CHAINS OF GOLD:

Marketing the Ratings and Rating the Markets

KAREN S. BUZZARD

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and
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by

KAREN S. BUZZARD

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Between the pages of this manuscript, I got to know my brother again: his enthusiasm, energy, vision, wit and spirit. This book is dedicated to him.

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Broadcasters are bound to ratings with chains of gold which they are reluctant to break because too many of them think that the link is more comfortable than freedom would be.—*Oren Harris, Chair of House Committee to Investigate the Ratings*

INTRODUCTION: AUDIENCES FOR SALE

As VIEWERS, WE ASSUME that television is about programming, but it is really about audiences—about us. The business of broadcasting is the sale of audiences to advertisers; therefore, as we sit watching the flashing images, all the commercial interests of broadcasting—stations, station representatives, advertisers, agencies, and rating services—sit watching us. It is as though the TV screen were a two-way mirror: we watch from one side; they watch us from the other.

This came about because the United States chose to have commercially driven radio/TV entertainment, as opposed to the state-run or state-supported systems of many other countries. While a BBC official may be concerned with the more-or-less aesthetic questions of what viewers might want to see and what would be good for them to see, programming in this country has always served an indirect function. It is a lure to attract the kind of audience the advertiser believes to be potential buyers. In an early "golden age" of broadcasting this was done in a fairly straightforward manner: it was assumed that if good programs were broadcast, people would watch them.

But advertisers soon discovered that "good" programs—the drama, music, and variety shows characteristic of early television—did not attract the most gullible or broadest audiences. To the contrary, they tended to attract precisely that group of educated, discriminating, thoughtful viewers who are not good candidates for impulse buying or facile claims.

And so, like fishermen refining their fly-casting techniques, advertisers and broadcasters began to study potential audiences and to provide the kind of fare most likely to hook customers—

the game shows, crime shows, romances, and wrestling which appeal to the great mass audience of middle-class and upper-lower-class people.

Stated so baldly, this may seem both unduly cynical and also excessively complimentary to the broadcasting/advertising community, implying a knowledge and subtlety it does not possess. While it is true that no one person possesses such complete knowledge at any one time, it is also true that, by an evolutionary process, strategies develop which are empirically successful, even when not always fully understood as theory.

At the heart of this process is the system of broadcast ratings, which has also evolved over the past fifty years. It is on the basis of ratings that advertising is sold, evaluated, and paid for and, this being the case, it becomes the basis upon which programming decisions are made. Individual programming decisions add up to the format and overall character of broadcasting; so a history of the ratings business constitutes, in effect, a history of broadcasting.

Even more broadly, the history of broadcasting reflects in microcosm the socioeconomic history of a period, for broadcasting to mass audiences is complexly culture-bound. In studies of popular culture, broadcasting is considered the mass medium par excellence.

This book is primarily a history of the broadcast ratings companies from their inception in the late twenties down to the present day, not only their techniques and practices as researchers, but the way those services have been marketed to their clients—stations, agencies, and advertisers. In order to do this we have necessarily had to discuss much larger social and economic issues—issues which go well beyond broadcasting itself. At the highest level, we discuss the shift from problems of mass production to problems of mass marketing. At a more personal level, we discuss the dissolution of the nuclear family into infinitely fragmented demographic targets. At the technical level, we move from one huge console in the parlor to the multiset, portable set, even mobile set, receiver.

What we discover, in the end, is that radio and television have remade the world. Geographic boundaries like rivers and mountains cease to have meaning when we discuss a medium which is transmitted though the air, by microwave, and by telephone line. Social boundaries also dim as the radio or television

set, once a luxury confined to a few affluent homes, becomes a necessity found in virtually 100 percent of American homes.

Perhaps no single interest group in America has been more aware of these changes than advertisers, who, fueled by the information of rating services, have continuously adapted and refined their methods with a single goal in mind: profit.

This is, then, a partial history of the American Way of Life—in all its virtues, all its faults.

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PART I

UNIFORM TOOLS FOR MASS MEASUREMENT

(1929–1950)

1 THE NEED FOR AUDIENCE MEASUREMENT

From Manufacturing to Marketing

BROADCAST AUDIENCE RESEARCH developed as part of a broad shift in economic emphasis which occurred in the United States during the first half of the twentieth century. This shift was from concern with production of goods to a concern with their distribution, or what is now called *marketing*.

By the early twentieth century, manufacturers had more or less perfected the techniques of mechanization and mass production that had occupied them during the previous century, and now turned their attention to the problem of how to move these massive amounts of goods into the hands of consumers. This task had previously been left to independent jobbers, who bought manufactured goods in wholesale lots, warehoused them, and then distributed them in smaller lots to retail stores. In such a system the manufacturer's job was presumed done when he had made the products and moved them off the dock toward the jobber's warehouse.

As manufacturing became more and more efficient, manufacturers became victims of their own success: they could now produce goods at a much faster rate than the jobber/retailer network could sell them. When they recognized the problem, manufacturers began to examine it with the same analytical attitude and skills which had worked so well on the assembly line. Their conclusion, in effect, was that advertising would be the key ingredient in effective marketing.

Advertising was the key ingredient, but there were other ingredients as well. What manufacturers needed and wanted was

a feedback mechanism which put them into direct and continuing contact with the consumer—a concern they shared with other segments of society. Politicians wanted to know their constituents' attitudes and how they were likely to vote. Retail merchants needed better methods of auditing their inventories and sales to find out what products were selling. A growing federal bureaucracy needed more and better information about population growth and shifts, about economic trends, revenue projections, and many other national needs and concerns.

There developed, then, in the first half of this century, especially in the years between 1920 and 1960, a variety of measures based on statistical methods—the collection and analysis of data. Both government and private organizations stepped in to produce a variety of polls, audits, ratings, and statistical compilations to meet the new demand for information. In time, and with the help of the computer, this new facet of society became known as the information industry.[1]

The development of radio audience measurement was but one segment of a larger concern for creating more efficient consumer feedback mechanisms to align production with distribution. Manufacturers worked to achieve wider geographic distribution of products through retail advances such as chains or networks. These centralized distribution systems welded together transportation and communication channels from a number of isolated and regional communities into national markets. By expanding markets and lowering costs, advertising elevated purchasing power and increased consumption, but more than geographical expansion was needed. The use of advertising to mold markets and create consumers assumed growing importance in the marketing process, and radio broadcasting subsidized by advertisers became an important distribution vehicle for nationally advertised products.

The Growth of the Networks

While this broad shift in national focus was taking place, the broadcasting industry was stumbling toward maturity. Early radio was a technological curiosity indulged mainly as a hobby, or by those with some special scientific or economic concern,

such as engineers, physicists, and radio set manufacturers. Stations varied widely in just about every way: program type and quality, transmission power, area of coverage, staff expertise, and basic concept or purpose. Something new had been discovered but no one was quite sure what ought to be done with it.

One fact which emerged very quickly was that stations operating for any appreciable part of the day soon found themselves desperate for program material. And almost as quickly the germ of a solution appeared: the radio network. If banded together into networks or "chains," stations could share program material and, by simultaneous transmission, cover a much larger area. Thus, like the retail chains, on which they were modeled, networks provided central ownership and management of similar lines of products, offering economies of scale.

But networking required more—and more complex—equipment, more sophisticated staffing, and, by implication at least, better program quality—all of which increased costs and drove out the hobbyists and small-timers. This cleared the way for better capitalized and more sophisticated broadcasters, whose primary interest was in profit and whose most obvious source of revenue was advertising. American Telephone and Telegraph (AT&T) and its flagship station WEAF experimented with networking and, by 1924, had a permanent hookup by using AT&T telephone wires.[2] Westinghouse, General Electric (GE), and the Radio Corporation of America (RCA) experimented with interconnection through telegraphy.

Between 1926 and 1946, five major radio networks were formed, three of which were to survive the transition to television. The National Broadcasting Company (NBC) was formed by RCA, GE, and Westinghouse, known as the Radio Group. In 1932, GE and Westinghouse withdrew, leaving RCA as the sole owner of NBC. RCA organized NBC into two semiautonomous networks known as the Blue and the Red, because it held duplicate station licenses in many major cities, but in 1942, the Federal Communications Commission (FCC) enforced a duopoly rule that prohibited a single owner from operating more than one national network. So, NBC divested its Blue Network, which in 1945 became The American Broadcasting Company (ABC).[3]

The Columbia Broadcasting Company (CBS) was the prod-

uct of United Independent Broadcasting (UIB), a syndicate formed for booking network talent. In 1927, UIB found financial backing from the Columbia Phonograph Corporation to form Columbia Phonograph Broadcasting System, Inc., which became simply Columbia Broadcasting System. For a brief time, UIB and CBS existed as two networks side-by-side. After a few months, the new backers sold controlling interest in CBS-UIB to William Paley, son of a wealthy cigar retailer, who merged the two networks. By 1929, CBS had begun to give NBC competition.[4]

Mutual Broadcasting System, composed of WGN in Chicago, WLW in Cincinnati, WXYZ in Detroit, and WOR in New York, first combined only to sell advertising, but gradually became a more formalized network. Liberty Broadcasting was organized in 1946 and served three hundred stations.[5] Neither Mutual nor Liberty expanded to television.

