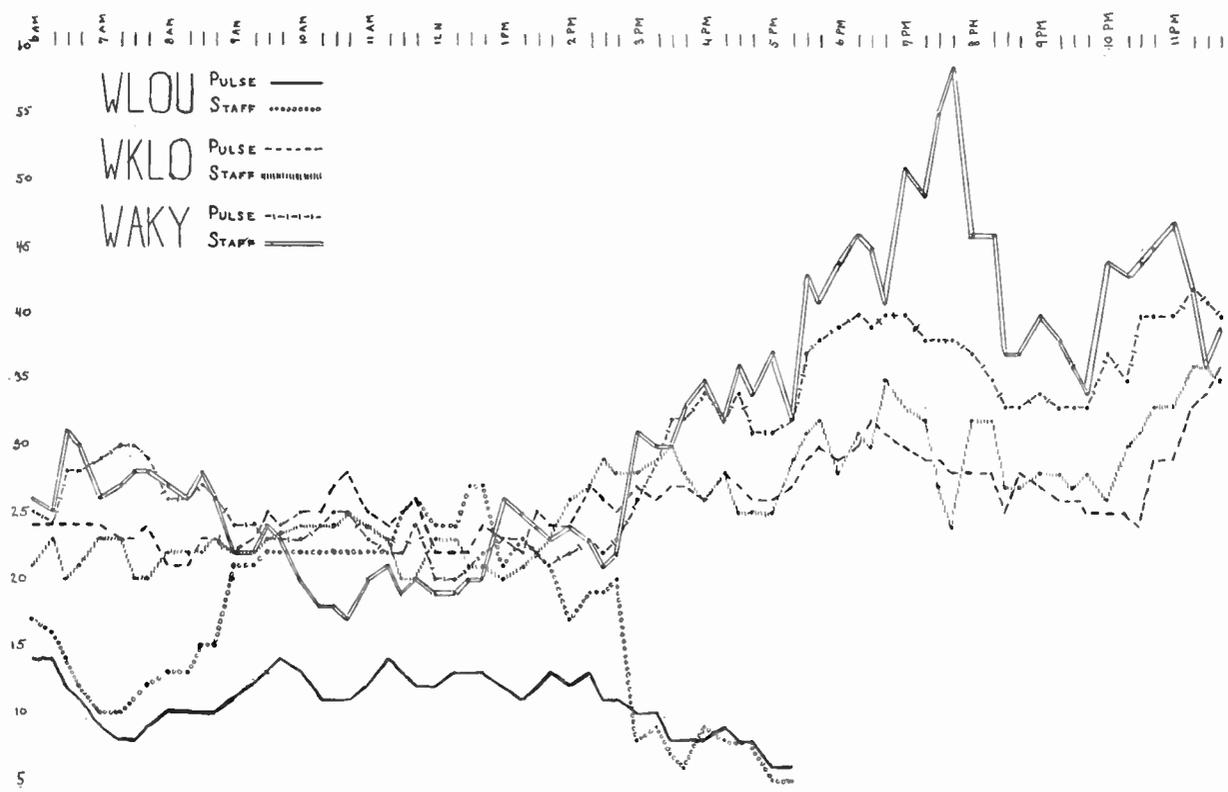
Mr. RICHARDSON. Doctor, if several of those cases go into these between-month surveys, you might as well not do the second survey, but just guess, because basically that is all your reports are, just guesses?

Mr. ROSLOW. I would not say that, sir.

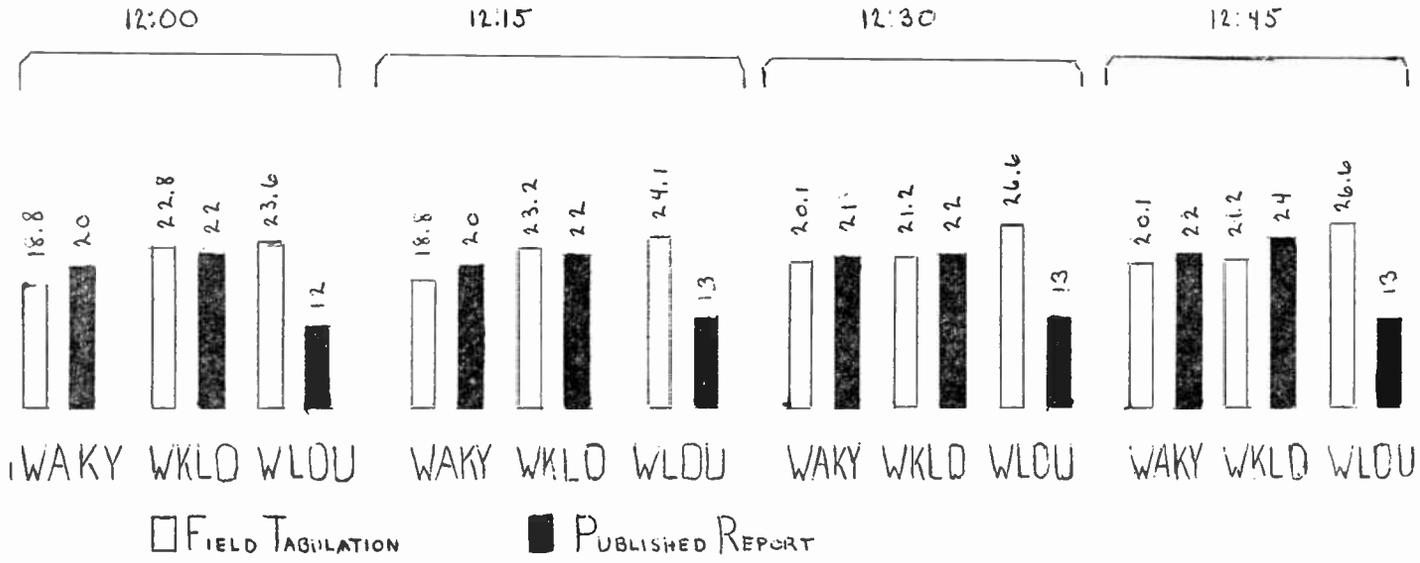
Mr. RICHARDSON. Mr. Chairman, those are the questions of the staff.