Changes were also occurring within the radio industry itself, changes which were both effect and cause of the new interest in marketing. The Federal Radio Commission (FRC, later to become the FCC) took control of the airwaves and established standards and classifications for stations.

When stations were unregulated many operated on the same frequency, with the result that the listener might receive several stations at the same point on the dial. Low-quality equipment also made it difficult for stations to stay on any one frequency, a station might wander up and down the dial in the course of an evening. Another early problem, the result of low power and primitive circuitry, was static, that ear-jarring black noise that seemed to sweep over the speaker like breakers crashing against a rocky coast.

With the Radio Act of 1927, the FRC attempted to bring some order to the industry and to create legal stability to complement the growing economic stability now enjoyed by a maturing system of broadcasting and advertising. By setting up a classification system and assigning stations to fixed, noninterfering frequencies, station coverage areas were more clearly defined. The FRC set up ninety-six frequencies, each of ten-kilohertz bandwidth, and divided the nation into five zones. Within any one zone, no two stations were assigned the same frequency. It also established forty clear-channel frequencies (eight per zone), which were assigned exclusively to one station during nighttime

hours. This permitted increases of transmitter power up to 50,000 watts. Thirty-five channels (two or three per zone) were designated as regional frequencies and could have as much as 10,000 watts in power. The remaining twenty-one frequencies were reserved for low-power (up to 5,000 watts) stations.[6] Every existing station was classified into one of these groups, and no new station could go on the air without FRC approval.

Significant technological improvements were also taking place in the twenties. Better, more stable circuits, dynamic speakers, and other engineering advances meant better quality in both transmitters and receivers. In addition, sets which operated on alternating current, or regular household electricity instead of batteries, were cheaper and encouraged a rapid increase in the number of radio homes.

As far as radio advertisers were concerned, the new FRC rules merely formalized and clarified an already familiar situation. The radio advertiser, almost from the beginning, had two main buying options: network or spot. National networks offered the advertiser as many as one hundred stations spread over the country, while regional networks offered the same structure on a regional basis. Spot advertisements were placed directly with stations, enabling the advertiser to pinpoint specific areas in which sales were low.

For large advertisers with wide product distribution, network advertising was ideal, but for advertisers whose products were not widely distributed, there was a problem. If they bought network time, they might well be broadcasting to areas where they had no distributors, or to areas where the product was not appropriate—like advertising iceboxes to Eskimos. To place spot advertisements, someone had to get on a train and physically canvass the territory to find appropriate stations and place the ads. Salesmen for radio stations had the same problems in reverse—they had to go out of their areas, often with no leads or advance information, and try to locate advertisers who might be interested in their station area.

The answer of the local station was to hire professional "rep" firms, typically located in New York, to represent local stations for the purpose of soliciting national advertising. These rep firms were to local stations what the networks were to their affiliates—a centralized mechanism for handling sales.

Spot radio was sold in two forms: national and local. Adver-

tisers used national spots to promote nationally distributed products—products typically sold through chains or retail stores. National spots allowed advertisers to augment network buys in slow markets. Local merchants bought local spots. The regional network advertiser was considered a spot advertiser because his message went to one market or region as opposed to buying a minimum number of network affiliates located in more than one market.

The Radio Act, while clarifying, stabilizing, and largely improving the broadcasting industry, also had the effect of accentuating differences between national, regional, and local station coverage. Quite naturally, the advertiser was deeply concerned to know just who might hear his message when he bought time on a network or station. A producer as well as a sponsor, he planned to use this information to build more attractive programs and to assist in program placement.

Sponsorship Patterns: The Goodwill Approach

Another important force influencing audience research during the period was radio sponsorship patterns. Sponsorship patterns led to two key concepts in audience research: the program and the program audience.

In early radio, the basic advertising unit or vehicle was the program rather than the commercial. Goodwill advertising (now called corporate or institutional advertising) depended on a favorable disposition toward the sponsored program to sell the company's name or products. For example, early sponsorship of a favorite program such as "Fred Allen" was believed to have increased sales of various products produced by Procter and Gamble, such as Ipana toothpaste. This form of goodwill sponsorship was left primarily to public television by the 1980s.

Sponsors sought other goals besides circulation. They used radio programs to improve corporate image and for tie-ins with themes and stars. Advertisers and agencies produced the program and purchased a block of time from the networks or stations. Agencies handled program selection, casting, and direction, and frequently rented studios from networks or stations. This meant that programs became associated with products: "The Jack Benny

Show" equalled Jello in many minds. Therefore, advertisers considered *sponsor identification*, the percentage of listeners who could associate the program with the corporate name or product, an important measure of advertising effectiveness. Both the Cooperative Analysis of Broadcasting (CAB) and C. E. Hooper, Inc., the pioneer rating services, carried sponsor identification indices.

Another sponsorship pattern which affected radio practices was a marketing emphasis on undifferentiated products. Undifferentiated marketing focused on broad markets and similarities rather than differences among consumers. This marketing emphasis helped to define not only products but also audiences and media. Most media that were developed during this period, such as magazines like *Life* or *The Saturday Evening Post*, strove for broad audiences.

Audience research during the first two periods of ratings history took the household or family as the basic unit of audience measurement. Marketing to families was the primary concern of package goods and appliance manufacturers, and the nuclear family, the prevalent social unit during the period, was assumed to be the purchasing unit. Thus, advertisers targeted undifferentiated products toward undifferentiated family units, and both radio and television were developed as entertainment vehicles aimed at families gathered around a console in the parlor.

2 RADIO RATINGS PIONEERS

Crossley and the CAB

ALTHOUGH RADIO ADVERTISING had grown by leaps and bounds, the fund of knowledge and experience about results was scanty. Advertisers did not know whether they had used radio well or wasted their money. No one knew how many radio homes existed, when they listened, or what they listened to. Audience research was guesswork and no dependable yardstick existed to measure what the advertiser got for his money.

Radio advertisers attempted to establish a more tangible measure of audience size. CAB, C. E. Hooper, and A. C. Nielsen began radio audience measurement in 1929, 1934, and 1942 respectively. Each was to make significant advances in radio research methods and to develop concepts which were to endure throughout the history of broadcast audience measurement. In particular, this first generation of audience research pioneers attempted to eliminate the chaos of techniques which produced different and often incomparable size estimates, and it is to their credit that they often seemed as much concerned with technical, even philosophical, issues of sampling and extrapolation as with the narrower problem of selling their services.

Radio networking had advanced the power of the national advertiser. During most of the thirties and forties, commercial succcess meant network affiliation. By late 1938, the four major national networks—NBC Blue, NBC Red, CBS, and Mutual—had affiliated with fifty of the fifty-two clear-channel-stations and had ties with regional networks and some low-power stations. As a result of an FRC freeze on radio licenses during World War II,

network affiliation rose from 60 percent in 1940 to 95 percent by 1945. Never before or after was radio so dominated by networks.[1]

National advertisers dominated radio, so it is not surprising that the Association of National Advertisers (ANA) made the first attempt to answer the basic questions regarding radio's anonymous audiences and possible customers. Since the advertiser created the program and purchased time from the network, the issue that served as the focus for the first generation of audience researchers was program popularity, or *rating*. The CAB hired Archibald M. Crossley to carry out the research.

Crossley had formed Crossley, Inc. in 1918, to do political polling like Roper and Gallup. Polling results, like ratings, were ranked by percentage points. By 1927, Crossley had a national organization of part-time interviewers for his research reports, and the ANA had hired him to undertake a study to determine if nationally sponsored programs were actually being carried locally.[2]

When the ANA asked Crossley to repeat this audit, Crossley suggested that he instead study radio's listening audiences and their program preferences. The ANA would not finance the study but they agreed to endorse it if Crossley would underwrite it. By 1930, Crossley had thirty sponsors and began field work.

Crossley's service was a network rating service and Crossley, in fact, coined the term *rating*. Since Crossley's service had been developed by national advertisers and agencies, it served exclusively the thirty-three cities where the networks had outlets. During the first four operating years, the service belonged to Crossley. With the entry of the American Association of Advertising Agencies (AAAA) in 1934, Crossley turned over his service to a jointly financed venture of national advertisers and agencies. By 1936, CAB included the National Association of Broadcasters (NAB), and by 1945, NBC, CBS, ABC, and Mutual Broadcasting.[3] Although there had been a few sporadic attempts to study the radio audience, CAB was the first rating company to provide regular studies of it on a continuing basis.

Crossley's survey technique was called *quota sampling*, in which desired sample sizes, or quotas, are established for various subclasses, such as age, sex, and income, to ensure that the characteristics of the sample are distributed in the same propor-

tion as the characteristics of the total population. The researcher thus had to know what proportion of the population was, for example, Eastern, urban, white, and so forth, and these subclasses had to be kept up-to-date. Unlike true random samples, the probability of selecting any one household is not known. The quota method assumes that if a sample's known characteristics are current and correct it automatically is correct and current with respect to unknown characteristics. This was a dubious assumption, but one with economic and practical advantages at a time when many facts were unknown.

Later, as a response to Hooper, Crossley shifted to random sampling to ensure that a given sample would be representative of the population from which it was selected. This minimized biases in element selection and permitted estimates of sampling error.

By the early thirties, survey researchers were perfecting their techniques. Important forerunners had appeared through the impetus of the U. S. government. In 1922, Herbert Hoover had reorganized the Bureau of Foreign and Domestic Commerce to act as a medium of exchange for market information.[4] The statistical needs of the government had increased tremendously as a result of the Depression and the New Deal. The famous Literary Digest Poll of 1936, which, in spite of its size, proved biased and incorrect, drew national attention to the problems of sampling and encouraged more sophisticated sampling.[5] (See appendix on sampling.)

CAB was a nonprofit marketing research organization run as an advertiser-broadcaster cooperative. Its interest was not just in radio listening but in what advertisers, in general, got out of advertising. Radio program ratings suggested how much audience an advertiser received for the money, but CAB also wanted to help the advertiser determine the best way of selling his products. A major objective was to furnish the buyers of radio time with a means of analyzing program development and time-period purchases. Sponsors used the information which CAB gathered about radio's listening audience to build a program to attract listeners likely to buy their products.

Crossley used a variety of techniques for different clients, including the printed roster (which attempted to reduce faulty memory by using a list of programs and their time periods), the

mechanical recorder (a mechanical device attached to radio sets to record use and tuning), the personal interview (door-to-door interviews), and the telephone coincidental (calling listeners at the same time the program was on the air to measure listening as it occurred). He chose a next-day telephone recall method to provide the first regular measure of network program audiences. He dialed a random list of telephone numbers and interviewed respondents about the household's previous day's listening.

Crossley chose the telephone recall method for four reasons. First, radio ownership and telephone ownership exhibited high congruence. Second, telephone calls could survey a wide area quickly. Third, recall meant that a great deal of information about viewership could be gathered at little expense. Fourth, recall measured sponsor identification, an important advertising concern during the period. As Daniel Yankelovich wrote, "For many years the advertiser held the belief that recall or registration was the most useful index to advertising effectiveness."[6] Since many sponsors and agencies either developed their own programs or sponsored an entire program, advertisers sought to know the degree of registration between the program and their product. Recall measured conscious impression.

Competition Develops: Hooperatings

Crossley's competitor, Clark-Hooper, Inc., was encouraged by a group of magazine publishers to set up a more valid measure of radio's advertising effectiveness. The publishers were convinced that Crossley's rating system overstated the actual number of radio homes and minimized magazine readership. More popular programs under Crossley's rating system achieved ratings as high as 40–50 percent of the radio audience. The reason for this rating inflation was that Crossley used only the "identified listening audience," or what later became known as the number of *households using radio (HUR)*, and his ratings were equivalent to what later became known as the *share*.[7] Hooper's innovation was to change the base figure for the rating from the identified listening audience to the radio universe, or all homes with radio sets, and included not only those who were listening but also those who potentially could be listening to radio. This resulted in a

dramatic decrease in rating sizes. Both Crossley and Hooper, provided a rating index or relative comparison of program popularity in those cities served by the three networks, NBC Red, NBC Blue, and CBS. Their telephone methods eliminated nontelephone and rural parts of the country, so ratings were not projectable to actual numbers. They provided only an index and, as such, were not representative of actual radio homes throughout the country, but only relative figures. Many broadcasters nonetheless projected these ratings as if they represented total homes, resulting in an astronomical number of radio homes.

Thus it was that Clark-Hooper, Inc., measurers of magazine effectiveness, became the first commercial venture in the field of radio audience measurement. (Crossley's company was a nonprofit service available only to the advertising community.) By 1938, Hooper split with Clark, continuing alone as an independent service underwritten by subscribers. As with CAB, Hooper's early service covered only sponsored network programs. In entering the radio field, Hooper pioneered a technique that was to become an industry standard throughout the heyday of radio network programming, the telephone coincidental; that is, he called at the same time the program was on the air. Hooper called his rating service Hooperatings.

The Great Ratings War

The 1940s witnessed an intense competition between CAB and Hooper, Inc., for the newly developed field of broadcast audience measurement. Industry magazines were filled with their heated controversies over methods. In his battle for the radio research market, Hooper introduced a number of methodological changes, the most important being his new base, which ensured both stability and comparability over time. He thought Crossley's recall method had two serious weaknesses: (1) It depended upon respondents who happened to be at home at the time of the call (which was not constant or representative); and (2) Crossley based his numbers on what he called the *identified listening audience*—all those who could remember listening to the program. Hooper thought it was more important to measure actual listening as a percentage of potential listeners, which

he called the *available audience*. Therefore he set total radio homes to equal 100 percent and then divided this among (a) people at home but not listening, (b) people not at home, and (c) people at home and listening. The result was that Hooper's ratings were about half as large as Crossley's.[8] This made Hooper popular with the advertising community but not with broadcasters.

Hooper's available audience base grew from his telephone coincidental method. He had learned of the coincidental method from George Gallup, had experimented with it, and had elected to adopt it for his radio ratings service. The coincidental technique was a step forward because the interview was placed simultaneously with the broadcast, while the program audience was still an audience. In the struggle between CAB and Hooper the coincidental method was the only method that measured the audience during the broadcast.

Hooper's method permitted comparisons from one time period to another, from one program to another, and from one week to the next. Crossley's recall method did not permit such comparisons, because he had no way to establish the relative at-home rate, nor could he get any reliable measure of ordinary forgetfulness. A respondent would easily recall listening to a heavyweight championship fight but a program of light band music might go in one ear and out the other. Hooper supplied an *average audience* rating, the total audience divided by the number of time intervals, as well as *total audience* ratings. Average audience ratings meant that audience flow in and out of a program could be tracked and programs compared since the available audience was the base for all comparisons.

Hooper thought that the coincidental technique eliminated another major flaw of the recall method—the memory factor, which was affected by such variables as the intensity and vividness of program presentation, stars, novelty, contests, distinctive program names, familiarity, duration, repetition, listener occupation at the time of the call, sample limitations (calls were confined to telephone homes only), memory loss, influence of telephone answerers, length of time elapsed before the call, and the effect of being more heavily advertised and better known. Because network programs were more heavily promoted and made more of an impression, telephone respondents more fre-

quently recalled network programming. So, higher ratings could result from better memory rather than actual listening.

By 1944, CAB had lost ground to Hooper's coincidental method. CAB shifted from next-day recall to calling two hours after the program in 1940. In 1944, it shifted to an overlapping technique which interviewed at half-hour intervals to better equalize the length of time between the program broadcast and the recall measurement. Hooper attacked this overlapping technique since the final percentage of set owners reported was a composite of four samples, not reactions to specific broadcasts.[9]

CAB's next sign of weakness was its expansion into the field of coincidental ratings, which, according to A. W. Lehman, president of CAB, was to function as a two-way check on the radio audiences. CAB planned to continue with its recall method, providing two sets of ratings for programs. Lehman maintained that recall measurement was still valuable since it measured conscious impression, those who remembered the programs and, by extension, the sponsors.[10] CAB now also furnished an average audience rating to answer those critics who attacked it for lack of a stable base.

This dual rating system was not popular in the radio industry because it confused buyers. In 1945, after one-and-a-half years of the dual system, CAB subscribers voted to drop recall ratings altogether and offer only coincidental measurement.[11] In addition CAB increased its coverage from thirty-three cities to eighty-one to provide a more accurate national cross section, especially urban areas not served by the networks. Although CAB and Hooper both used a telephone-based method to measure the radio audience, their drastically different ratings were a source of great frustration to their subscribers.