(EDITORIAL NOTE.—At the request of Congressman Brotzman, the staff charts mentioned are included for clarification of the record.)

CHART No. 4



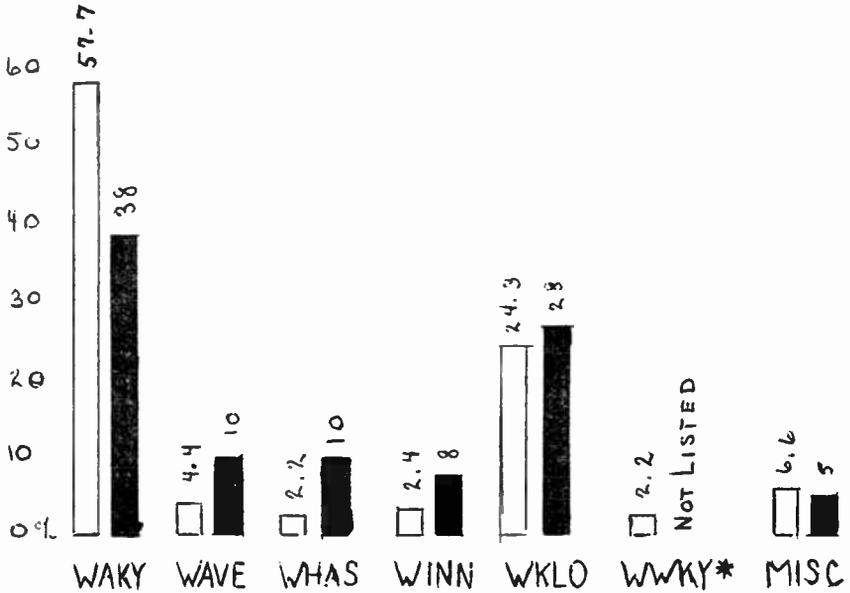
BROADCAST RATINGS



PULSE

COMPARISON OF PULSE REPORT WITH
SUBCOMMITTEE TABULATION OF
BASIC INTERVIEWING DATA

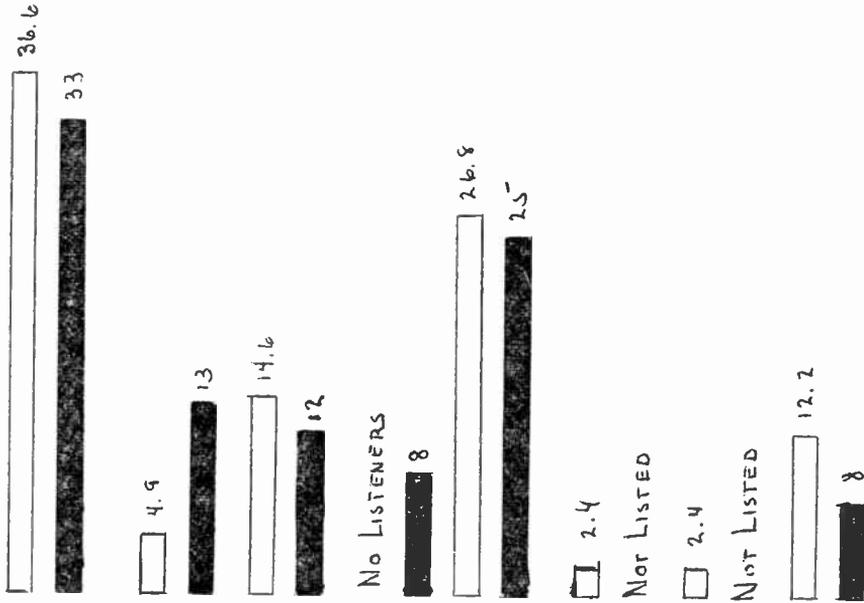
LOUISVILLE, KY.
7:45 P.M.