The insurmountable problem for CAB, however, was not its recall method but other factors which came under attack by Hooper. These factors included the following:

1. tabulation procedures: CAB employed a straight tabulation method and rejected "don't knows" rather than prorate; Hooper, on the other hand, prorated "don't knows," and classified "no answers" as "not at homes," thus weighting listening to account for part-time listening and to assure the stability of the average audience base.

2. the phrasing of questions: Hooper claimed CAB biased respondents by asking "Will you please tell me what you were listening to when the phone rang?" while Hooper asked, "Were you listening to the radio just now?"
3. distribution methods: Hooper limited his sample to "cities of equal listening opportunity," where all four networks had equal outlets, while CAB measured eighty-one cities.

Hooper also questioned the adequacy of the CAB base. As a result, CAB switched to random sampling and to using available audience as the base.

In addition to changes in technique, Hooper was a master of promotion, and soon became a household word. CAB's reports were available only to the buyers of advertising time and were guarded. Hooper made himself and his ratings newsworthy. His name appeared in trade magazines, he was written up in daily newspapers, and he was featured in *The Saturday Evening Post.*[12] Hooperatings even provided the humor for syndicated cartoons. Hooper began the tradition of releasing the "first fifteen" evening programs and the "top ten" daytime programs to the press. Fans watched to see if such favorite programs as "Fibber McGee and Molly," "Edgar Bergen," "Amos 'n' Andy," "Hopalong Cassidy," and "Fred Allen" were Hooperuppers or Hooperdowners. The press attached Hooper's name to such derivatives as Hooperatingitis, Hoopermania, and Hooper Happy. Publicity surrounding Hooperatings reached such a crest during this period that Crossley later remarked that he was defeated because his name did not rhyme with anything.[13]

Crossley's reports were for the advertising community, but Hooper courted the other side of the street by introducing services specifically designed to aid stations and networks. By 1940, Hooper's station reports were available nationwide and he eventually offered six reports in all. In 1934, he introduced Program Hooperatings, which compared network program audiences in "cities of equal opportunity" where the variable "ability to hear" was excluded. Program Hooperatings measured program popularity and talent. In 1940, he introduced City Hooperatings, which measured areas inside each city where the programming of

all stations could be heard. City Hooperatings provided statistics on sets in use and station audience reports, period by period, for up to one hundred cities. In 1945, Hooper offered Station Listening Area Reports, which compared listening within a station area. Stations in cities with populations of less than fifty thousand received Station Listening Area Indices, which showed distribution of the listening audience for morning, afternoon, and evening, for fall-winter, winter-spring, and summer. These reports were the first systematic and regular attempts to measure station coverage and circulation, and soon became a standard tool. By 1948, Hooper was attempting to produce U. S. Hooperatings, which provided the first projectable ratings, based on a sample which included non-telephone homes, and thus could be multiplied to estimate audience size.[14] Moreover, he was preparing to enter the new world of TV measurement by developing network television and city teleratings.

As part of his regular service, and as a byproduct of all these reports, Hooper accumulated a fund of data. By repackaging the findings, he could market new features. A particularly ingenious marketing feature was a small booklet of major statistics which could be tucked into a salesman's shirt pocket.

The year 1944 marked a major battle in the Hooper, Inc., and CAB battle for survival. Hooper had shown the defects of the recall method and CAB had switched to coincidental ratings, increased sample size from thirty-three to eighty-one cities, tripled the number of phone calls from 2.1 million to 6.3 million, increased its yearly reports to ninety-four, and extended its survey to nine geographical areas—all in an attempt to keep up with Hooper.[15] Hooper's next move was to introduce his Station Listening Area Reports for local markets, quickly signing up 205 local markets to CAB's none. Stations were quick to assume 44.5 percent of the cost of Hooper's operations,[16] but Hooper was weak in advertising clients, the community sponsoring CAB. This move to local market reports, together with Hooper's open press policy, made a major impact. Moreover, in 1944, Hooper and Dr. Mathew N. Chappell published *Radio Audience Measurement*, which detailed the rationale of Hooper's methods and made a solid impression on CAB subscribers.[17]

The industry watched this ratings battle with growing dismay. With both services using the coincidental method, with

growing costs and increasing numbers of interviews yet differing results, industry executives began to argue that two services were repetitive and wasteful. The ideal rating service, according to Marion Harper, vice president of McCann Erickson advertising agency, should include measurements which were projectable (based on a representative sample and giving actual audience size estimates), which yielded trend information, and which covered all parts of the day. Neither service was yet projectable, nor covered all parts of the day.[18] Agencies began to demand more qualitative data, data which provided more information about the purchasing habits of radio listeners; but this kind of data was best found by other methods, such as diary panels, automatic recorders, and personal interviews, rather than a coincidental-based method. CAB was forced to consider either ceasing operations or moving into other areas.

As the authority of CAB was whittled away, its backers became alarmed. The final straw was the withdrawal of ABC, CBS, and NBC, leaving Mutual Broadcasting as the only network member. Since the four networks had provided 40 percent of the total cost, the other association backers, the Association of National Advertising, American Association of Advertising Agencies, and National Association of Broadcasters, faced a large cost increase. An attempt was made to cover this cost through dues and assessment, but CAB continued to lose ground to Hooper. In June 1945, CAB invited Hooper and a young upstart, A. C. Nielsen, to present proposals for carrying out subscriber agreements. In June 1946, CAB suspended its seventeen-year-old service. Hooper inherited 102 CAB subscribers.[19]

CAB had lost its battle. Industry sentiment was that CAB be discontinued. CAB had been operated by a board of governors consisting of advertisers, agencies, and broadcasters. This cooperative structure slowed its response to the marketplace. The committee's divergent ideas and politics led to what Crossley called "too many chiefs."[20] Decisions were long in the making and often were compromises tied to private interest rather than economic considerations. Results were not measured in terms of profit or loss in the marketplace. Hooper's private enterprise, on the other hand, was conscious of cost, was aware of the degree of acceptance from its clients, and was more responsive to the marketplace. As Hugh Beville, then NBC director of research, later

remarked, "Hooper moved on a dime while CAB was more like a tire."[21]

As Frank Nye points out in his book, *Hoop of Hooperatings*, the odds had been against Hooper—an unknown, selling a deflationary method to those who wanted optimum figures, based on a technique one-third more costly, pitted against a service backed by three powerful associations.[22] Where CAB had been developed to serve the advertising community, Hooper targeted stations and their rep firms. In 1945, Hooper made his reports available to advertisers, agencies, and networks.[23] This made Hooper's service available without financial burden to any one subscriber.

Both CAB's and Hooper's rating indices were limited to a handful of urban cities: Hooper's to the thirty-three cities where the four networks could be heard simultaneously; CAB's to eighty-one cities. Neither provided a national size estimate of the number of listeners to a given program but rather comparative figures.

Although CAB bore the brunt of the attack, telephone-based methods in general were coming under scrutiny. In 1929, there were 10.25 million radio homes compared to 12.4 million telephone homes.[24] Then the number of radio homes began to outstrip telephone homes, raising a question of representativeness. Moreover, telephone homes were largely upper-income, and excluded small towns and farms. As World War II began, radio was estimated to reach 85 percent of all homes, far in excess of telephone homes.[25] Many subscribers were concerned about the exclusion of listeners on farms, in small towns, and in areas remote from transmitters, not to mention urban non-telephone homes. Telephone homes could not provide ratings for all of the broadcast day because calls were practical only between 8:00 A.M. and 10:30 P.M. Furthermore, the coincidental method required a large number of telephone calls for a reliable sample and gathered this information at a much less efficient rate than the recall method. Random telephone calls further distorted measurement toward the higher-income bracket. Worst of all, the telephone coincidental gave limited qualitative information about radio listeners. It was expensive and failed to produce a complete picture. Thus the scene was set for the entry of the next major competitor in the field of radio ratings: A. C. Nielsen.

Coming Up on the Outside: A. C. Nielsen on Audimeter

A. C. Nielsen was a pioneer in market research. He had begun by conducting performance surveys which he sold to industrial manufacturers. These surveys provided independent and technical analyses of manufacturers' products in retail stores. In 1933, Nielsen launched a continuous market research service, the Nielsen Drug Index (now called the Nielsen Retail Index).[26]

Nielsen was part of a rapidly growing sector of the economy soon to be called the Information Industry. Information helped align production, distribution, and consumption in a rapidly changing industrial society. The information industry dealt in research on marketing and advertising. The information was derived from primary sources, was numeric, and was in database form, that is, the respondent and researcher generally accepted this information as truth or facts rather than as beliefs or attitudes. Age, sex, and race, for example, fit into this category. These databases provided information to guide manufacturers or retailers in marketing decisions.

Marketing as a means of maximizing efficiency came into its own when the cost of distribution exceeded the cost of production. Reductions in the cost of distribution produced larger sales and profits for manufacturers and lower costs to consumers. By measuring actual purchases, rather than shipments, production could be more accurately geared to sales.

The function of these information systems, then, was to create a more efficient distribution process. It allowed manufacturers to decide on products to be produced, to select saleable package sizes and types, to price products advantageously, to use more effective channels of distribution, to avoid overproduction, to determine advertising budgets, and to reduce business depressions by tying production to consumer sales.

Nielsen's data provided a continuous index of merchandise moving through retail channels. Nielsen began in retail drugs, but soon branched into food, cosmetic, and other household supplies—all prime candidates for radio (and soon TV) advertising. Most advertisers and agencies subscribed to the Nielsen Food and Drug Index, and since the food and drug industries were major users of sponsored time, Nielsen's expansion into radio research was natural. Nielsen said:

> it was logical for these advertisers to suggest that, having placed other phases of their marketing on a factual basis, we should endeavor to develop a factual method of solving their radio problems.[27]

Ratings helped to develop radio programs which attracted the largest number of prospects for products. Thus the Nielsen Rating Index (NRI) gained immediate acceptance from those served by the Nielsen Food and Drug Index. The NRI addressed itself to information which could not be obtained by the telephone coincidental.

Nielsen pioneered a mechanical recording device which he called the Audimeter. The Audimeter provided a continuous record on photographic film of when the set was on and off, the time of day, the length of time, and the stations to which the set was tuned, for a period of one month. Both Crossley (calling his the Radio-Graph) and Hooper (calling his the Programeter) had experimented with these early meters but had dropped them when studies indicated that set tuning was measured when no one was listening. In other words, the Audimeter measured radios, not audiences. And meters were costly because films had to be picked up and developed before tabulating.

Establishing the Audimeter on a commercial scale was a risky venture, one which only a company with capital assets like A. C. Nielsen could undertake. Nielsen purchased the rights to the Audimeter from faculty at MIT in 1936, but wartime limitations on labor and material restricted his operations. From 1939 to 1942, Nielsen conducted a three-year pilot operation, offering the Nielsen Radio Index to clients for the first time in August 1942. In introducing his Audimeter-based service, Nielsen wrote, in the *Journal of Marketing*:

> There is no denying the fact that mechanization had effected remarkable reduction in the cost of producing goods. However, continued improvement in the American standard of living requires substantial reductions in the costs of distributing goods from the manufacturers to the consumers, and I have long suspected that in the distribution field, too, the principle of mechanization could be applied with telling effect.[28]

The mechanical recorder was an audience feedback system. It permitted program ratings in terms of average audience esti-

mates. To calculate a measure of average tuning, all the lines indicating tuning were added together and divided by the number of intervals. Critics of the device, such as Archibald Crossley, pointed out that short-time tuning could in fact represent a vote against a program rather than a vote for it. Since the average included sets with no one listening, it could not be assumed to correlate with listening.

The declared purpose of Nielsen was to develop a stratified sample. While quota samples were not randomly selected, a stratified sample applied randomness to sample subdivisions. Internal consistency was achieved by statistically controlling eight dimensions: the number of radio homes, family size, geographical location, size of locality, income, occupation, race, and telephone ownership. A stratified sample attempted to include proportional representation of every important element of the radio audience.

But stratification produced smaller samples and meant a higher standard error. A sample of three hundred with a 10 percent tune-in rate meant that thirty homes served as the base for determining tune-in, which statisticians consider a bare minimum. Nielsen wanted to retain repeated information from the same sources over time. This opened the door to questions concerning representativeness. How long is a fixed sample representative? Who permits a recorder to be attached to their sets? How does an Audimeter influence listening behavior? Furthermore, as a measure of set tuning, not listening, the Audimeter provided no figures on average audience.

Still, its advantages were many if a large enough sample could be developed to measure total tuning homes. Unlike the coincidental method, the Audimeter was equally applicable to all broadcasts and all programs. Short-term tuning could be seen as a measure of public dissatisfaction. It measured frequency, length of tuning, audience flow, and duplication between programs. For an advertiser, the Audimeter could provide an estimate of the size of the program audience during the commercial break. A single Audimeter, according to Nielsen, provided the same amount of information as five hundred thousand coincidental telephone calls.[29] At least the Audimeter eliminated response errors and other human factors and was not restricted to telephone homes. Audimeter homes were claimed to be an accurate cross section of the entire U. S. radio listening audience.

(This was later cast into doubt by revelations in congressional hearings; see chap. 7.) After 1945 Nielsen expanded his sample to a more accurate national audience and gained a number of clients, not the least of whom was Frank Stanton, CBS president for three decades (1946–1973). (Stanton had assisted Paul L. Lazarfeld at his Princeton Office of Radio Research in developing the electromechanical program analyzer, still in use, which obtained minute-by-minute reactions of test audiences to new programs.) Hooperatings soon began to feel the effect of this new competition.

The early Nielsen Audimeter was slow, but by 1946 Nielsen had introduced the mailable Audimeter, which lowered the cost and allowed Nielsen to include FM and TV measurement in addition to AM. The mailable meter, which could record data from four sets over a two-week period, paid set owners twenty-five cents each time they changed the cartridge.[30]

The year was 1948, a year that brought attack on two fronts of the established Hooperatings by the up-and-coming A. C. Nielsen. These two fronts were (a) ratings projectable to a true national cross section and (b) TV ratings. In April 1948, Hooper launched U. S. Hooperatings, his first national sample of radio's listening audience. Hooper planned to charge a separate fee to subsidize this new service and to operate it on a regular basis if enough subscriptions could be found. His primary clients for such a service would be the networks. However, he faced aggressive competition. It had become obvious that the telephone-based Hooper service was doomed unless he developed a representative sample of national radio homes. With U. S. Hooperatings, Hooper attempted to project his telephone coincidental system to the entire nation and estimate what the results would be if the coincidental method were extended. He used a diary to measure non-telephone homes, and U. S. Hooperatings were a combination of diary and telephone samples.

Nielsen began integrating projectable ratings as a feature of his service with no extra charge. By March 1948, he expanded his sample to a national basis, projecting the total number of homes each network delivered, and reporting total homes in thousands.[31]

Both Hooper's extra cost and his technique came under attack. Nielsen criticized Hooper's national ratings as synthetic

figures which combined old apples with fresh oranges. Furthermore, Nielsen argued that Hooper's random sampling techniques were subject to 40 percent error compared to his stratified sample because programs varied in popularity among different groups.[32] The coincidental measured only one minute of the broadcast while Nielsen measured the actual program length (deducting five minutes for short-term listening). Nielsen claimed that the coincidental method expressed the program audience in terms of "equivalent full-time listeners" rather than the actual number of homes reached, while his fixed Audimeter sample provided a hard measure of U. S. radio homes.[33]

The bottom line was that until ratings could be projected, they were of limited value. Nielsen offered projectable ratings with both a pricing advantage and better sampling. The result was the defeat of Hooperatings, because Hooper could not attract enough subscriptions to launch his projectable ratings service as a regular feature.

In addition to Nielsen's aggressive competition, Hooper was defeated by the demands of television. NBC first turned to Hooper to begin a TV rating service because TV penetration was low and NBC decided that Hooper's random telephone method was efficient enough under these conditions. In 1948, 37.6 million radio homes existed, compared to an estimated 995,000 TV homes.[34] According to Hugh Beville, then head of research at NBC, Hooper was reluctant at that time because he was busy trying to launch his projectable radio rating service. Since he had never seen television, Beville invited Hooper to watch a baseball game. Hooper was so fascinated that he stayed for the entire game, and the next day, he called Beville to say that he had reconsidered and would start a TV rating service.[35]

No one knew how many TV homes existed. Just compiling a list of set owners was difficult. NBC had a list of TV set owners composed of those who requested a program schedule, and also had access to RCA's warranty lists. These were turned over to Hooper. After a few months, however, Hooper abandoned the lists supplied by NBC and took his own measure as a byproduct of his radio telephone interviews.