*WINCHESTER, KY.

□ STAFF TABULATION ■ PULSE REPORT

COMPARISON OF FIELD INTERVIEWING TAB RESULTS
WITH PUBLISHED PULSE REPORT -
LOUISVILLE



WAKY WAVE WHAS WINN WKLD WKYW WWKY MISC
8:30 P.M.

□ FIELD TABULATION

■ PUBLISHED REPORT

The CHAIRMAN. Mr. Moss?

Mr. Moss. Mr. Chairman, I have a lot of questions, but I don't think they would clarify the record beyond its present proportions.

I am interested in the role of your supervisors, Doctor.

Mr. Roslow. Yes, sir.

Mr. Moss. What do they do?

Mr. Roslow. The interviewing staff is under the control of the local supervisor. We send materials, instructions, the block cards for the samples to the supervisor. She handles the staff, recruits them, trains them, and assigns them to do the interviewing. She then sends the interviewing work back to us. She is required to do some verification of the work of these interviewers. This is the role of the supervisor.

Mr. Moss. How important to the success of your survey is a faithful execution of the sample plan which is sent to the supervisor?

Mr. Roslow. It is important, sir.

Mr. Moss. How important?

Mr. Roslow. It is very important.

Mr. Moss. It is very important?

Mr. ROSLOW. I would say so; yes, sir.

Mr. MOSS. Now, I think that you must agree that the testimony here today and yesterday afternoon indicates that in the two principal areas discussed, the following of the sample was not faithfully undertaken.

Mr. ROSLOW. I agree, sir.

Mr. MOSS. Now, it is my understanding that these were not cases which the staff worked diligently to find, but merely two selected arbitrarily to check the work and the accuracy of Pulse.

Mr. ROSLOW. Well, Congressman Moss, I—

Mr. MOSS. Now, if we should apply the same statistical standards by this sampling to this committee which you apply to some of your work, on the basis of the results, would you say that the reports reflect a careful and considered evaluation of viewing characteristics?

Mr. ROSLOW. I would say the reports reflect laxness on our part and some room for considerable error.

Mr. MOSS. Now, on a sampling of two at random, if this is the net result, is it indicative—would I be reasonable or fair to assume that it is indicative of the overall characteristics of the work you produce?

Mr. ROSLOW. Sir, are we accepting and have we established two? We are only talking about Louisville, the Louisville situation.

Mr. MOSS. We are talking about San Diego, too.

We only have the word of the fieldworkers, and then we had the Negro report in Louisville. So we are talking about two that have been tabulated and one where the role of the supervisory personnel and the interviewers are brought into the picture.

But supplying statistical tolerances, have we presented a sampling which is representative of the work of Pulse?

Mr. ROSLOW. I would hope not, sir.

Mr. MOSS. I didn't ask you what your hopes were. I asked you as a surveyor of markets and audiences, if in taking this random selection and tabulating it, we have developed for this record the characteristics of the operation of Pulse?

Mr. ROSLOW. I do not know, sir. We will do some expensive checking.

Mr. MOSS. Would it be fair for us to infer that we have?

Mr. ROSLOW. Well, I think you could infer it, sir.

Mr. MOSS. Now, then, you send out these carefully designed samples where it is very important, to use your words, that the sample be faithfully followed. This goes to the supervisor. What supervision does the supervisor have from the Pulse organization?

Mr. ROSLOW. We have a regional supervisor—we have two regional supervisors. We have four, I am informed, regional supervisors whose job it is to work with these local supervisors. We have a national field director who travels a great deal visiting the supervisors.

Mr. MOSS. Let's reduce this now. You have how many supervisors?

Mr. ROSLOW. I would estimate we have about 250 markets. Some supervisors could handle more than one market, as I am sure they do. Let's say we have about 225 supervisors.

Mr. MOSS. And four supervising supervisors and one field director?

Mr. ROSLOW. Yes, sir.

Mr. Moss. How often does the supervising supervisor contact the supervisors for the purpose of supervising?

Mr. Roslow. Well, there is constant contact in terms of mail and telephone calls. Physically, it would be—it wouldn't be possible to visit very often. I explained yesterday that since September of last year, 40 local supervisors have had a visit, either from the regional supervisors, the national director, or from some of the executives of the company.

Mr. Moss. I think that is most commendable, but nevertheless, let's take a look at Louisville now. How long have you been making a survey there?

Mr. Roslow. Estimate about 5 years.

Mr. Moss. I believe you said 5 years. How long has the supervisor in Louisville been working with Pulse?

Mr. Roslow. I am not sure. I would guess she has probably been with us that length of time. I am not sure, but I would guess so.

Mr. Moss. During that time, there would have been 10 surveys made in the Louisville market?

Mr. Roslow. Yes, sir.

Mr. Moss. According to her sworn testimony, she has always included Winchester—she has included the two counties in the wrong State in each of the surveys.

Mr. Roslow. Sir, when was that statement dated? Which survey was she referring to?

Mr. Moss. Just a moment and I will find it for you.

Well, I can't find it for the moment. So I will ask you, how long have you included Winchester and Prestonburg in your surveys?

Mr. Roslow. Sir, to the best of our knowledge, the information we phoned in from New York at noon, in the February 1961 survey, prior to the one you are talking about, they were not included—New Albany and Jeffersonville were included in that sample design. I don't know whether we have made the mistake again, but if you have the maps, we can look and see if New Albany and Jeffersonville are in the right counties in the right States or not. And in February 1962, which would be the survey—

Mr. Moss. I am quoting now from contemporary staff memorandums:

Mrs. Newkirk told the writers—

Mr. Richardson and Mr. Sparger—

that these two areas, Prestonburg and Winchester, are in every sample design which she gets from Pulse.

Mr. Roslow. That is not so according to our records, sir.

Mr. Moss. Well, it wasn't so that they were in the last one—

Mr. Roslow. They were in November 1961.

Mr. Richardson. I would like to have you supply the expenses for Louisville, so we can determine what her travel would be, because in another quote, she says that the interviewer who always made that trip didn't want to drive to Prestonburg on this occasion, so you didn't cover Prestonburg.

Mr. Roslow. Sir, I am sure she is confused with additional surveys that happened, that in October of 1961, we did a survey on some football broadcasts covering a wide area. I think she may be confused with that.

Mr. Moss. Be that as it may, your records will indicate how confused she is, and I would like to have the records supplied so we can make that determination.

Mr. Roslow. We will supply them, sir. It is peculiar that she would say that, because right now, February 1963, she is supervising a survey for us, and those counties have different towns entirely; and I am sure they are in the right State.

Mr. Moss. I hope by now it has been corrected.

Mr. Roslow. Sir, our records show that that was the only one.

Mr. Moss. Your records didn't show this one.

Mr. Roslow. I am saying that this was the only wrong one.

Mr. Moss. Until we have a chance to verify those, I would like to renew my request that you make the information available.

Mr. Roslow. We will make this information available.

(EDITORIAL NOTE.—As testified to above, Dr. Roslow supplied the travel expenses for the various surveys conducted by Mrs. Newkirk in Louisville. The three mentioned in the record are as follows:

February-March 1961—Metro area radio survey-----	\$166.77
November 1961—Metro area radio survey-----	159.44
October 1961—Football survey-----	162.24

(Congressman Moss asked for this information to ascertain whether or not the Louisville supervisor had been sending interviewers to Clark and Floyd Counties in Kentucky over a period of time. No determination can be made from these figures. The record shows that these two counties were surveyed in November 1961. There was less mileage expense for this November survey than there was for the February-March radio survey. The record further shows that the man who normally did the interviewing in Prestonburg, Ky., did not do the survey in November. This may explain why the mileage expense was less in November than in the prior February-March period. The figures certainly are no indication that the information the staff had which was supplied by Mrs. Newkirk, that she had been sending her interviewers into these two distant counties over a period of time, was not correct.)

Mr. Moss. So with four supervising supervisors supervising 225 supervisors, you can't tell me how often they visit?

Mr. Roslow. No, I could not tell you that, sir.

Mr. Moss. Now, we do know that after all the careful work in your New York office to put together the sample, that the supervisor can, for all practical purposes, completely revise it in the field.

In the case of Louisville, a substantial revision was made in the field? Is that correct?

Mr. Roslow. Yes, sir; and the FTC complained to us about the lax supervision over our field staff and we have been making some extensive changes in this operation.

Mr. Moss. Of course there are many things I would have complained about, other laxness which is reflected in this record. It is abundantly clear in the record, however.

That is all the questions I have, Mr. Chairman.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. Thank you, Mr. Chairman.

Doctor, in your statement, you say you founded Pulse in 1941; is that correct?

Mr. ROSLOW. Yes, sir.

Mr. YOUNGER. Then you say—

For more than 2 years, I was public opinion researcher in the U.S. Department of Agriculture.

You don't say whether that was before or after you founded the corporation.

Mr. ROSLOW. Both. I was a part-time employee, when actually employed, prior to that. When war broke out, I went full time for about 2 years and the company continued in New York under the direction of my colleague.

Mr. YOUNGER. And you were working for the Department of Agriculture?

Mr. ROSLOW. Yes, sir.