Not many national advertisers were interested in television at the time. Advertisers doubted that people would be willing to give the sort of attention that TV demanded, programming was

spotty, and the print media was at a peak during the period. In addition, television was arrested by the war. With NBC's encouragement, Hooper provided, by September 1949, three measures: program ratings, audience composition (men, women, children), and program share. These figures were based on a random sample of thirty-one TV cities which could be expanded to one hundred cities as TV grew.[36]

The unexpectedly rapid growth of television had devastating effects on Hooper's network radio service. Rather than creating a separate sample, Hooper merely added TV viewing questions to his radio interviews. The questions now read: Was anyone at home looking at TV or listening to radio? What station/program? Is someone using another set? Do you own a TV set? The last question was used to obtain a TV sample. This method brought Hooper under attack by his radio constituency, where he once was king. Since Hooper based his network program ratings wholly on telephone homes in the urban areas, where television had made the greatest inroads, his sample was attacked for overweighting the influence of TV on radio listenership. Hooper consequently was accused of shortchanging and deflating radio, his bread-and-butter medium.

The radio industry did not like research that reflected the growth of TV in the late forties. Compared to radio, TV already had more people per set. In markets with only a few TV stations and spotty programming, TV ratings sometimes exceeded radio ratings. This would correct itself as TV competition and programming grew, but Hooper lost ground by attempting to straddle both TV and radio under extraordinary conditions.

In February 1950, Hooper sold his national rating services (national radio and national TV) to A. C. Nielsen, Inc. Hooper cited three factors in his decision. First, the number of sponsored network radio programs on the air had dropped 40 percent in three years. Second, Hooper noted increased competition from Nielsen. Without Nielsen competition he would have continued his network Hooperatings "riding the radio curve down and the television curve up." With revenue split between Hooper and Nielsen, the network TV rating business did not reach a profitable level. Nielsen was able to operate his media service at a loss because of his income from audit accounts. Hooper's revenue had dropped from $40,000 in January 1949, to $25,000 by Janu-

ary 1950.[37] Third, Hooper said that television had so changed listening habits that averaging listeners in cities with TV and without TV was no longer plausible. The assumption of thirty-six city-based network Hooperatings had been that conditions under which measurements were taken remained relatively constant and, consequently, the rating index or rank order was a valid indicator of change in popularity. With the advent of TV, conditions were not constant, so national Hooperatings were no longer comparable.

Nielsen also thought that the steady cancellation of Hooper's network accounts was due to television. The Hooper network service covered only telephone homes in the larger urban areas, coverage which represented only 20 percent of the country. Television had the most impact precisely where Hooper had based his radio rating service. In other words, while radio was going to pieces in the areas measured by Hooper's network service, it was not going to pieces in the other 80 percent of homes. Thus, according to Nielsen, it was unrealistic for Hooper to ignore TV's impact in his network radio cities.[38]

Although Hooper quit the national rating business, leaving the field to Nielsen, he planned to continue operating at the local level with city Hooperatings, city teleratings, area coverage indices, and sales impact ratings. These local market reports accounted for two-thirds of his sales. In a prophetic statement, Hooper predicted a shift away from a national index to analytical reports which delineated differences between markets. When Hooper dropped out, national ratings were, for the first time in a decade, provided by one firm only. Hooper's defeat was a result of the limitation of the telephone coincidental method, which he had championed and which had defeated Crossley. The Nielsen Television Index (NTI), based on a representative sample of U. S. TV homes, was to become as influential to network TV as Hooperatings had been to network radio. And as Hooper had predicted, a new shift in packaging was underway, a shift toward local market research.

PART II

SHAKEDOWNS AND SHAKEOUTS

(1950–1960)

3 MARKETING AND MEASUREMENT IN THE FIFTIES

A Whole New Ballgame

DURING WORLD WAR II, America's manufacturing facilities and vital materials were devoted to the production of war goods. Even after the war ended, it took a few years for factories to redesign, retool, and restock for the production of consumer goods. But when the goods did come rolling off the line, in the late forties and early fifties, there was no shortage of customers. Returning servicemen had married their sweethearts and started families (what soon became famous as the Baby Boom). In addition to necessities, which had been in short supply during the war, a newly affluent nation also demanded luxuries—not the least of which was that fascinating new visual radio called television. Television was the perfect entertainment for surburban families housebound by small children, and very shortly became the perfect advertising medium for products aimed at those families. The rating services struggled to keep abreast of new technology, new advertising strategies, new network policies, and indeed, a whole new concept of marketing.

Most of the firms which had offered radio measurement attempted to extend their services to television, but this was not always a simple matter, for television itself was in a period of rapid growth and change. From the 108 stations on the air at the beginning of the decade, TV rapidly expanded to more than five hundred as the decade closed. Networks were formed, reformed, and changed; and, in one case, died. Basic differences, both

technological and psychological, between radio and TV led to a rethinking and reforming of advertising strategies in the attempt to get maximum value from the expensive TV dollar. At the beginning of the decade, TV was a luxury, confined largely to upper-class, educated, urban homes. By its end, it had been redefined as a necessity and even the most tumbledown cabin or single-wide mobile home sprouted its wiry antenna tree. The entire nation was tied into a communications network such as had never existed before in history.

The shift in concern from manufacturing to marketing, a trend already underway before the war, began to take hold in earnest. Manufacturers could no longer content themselves with finding markets—they had to create them. From the manufacturing side, they did this with new and more diverse products, many of them made possible, or at least affordable, by materials and techniques developed for war. New models and variations on those models were introduced almost daily as manufacturers sought to appeal to every need, taste, or whim. The new science of motivational research enabled them to look into the American psyche to discover what Americans wanted and would buy, and the new medium of television was a direct channel into that psyche to create desire and demand. Planned obsolescence encouraged replacement, constant updating provided an excuse to buy "new and improved" features and designs, and general prosperity sanctioned a second car, a boat, or a vacation home.

For the ratings industry, it was a period of growth, trial and error, great success and discouraging failure, but for sheer excitement and drama, the rating battles of the fifties were not to be matched until the people meter wars of the eighties.

The TV Networks Grow and Change

After a period of delay caused by technical problems, television soon replaced radio as the national mass market medium, while radio began to take on its modern shape as a more specialized vehicle.

The technical delay was caused by the fact that, at the outset, the FCC had no idea how far apart channel frequencies should be. By 1948, amid a rapid increase in the number of

stations, reports of interference between stations became frequent, leading to an FCC decision to freeze applications for new stations until these engineering problems could be solved. For the next four years, TV was a limited national medium with only 108 stations on the air.

Industrialization was based on undifferentiated marketing but companies now turned to differentiated marketing, targeting carefully defined consumer segments with products designed just for them. To reach these special groups in a market glutted with consumer products, advertisers needed more and better information. Efficiency required that the message go precisely to the desired group, and not be wasted on groups unlikely to buy.

The large sums involved required that marketing move though a process of careful pretesting and posttesting of products and commercials, something best done in limited markets, so rating services began to tap this new market for local station information. Marketing strategies developed for radio and aimed at one large national market were refined into more flexible, tailored campaigns. The sponsored show gave way to the modern commercial message: short, self-contained, and ready to be dropped into any available slot. Programming was now the province of the networks, who farmed it out to production companies and sold only commercial time to advertisers, while retaining control of content, sequence, and timing.

The new emphasis on local station audiences and their product purchases created a demand for more comprehensive *coverage* information. Coverage information, the number of homes in signal range of a station, had to this point been largely guesswork. Estimates could be affected by such factors as local geography, frequency, interference, overlap, and even the time of day. Since measures of signal strength took none of these into account, what advertisers needed was not a measure of coverage but rather of *circulation*.[1] Coverage designated a "can receive" area; circulation indicates the number of households which do receive the station and habitually listen. The ability to receive a station was not the same as actually listening to it. Circulation was the principal target of the raters during the fifties—information which could be sold to large advertisers and networks but also to local advertisers and stations. Hooper and the Broadcast Measurement Bureau had attempted to measure local radio cir-

culation in the forties, but it was not until the fifties that market demand and methodology made it essential.[2]

The established rating services, and some new ones, offered a variety of ratings and methods, each arguing that its methods and offerings were better in some way.[3] Buyers shopped among the services, choosing one for speed, another for accuracy, still another for some bit of information important to them.

A. C. Nielsen added TV viewers to his national radio sample in 1948 and, because of his early start and generally superior method, dominated national TV rating during the fifties. Hooper also added a TV sample, but then sold his national service to Nielsen in 1950, and concentrated on local ratings. The American Research Bureau (ARB), begun in 1950, was a major player by the end of the decade. Trendex carved out a place for itself by concentrating on local markets and qualitative information, and Pulse was successful within the New York area.