Mr. YOUNGER. Did you do any surveying for the Department of Agriculture through Pulse during that time?

Mr. ROSLOW. No, sir; no, sir; I was an employee. We have never done any survey work for the Government, sir—not to my knowledge. I am certain of that. Not to my knowledge, sir.

Mr. YOUNGER. You have been in this business since 1941. Do you recall at any time, maybe 6 years ago, that the broadcasters did a lot of work trying to set up standards for ratings?

Mr. ROSLOW. This was the Advertising Research Foundation; yes, sir. I referred to that earlier, sir.

Mr. YOUNGER. This was the broadcasters through the foundation?

Mr. ROSLOW. No; I think it was the Advertising Research Foundation. I don't know whether the broadcasters as such had a role in it, but it was a group of research people. Agencies and broadcasters were represented, yes, sir.

Mr. YOUNGER. Do you know or do you recall the standards which they finally arrived at in regard to this?

Mr. ROSLOW. I don't recall all of them. I know that after they set the standards, there was no consensus of agreement on those standards within the industry. It was a problem. It still is a problem.

Mr. YOUNGER. They were never finally agreed upon by the board of directors of the broadcasters?

Mr. ROSLOW. I do not believe so.

Mr. YOUNGER. There is one thing about the Louisville survey which I think is of interest. You have admitted several times that this survey was in error. I will ask you, are you willing to or will you refund the money to the subscribers because of receiving money under false pretenses and not supplying what you guaranteed to supply to those subscribers?

Mr. ROSLOW. May I consult my counsel?

Mr. YOUNGER. Yes; sure.

Mr. ROSLOW. I don't think that I could say yes or no to that, sir. I think that is an area which will need considerable review by me with the advice of my counsel.

Mr. YOUNGER. Well, that is a rather peculiar way to run a business, to sell a product which you now admit was in error and you are not willing to refund.

Mr. ROSLOW. I didn't say I was not willing, sir. I said this is an area we will review.

Mr. YOUNGER. Then the subscriber can still be hopeful that you are going to; is that right?

Mr. ROSLOW. They may, sir.

Mr. YOUNGER. They may be hopeful. Well, I am hopeful that you will.

Now, on the other hand, on what you admitted a while ago to Congressman Moss, that we might take this sample as typical of your other cases and somebody wanted to go into your other cases and find the same situation existed, would you refund the money to those subscribers, too?

Mr. ROSLOW. I would have to give you the same answer. This is an area we will have to review very carefully.

Mr. YOUNGER. It might be an area for some lawyers on the other side, as well as the lawyers on your side.

Mr. ROSLOW. Yes, sir.

Mr. YOUNGER. In other words, you might be creating some good business and employment for unemployed lawyers.

I think it would be well to try to clear this up, to clear the name of your organization, if it is possible.

Mr. ROSLOW. We intend to, sir.

Mr. YOUNGER. That is all.

The CHAIRMAN. Do I understand that you are admitting that you are or have done an injustice to certain stations?

Mr. ROSLOW. I would say this Louisville report reveals some differences between your staff's tabulation and ours. I am not sure that the differences are as great as they appear because of the problems in the tabulation involved.

As to having done an injustice to some stations, that may be possible, sir.

The CHAIRMAN. Well, that is one of the things I wanted to inquire about a while ago and I did not want to interrupt.

Do you ever recheck the surveys of your supervisors?

Mr. ROSLOW. You mean with another supervisor?

The CHAIRMAN. Or with your New York office—with anybody?

Mr. ROSLOW. You mean do I personally?

The CHAIRMAN. No; what I mean it this: You took your records and you tabulated them and came up with a certain result. The staff has taken the same records and tabulated with a different result, as has been discussed here today. Do you ever, with your home force, recheck the surveys to see if you get the same result as the prior tabulation?

Mr. ROSLOW. Sir, we have made errors.

The CHAIRMAN. I know.

Mr. ROSLOW. I mean in a report. We have issued corrections which means that someone has raised a question on a survey and our office force has redone the survey and has found some errors and those corrections have been issued.

The CHAIRMAN. Then you do from time to time recheck?

Mr. ROSLOW. Yes, sir; we do; because those questions come in.

The CHAIRMAN. That is what I wanted to find out. You do do that?

Mr. ROSLOW. Yes, sir.

The CHAIRMAN. Mr. Rogers?

Mr. ROGERS of Florida. Thank you, Mr. Chairman.

In conducting your work, is it your custom to abide by the law?

Mr. ROSLOW. I hope we do, sir.

Mr. ROGERS of Florida. I was just amazed at your statement here that you submitted to the committee, March 19, 1963, stating that, for instance, in communities in Dade County, which have antisolicitation ordinances, that in spite of those, and without any consent of those communities or any licensing to do it, you claim that you went in and conducted surveys and that you were upset because some station manager claimed that you had not done it.

Mr. ROSLOW. Sir, I am submitting the questionnaires which were done in those communities to the staff.

Mr. ROGERS of Florida. This is stated right here to have been a door-to-door survey.

Mr. ROSLOW. I am submitting the questionnaires for those seven communities to the staff.

Mr. ROGERS of Florida. The point I am making, sir, is that the communities prohibit solicitation door to door. There is a law against it in that community.

Mr. ROSLOW. Well, we consulted with our counsel on that and were advised that there is some question of the constitutionality of that ordinance.

Mr. ROGERS of Florida. Did you bring a suit and ask that the constitutionality issue be cleared up?

Mr. ROSLOW. No, we haven't.

Mr. ROGERS of Florida. Then you did it in spite of the law of that community?

Mr. ROSLOW. We didn't consider it soliciting. It is a matter of interpretation of soliciting.

Mr. ROGERS of Florida. Well, the communities felt so, because the affidavits by the police chief and so forth said it would have been required.

Mr. ROSLOW. We did not contact them. In the first place, we did not know there were such ordinances until the question became acute. Until one of our interviewers was stopped by a police officer, we were not aware. Then we looked into it, we found that there were, and our counsel advised us that these ordinances applied to soliciting and there is a question of interpretation as to whether interviewing is considered soliciting.

Mr. ROGERS of Florida. But you didn't test it before you conducted your survey?

Mr. ROSLOW. No.

Mr. ROGERS of Florida. So in effect you disobeyed the law of that community by allowing your people to do it and without prior permission or investigation of the law.

Mr. ROSLOW. We have, in some places, succeeded in getting permission and we are succeeding in getting permission in these communities. We have several already.

Mr. ROGERS of Florida. You say you have these interviews?

Mr. ROSLOW. Yes, sir; we do.

Mr. ROGERS of Florida. I would appreciate your submitting them to the subcommittee, because I want to give them to the local authorities to let them see that there has been a violation of their law. I

don't think you ought to be going around the country violating laws and coming up with results which can vary, as shown on this chart, and then put people out of business, as in a letter submitted to this committee by a man who claims that he was fired by a radio station in Tampa, Fla., because his program was second-rated in its time period by Pulse. And I think the discretion that you have used in the violation of the law is one of the most shocking examples that I have seen of a supposedly legitimate business.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Brotzman, do you have any questions?

Mr. BROTZMAN. I have no questions, Mr. Chairman.

The CHAIRMAN. Doctor, I think that your full operation has been covered very thoroughly. Do you have any further comment you want to make?

Mr. ROSLOW. No, sir; I do not.

The CHAIRMAN. I had some questions myself about the inequities and what has been happening to stations who may or may not subscribe to your service. As far as the use of these surveys or reports, I gather that we all agree that they are used in the economic success of that station; in other words, their advertising is based upon those reports. Is that true?

Mr. ROSLOW. I think it has a part in it, sir.

The CHAIRMAN. A large part. A substantial part?

Mr. ROSLOW. I am not sure I can say that. Because after all, there are some 4,000 or 5,000 radio stations and we only have 650 subscribers.

The CHAIRMAN. Yes, that is the reason I raised the question. You not only rate those subscribers of yours, but you rate the others in the area where they operate; don't you?

Mr. ROSLOW. Yes, those that have substantial audiences; yes, sir.

The CHAIRMAN. And you publicize those ratings of the other stations, even though they don't subscribe; don't you?

(Mr. Roslow nods.)

The CHAIRMAN. If they get hurt by it, why, they are helpless and unable to do anything about it.

Now, if there were prohibition against publicizing ratings of stations who did not want those ratings made public, how long do you think you would be in business?

Mr. ROSLOW. Well, sir, may I make a comment?

The CHAIRMAN. Yes.

Mr. ROSLOW. I believe that there are many gray areas in this operation and if you were to ask me do I think that any licensing or legislation is required, if it could answer some of these gray areas, I would concur and say yes. I think this is one of them.

When we offered a service, for example, to FM broadcasters, we offered the service in terms of reporting only the subscribing station's audience to itself and it would have only a measure of its own audience. It would not have a measure of any other station's audience. I did not succeed with this. We are still trying. We do a few of these studies, but we are not getting very far with them. I think this may be the answer to your question.

But if this were the only thing that were possible, if there was any regulation that said this is the only thing that was possible, I think we would service a certain number of stations who would want such information, even if it was only about themselves.

I think that this is possible.

The CHAIRMAN. Doctor, it may seem a little bit harsh, and I don't want to be unfair at all. But it appears to me, since you have subscribers—654?

Mr. ROSLOW. 650, I think.

The CHAIRMAN. You have some 650 subscribers and hundreds of stations that you rate which are not subscribers and don't like it. This appears to me to be a con game. If I am wrong about it, I would like to be corrected.