No rating firm, then or now, contacts all the millions of radio and TV owners, so all measurements are estimates based on samples. Samples can provide excellent information if they are representative of the population from which they are drawn, but choosing such a sample is as much an art as a science, as much a matter of economics as statistics (see appendix). There were arguments throughout the decade about whose sampling method was most accurate, but accuracy was not the only consideration. The advertiser was willing to sacrifice some accuracy for breadth of information: more knowledge about who watched what, who bought what, and which audience was the most fertile ground for his message.

After the freeze was lifted in 1952, the number of TV stations grew rapidly, largely usurping the dramatic and family entertainment role which radio had developed during the thirties and forties.[4] The advent of transistor radios further stimulated radio to become a more personal medium with advertising aimed at smaller, specifically defined consumer groups.

NBC and CBS were the dominant networks throughout the early fifties. They had the advantages of successful radio programming, big-name stars, and high ratings, all of which enabled them to attract more and better-located station affiliates. NBC, the first television network, began broadcasting in 1946 under the guidance of TV visionary David Sarnoff. Sarnoff saw the adver-

tising potential of television and urged RCA, NBC's parent, to acquire TV stations. This gave NBC a significant head start in signing up stations before the freeze and, by the fall of 1948, it had twenty-five affiliates in the Northeast and Midwest plus a few affiliates on the West Coast.[5]

CBS initially was wary, but corrected its late start when it bought ABC's VHF station in Chicago, then went on to buy other stations in other major markets.

ABC and Dumont were the third- and fourth-place networks, both hurt by the FCC freeze, which delayed their growth. ABC was eager to move into television but, lacking capital, merged in 1953 with United Paramount Theatres, whose head, Leonard Goldensen, became president. Although the other networks offered extended schedules, ABC lacked talent and established programs, so Goldensen turned to Disney and Warner Bros. for a number of westerns and led a stampede to what was to become a programming staple—the filmed series.[6] The hugely successful "Walt Disney Presents" and "The Mickey Mouse Club" greatly improved ABC's image with advertisers. Goldensen's move initiated a shift not only from live to filmed programs, but a move from the East to the West Coast in program production. The influence of the New York stage gave way to outdoor adventures and westerns. NBC and CBS, who had previously cast Hollywood in the role of deadly rival and avoided any cooperation, now reconsidered, and the Hollywood producer became a major force in TV series production.

ABC achieved great success as the fifties closed. It effectively reduced rates for advertisers by dropping the "must buy" policy (which required the advertiser to buy time on a certain minimum of stations, even if some of them were poor markets for his product). It also led a trend toward shared sponsorship, enabling several advertisers to share the cost of a show.

The freeze had held many markets to only one or two stations in the early fifties, and that one or two usually chose NBC or CBS. With the end of the freeze, and the disbanding of the Dumont network in 1955, ABC's competitive position was much improved, and by 1957, it emerged as a third major network.

Dumont Broadcasting was the only network not built from radio, and was at a serious disadvantage when most markets had

fewer than four stations. CBS and NBC, with their head start from radio and their larger groups of affiliates, tended to get the first pick of the TV station litter; Dumont and ABC got the runts. Since many markets still had only one or two stations, multiple affiliation was common in the fifties, but Dumont was not a popular choice because it could not offer ready-made programming and established talent from radio. Dumont, perhaps more than any other network, was penalized by the FCC freeze, which limited the number of stations and thereby the number of possible affiliates.

Another reason for Dumont's difficulty was that Paramount Pictures was a major stockholder. Paramount owned two stations (in Los Angeles and Chicago) and these, plus the three Dumont stations (in New York, Washington, and Pittsburgh) were ruled by the FCC to meet the five-station limit—this despite the fact that revenue from the Paramount stations did not flow back to Dumont. Thus a key source of revenue was denied, preventing Dumont from becoming truly competitive with NBC and CBS.[7]

At first, Dumont offered itself to medium-size advertisers at reasonable prices, but when a cash crisis forced it to sell its flagship Pittsburgh station, Dumont began cutting back on its use of costly coaxial cable for networking, reducing its output even more. In 1955, Paramount asserted its control and discontinued the network, its losses becoming mostly ABC's gain.[8]

In the first half of the decade television programming and advertising were still based largely on the radio model, which stressed corporate identification and goodwill.[9] A sponsored program was a testament to the sponsor's noblesse oblige. The public, he hoped, would remember and feel good about the company and its products. This era is often called the "golden age" of television because only forty to fifty percent of American homes had television, and they were largely urban, better educated, and upper-income homes.[10] Advertisers purchased television as an upper-income-bracket supplement rather than as a competitor of network radio, and programs had a literary quality designed to appeal to this upscale audience. Much like cable TV today, television's selling problem during this early period was its lack of circulation. Had television been a mass market medium from the start, many of its programming successes, such as the anthology format, would most likely have been rating failures.[11]

As the TV market grew it became a less elite medium: middle-class and lower-class families got TVs, Baby-Boom children were now old enough to switch the dial, working mothers wanted different programs and schedules, and formerly successful shows aimed at upscale audiences began to fail.[12] The peacetime economy had become glutted with consumer goods, and advertisers directed a steady stream of advertising into network and spot television in an effort to head off a business slump. Production of consumer products had caught up with postwar demand and advertising costs were up.

Feeling a pinch, advertisers looked for more cost-efficient ways of using television, and at new marketing strategies that targeted smaller, more differentiated groups. Few advertisers could afford to sponsor an entire program or allocate so large a slice of their budget to one show. Networks, too, wanted to open their schedules to smaller- and medium-budget advertisers for, although their budgets were smaller, their number was enormous.

A major shift in TV sponsorship occurred as TV became an aggressive selling medium for individual products. The food, drug, soap, toiletry, and tobacco industries accounted for 60 percent of television advertising revenue in 1958,[13] and each of these industries was geared to chain, supermarket, and shopping center methods of distribution. The pace of marketing and TV programming quickened. *Reach* was the new catchword for advertising buys. Reach is the number of different households estimated to hear a given message, and may be opposed to *frequency*, which is the number of times a message reaches the same audience.

Television moved away from the radio pattern of single program sponsorship, which offered frequency; and such network practices as alternate-week and shared sponsorship, as well as participatory buying, which provided greater reach because the advertisement was viewed on a number of different programs, thus extending its audience.

ABC, struggling for major league status, pioneered *shared sponsorship*, in which sponsors shared a program but dominated different segments. Compared with *alternate-week sponsorship*, a related practice which had similar benefits, this reduced advertising control, and helped the moderate-size advertiser to afford

television. By 1956 only 15 percent of television shows promoted single products or were corporate in nature.[14] Together with dropping the "must buy" policy (which required advertisers to air their message on a minimum number of stations) this new pick-and-choose approach reduced the cost of TV advertising, and also reduced sponsor control of content and scheduling.

In 1950 Sylvester "Pat" Weaver of NBC introduced participatory buying (also known as the magazine concept and multiple sponsorship) out of necessity. At the time AT&T had only a few coaxial cable links connecting TV stations in the East and Midwest, and networks fought each other for their use on a show-by-show basis. Dumont, in particular, was affected, and complained to the FCC. The FCC forced the major beneficiary of these cable links, NBC, to make two concessions. First, NBC had to originate its Saturday evening schedule in Chicago during the first hour of prime time, freeing one east-to-west cable. Second, it could not require affiliates to take its entire two-and-a-half-hour programming block. Instead, this block had to be offered in thiry-minute segments, enabling affiliates to select programming from all networks.[15]

This FCC dictum motivated NBC to revolutionize sponsorship. To the previous three ways of sponsoring a program—direct (one sponsor per show), sustaining (paid for by the networks), and co-op (no national sponsor but locally inserted commercials)—NBC added *participatory sponsorship*, whereby a program was carved into separate segments and sold to a number of sponsors. Weaver revised what had been the "Saturday Night Revue" into the one-hour "Jack Carter Show" and the ninety-minute "Your Show of Shows," and began selling programs by the quarter- or half-hour.

This format was to see its logical evolution in one-minute participations, which were introduced in times bordering prime time as early as 1954. Networks opened up this fringe buying area because choice evening and daytime programs were filled. "Today," "Tonight," "Home," and "Pinky Lee" were all originated as programs sold by minutes. The 1958 business recession caused NBC to sell not only fringe time but prime time by the minute.[16]

Minute participations appealed to new and limited-budget advertisers because it minimized risks in untried or new programs. Programs with a proven track record continued to appeal

to full or partial sponsors. The proportion of minute participation grew constantly, to the consternation of station reps, who charged that the availability of minute buys on the networks cut into local or spot revenue. Local stations also accused network minute participation of encroachment on their spot territory, but the multiple sponsorship pattern grew because it helped networks fill out their schedules.