Mr. ROSLOW. I can only answer that by saying we have many, many subscribers who are not the top stations—very many.

The CHAIRMAN. Well, you have admitted certain errors here.

Mr. ROSLOW. Yes, sir; we have made some errors.

The CHAIRMAN. Therefore, you recognize that there are fallacies. Now, in trying to be completely objective, have you got any suggestions to make as to what should be done in order that such fallacies that are admitted could be eliminated?

Mr. ROSLOW. Well, I think we are back at the problem of standards, and I think that this problem has to be tackled.

The CHAIRMAN. Do you think there should be standards set up?

Mr. ROSLOW. I think some standards have to be established. I think they have to be tackled.

The CHAIRMAN. Do you think that should be done by the industry, or do you think it should be done by legislation?

Mr. ROSLOW. It may be possible to work a compromise between the two. That is, I think of industries which are licensed and there is cooperation between the governmental agency and committees which are established from the industry in working out such standards. I think it is possible.

The CHAIRMAN. Well, it is a tremendous responsibility that we have of trying to arrive at something and we are only trying to develop the facts as to the practice that has grown up that controls hundreds of millions of dollars of advertising and the economic life of a broadcasting station. So we are seeking ways and means of cooperating with whomever we can in making the effort of reaching a solution of this problem.

I want to compliment you for your candor and frankness in suggesting that something should be done. On behalf of the committee, let me thank you and your associates for your appearance here and your testimony.

You may be excused.

At this time, I understand that since this testimony is highly technical, or part of it, and is determined statistically, the statistician that we have here for the committee, the consultant, will have some comments.

TESTIMONY OF HERBERT ARKIN, CONSULTANT—Resumed

The CHAIRMAN. Will you state your name for the record, please, sir?

Mr. ARKIN. My name is Herbert Arkin.

The CHAIRMAN. You are the same Dr. Arkin that commented to the committee a few days ago?

Mr. ARKIN. Yes, sir.

The CHAIRMAN. You presented certain information at that time and you were sworn at that time, were you not?

Mr. ARKIN. That is correct, sir.

The CHAIRMAN. You are the same individual the committee has sought and obtained the services of as a consultant during this hearing?

Mr. ARKIN. That is correct.

The CHAIRMAN. You have heard the presentation of the Pulse Co. that has been before us here for the last 2 days?

Mr. ARKIN. Yes, sir, I have.

The CHAIRMAN. Do you have comments you would make or would like to make?

Mr. ARKIN. Yes, sir.

The CHAIRMAN. Proceed.

Mr. ARKIN. In consideration of this very important operation or operations like it, as pointed out by the Chairman, where alone there are millions of dollars spent for ratings and for direction of advertising affecting the economic life of the broadcasting station and of the performer, it would seem to me that an operation such as the one that has been described here today, with its extremely casual approach to the question of the integrity of the figures that are being produced does a vast amount of harm, not alone to the industry but to the research field as well.

The questions that have been raised here indicate in a number of different cases that highly questionable techniques have been used and covered up by the statement that they are statistical techniques. This term, I think, has been mentioned any number of times in the last 2 days.

When we talk, for instance, about the weighting schemes that may be used, it is quite true that in many sampling operations, due to the failure to accomplish a sample proportionate to the population of an area, it may be necessary to weight to allow for that difference.

This does not cover, however, such things as weighting to smooth the data, weighting to cover breaks between periods, weightings for economic and other factors, whatever they may be.

As a matter of fact, a weighting scheme of this sort, it would appear to me, is nothing more or less than an excuse for doctoring the figures which were developed in the survey to perhaps bring out the personal opinion of whoever does the weighting.

I don't think we ultimately found out who did the weighting or established the weights in this particular instance, and I am not at all sure whose opinion is reflected in cases of this sort.

It is to be observed further that in an operation such as this, it is obvious that the supervising organization, in this case Pulse, cannot abdicate its responsibility to the supervision of some 225 or more super-

visors in the field and just renounce the blame for the whole thing on the grounds that they didn't do their job.

Further, there was an indication that in entering these data for tabulating purpose, there were very casual, if any, checks performed on the validity of the card punching which is necessary to tabulate these data. To be facetious a moment, I might call the attention of the committee to the fact that there is a statement which is current in the data-processing field; namely, garbage in and garbage out.

Obviously, then, if we are going to feed incorrect data into the machines, we are not going to get correct data out.

Such things do not take care of themselves. They have to be carefully supervised and if an operation as big as this one cannot do a job carefully and turn up figures carefully, there is of course an open question as to whether something should not be done about it.

As to the so-called weighting scheme that was used, it was observed that certain rules were established by means of which these adjustments were made. If these rules had been fixed and applied as they were supposed to be, it would be hardly possible to describe the variations and the disparities between the data tabulated by the committee and that tabulated by Pulse.

In the case of the Louisville metropolitan survey, perhaps there may be some question due to the fact that some of the questionnaires were removed, a dubious practice even if it is done on a random basis. But certainly nothing was removed from the Negro survey, and here we have a lot of questions about the way the data were tabulated, too.

It would appear, then, if we are going to have a bunch of careless figures of this sort, it is hardly likely that anybody can place any faith in them. Yet it would also appear from the other testimony that has been given that many broadcasters rely very heavily upon the figures. Perhaps they don't want to, but they have to. Many advertisers do, as well. And if we can't get accuracy in these data, can't get proper supervision and care and not have the colossal mistakes of the sort that happened here, it would be far better if we dropped the whole rating system of all kinds and used our best judgment in applying the results.

The CHAIRMAN. Doctor, you have related your qualifications, background, and experience here before. Have you had any experience with how advertisers, users arrive at a decision in connection with the newspaper-magazine media?

Mr. ARKIN. I have worked for Reader's Digest and other organizations in conjunction with the work of the Audit Bureau of Circulation, which is an organization established to certify to the published circulation figures of various media. This arose out of the chaos which existed in the early stage of the game, very much similar to that which exists in broadcasting, where everybody made a claim about advertising which could not be substantiated.

The advertisers, the publishers, and the people who are interested in making use of this material have gotten together and formed this Audit Bureau of Circulation, which actually audits the operations of the magazines in determining what their claims are, so that we can, without question, accept these figures on faith.

And in that area, you can use the numbers without much question as to their validity, because they are very carefully audited and very carefully controlled.

So that in establishing the decisions as to how you shall place your advertising in these other fields, we have data of known integrity and we can make decisions without any question as to what the proper action is, except of course, so far as the judgment of the individual is concerned.

The CHAIRMAN. Well, now, that brings up the question which was mentioned by Dr. Roslow yesterday, when he mentioned circulation versus ratings. Now, that method is used in the area of circulation, is it not?

Mr. ARKIN. Not in exactly the same sense of the word, I don't believe. Copy count is what is meant by circulation in the media field. The copy count is the actual count of copies sold, either through subscription or newspaper stands, which is not exactly the same.

The CHAIRMAN. Which doesn't have to do with the circulation of the numbers of papers going into homes or individually?

Mr. ARKIN. There are readership studies, too, which have to do with the question of how many copies are read, or rather, how many people read the copies. Several organizations do such readership studies. But this is not the same thing as the determination of media circulation, which is merely a count of the number of copies sold and not the question of how many people look at such copies.

The CHAIRMAN. Do you see any way of approaching the problem, so far as broadcasting agencies are concerned, to obtain any satisfactory result as has been done with reference to newspaper and magazine media?

Mr. ARKIN. Yes, sir; it would be very strongly my opinion that the broadcasters, the advertisers, the advertising agencies and anybody else concerned, ought to get together and police their own business. What could be done here is to have an organization, if they wanted to voluntarily establish such an organization, which would investigate, register, and investigate all the so-called rating services, determine what they do and publish what they do so that we don't have any hidden, so-called trade secrets in the operation, and actually, periodically audit their operations so that the advertiser and the broadcasting network and station could assume that the figures had some integrity and make use of them without question.

Of course, invariably, they will be subject to a sampling error and invariably, there is the question of education of all the broadcasters to recognize the sampling error and not be concerned with differences of a few tenths of a percent in ratings.

We can't lick that no matter what we do. Even in samplings of huge size, there will be sampling errors of a few fractions of a percent.

But when we get down to something like we had this morning, a sample of 20 being adequate—I sat down to calculate what the sampling error would be on a sample of 20. Assuming that the rating would be 10 percent and you are willing to accept an assurance of 95 percent, the sampling error on a 10 percent rating for sample size 20 would be plus or minus 13.4 percent. That is on a rating of 10. So it could be anywhere from virtually zero up to 23 percent, although it was stated at 10. It was observed that I would probably say this

would be better than nothing. This is not better than nothing, because there is the implication when you state a rating of 10 percent that such a figure has some validity. If actually what you are saying is that all I know is that the rating is something between a little more than zero and 23 percent, you are doing a great deal of harm. In fact, it is better not to do any survey at all than to do one which is not adequate and reliable.

The CHAIRMAN. Mr. Younger?

Mr. YOUNGER. No questions.

The CHAIRMAN. Mr. Moss?

Mr. MOSS. No questions.

The CHAIRMAN. Mr. Brotzman?

Mr. BROTZMAN. No.

The CHAIRMAN. Doctor, thank you very much.

I thank you for your comments.

The committee will adjourn until 10 o'clock tomorrow morning, at which we will have a representative of the Nielsen Co.

(Whereupon, at 4:30 p.m., the committee recessed, to reconvene Thursday, March 21, 1963, at 10 a.m.)

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