Cost was always an important factor in the new forms of advertiser participation. Television was expensive only as long as it continued to use the same buying policy as network radio. In the radio patterns of sponsorship, the smallest unit of time available was a fifteen-minute block, for a minimum of $50,000, which eliminated the small advertiser. Multiple sponsorship patterns encouraged even SOS soap pads and Adolph's Meat Tenderizer to buy prime time programming.

Participatory buying and other multiple sponsorship patterns, together with a new pricing policy called *cost per thousand (CPM) theory* (which sold programs based on the thousands of viewers reached) led to programming and sales based solely on audience size, not content.[17] Thus, ratings information and concepts like reach and frequency grew in importance.

Evolution of the Modern Commercial

The decline of single program sponsorship meant the decline of sponsorship identification as a measure of advertising effectiveness. The rule of thumb was that the larger and the slower the movement of the product, the more vital was sponsor identification, so as packaged goods and small item advertisers became the dominant group in TV advertising, the link between the advertiser and the program weakened. Single program sponsorship had offered an opportunity for clear-cut identification with vehicles and stars, and advertisers had used this identification in conjunction with frequency to get maximum effectiveness. However, as advertisers sought multiple sponsorships in order to reconcile program costs with circulation, this measure became obsolete. Sponsors decided that remembering the advertising source—whether magazine, radio show, or TV program—was not important. Westerns and mysteries, in particular, served

as key vehicles for participatory sponsors, who created "drop-in" commercials instead of commercials designed to fit into the theme of the show.

Another new time-buying practice of the fifties was shorter-term advertising campaigns called *flights*. A flight is the number of weeks an advertiser runs his campaign. Whereas single-program advertisers made long-term commitments of thirty-nine to fifty-four weeks, participatory and minute participations replaced these long-term commitments with shorter flights. Thirteen-week flights were standard by 1958,[18] and three-, four-, and six-week sponsorships became available as minute participations accounted for a larger portion of the network schedules—51 percent of the evening schedule by 1962.[19] Short flights were believed to motivate consumers more than longer, more diluted campaigns, and the new multiple-sponsorship patterns made smaller advertisers desirable to fill chinks in network schedules. The term *sponsor* was redefined to mean an advertiser who purchased more than one minute in an individual show.

Participatory buying offered the advertiser a number of advantages. It made the cost of TV affordable for all sizes of advertisers and allowed them to spread their message through a number of programs, expanding the number of different homes reached. It reduced risk by reducing long-term program commitments.

Networks offered discounts to encourage multiple purchases. Pat Weaver introduced and boosted what he called *vertical saturation*, offering discounts to advertisers whose program buys were back-to-back. *Horizontal contiguity* offered discounts during different days of the week and rate cards were adjusted to accommodate the big-volume, multi-program sponsors. By 1959, a dozen sponsors dominated the three networks, encouraged by the $500,000 to one million dollars in discounts.[20]

With big sponsors buying so much time, networks had to adjust their schedules to accommodate small advertisers. One means of adjusting was by easing product protection policies. These policies dictated that no two competing products, such as two brands of aspirin, would be advertised during the same thirty-minute block. This limited the number of possible sponsors within the block. By 1958, NBC reduced its nighttime separation from thirty minutes to fifteen minutes.[21]

Another accommodation was to allow buyers to select station areas in accord with marketing and distribution needs. The "must buy" policy, in effect since the inception of television, had required certain "basic stations" be included in the buy. NBC, for example, had required advertisers to buy fifty-seven basic stations, whether or not the advertiser distributed in all of these markets.[22] By 1959, all networks had dropped this policy, allowing sponsors to pick markets to fit demand, provided they bought some minimum amount of advertising. Both CBS and NBC converted to the "minimum dollar" policy after ABC originated it, and after FCC encouragement in the Barrow report. This new policy made the networks comparable in shape and flexibility.

Networks adjusted their schedules to accommodate these changes in buying policy. Daytime programming saw an increase in audience participation and personality programs and a decrease in dramas, reducing costs and expanding schedules. All the services except Trendex began to measure daytime audiences. High ratings, low costs, increased reach and frequency through saturating schedules—all encouraged advertiser interest in daytime television. Even more important, advertisers decided housewives were the primary purchasers of small impulse products, and daytime TV delivered an audience of housewives.

Where early radio advertisers had worried about holding audience attention for fifteen minutes, the half-hour TV show was standard by the fifties, and by the decade's end, the new hour-long standard was expanded to ninety minutes; even two-hour specials were not uncommon.[23] Longer formats were designed for multiple sponsors while alternate-week and full program sponsorship typically was reserved for half-hour programs. Longer programs encouraged shared and participatory buying for advertisers who could not afford single sponsorship.

Another departure from regular schedules was the "spectacular." These programs, intended to attract large audiences through special promotional campaigns, made the half-hour program inherited from radio even less common. Later called specials, spectaculars were introduced by Pat Weaver in 1954 as one-shot programs and dominated TV schedules through 1959. They were designed to sell hard goods, like cars and refrigerators and seasonal products, rather than "hard core" TV products: food, drugs, and cosmetics. Although expensive to stage and

unpredictable in the ratings, spectaculars offered the sponsor the last vestige of sponsor identification. Spectaculars also helped to sell color TV sets, particularly important for RCA, NBC's parent company. The NBC schedule made lavish use of color and the peacock became its corporate logo.[24]

Still another shift in network strategy was arranging program schedules like building blocks to capture and hold audiences. It was known from radio that a program inherits an audience from preceding programs and can build an audience for the following program, but radio sponsorship patterns had given control of scheduling largely to the sponsor. The sponsor who owned 9:00 to 9:30 P.M. on Monday evening was assumed to hold a franchise on this time period and had little interest in the total schedule. By 1960, the networks had taken control of programming and sponsors were reduced to buying spots which the network offered.[25] The networks began to plan competitive strategies to further their own ratings and reduce those of competitors. Strategic scheduling attracted advertising customers who used ratings to make decisions.

Multiple sponsorship, together with deliberate strategies to increase audiences, constituted a revolution in TV program production and sales. Sponsors lost control of production and time periods. The sponsor's influence was reduced to two options—to buy or not to buy—because he could no longer control or adjust the content or use televison programs as a vehicle to promote sponsor identification. As a result, the role of ratings grew. No longer personally involved in program production, sponsors had to rely on rating information in placing their commercials.

Ratings and Networks Under Attack

All these network adjustments magnified the importance of ratings in the overall business transactions of television. Ratings became the nervous system of television, the means by which advertisers chose and evaluated their purchases, and by which networks and stations evaluated their programming and schedules. Multiple-sponsorship patterns, rising programming costs, a sagging economy, and saturated markets all encouraged buying by numbers. Gross household rating points and cost per thousand

households replaced sponsor identification as a measure of the link between TV advertising and product sales. Ratings became so important to the TV business during the fifties that two different investigations focused on rating use and abuse. The Barrow report, an FCC study issued in October 1957, banned option time (times when the network had priority over local stations) and the "must buy" policy.[26] The report also required the publication of affiliation agreements and upheld the rights of nonaffiliates. It provided penalties for breaking the rules.

A byproduct of the Barrow report was rumblings of uneasiness in Congress, which worried over the influence of ratings on program selection since, to many advertisers, ratings now meant only circulation. Some said that ratings had lost their meaning because members of industry were able to manipulate them through high pressure promotion during ratings week, called *hyping* or *hypoing*.

These concerns climaxed in a congressional investigation known as the quiz show scandals. The quiz show was the ultimate means of pushing the consumer ethic. Contestants were showered with consumer goods in exchange for product exposures on the programs. As the economy slowed during the late fifties, quiz shows were favored because filmed series were more costly and risky and did not provide the high degree of sponsor identification for which quiz shows were noted.[27]

The quiz shows skyrocketed to phenomenal success with both advertisers and viewers. The "$64,000 Question," begun in 1955 on CBS under the sponsorship of Revlon, was within a month the most popular program on the air, and its audience grew by 500 percent in just seven weeks.[28] The success of the "$64,000 Question" bred a host of imitators, including "$64,000 Challenge" and "Twenty One." In 1958, however, amid rumors of rigging, CBS cancelled "Dotto," another imitation. Within a day, twenty quiz shows left the air. By 1959, the TV networks were caught up in a wave of hysteria accelerated by politicians and the press. At a House committee hearing, Charles Van Doren, who won fame as a contestant on "Twenty One," admitted to being fed answers prior to the broadcast.

The quiz show scandals, in conjunction with the radio payola scandals during the same period, focused public and government attention on the rating system and its domination of

network programming decisions. These scandals were also a factor in the network trend away from single program sponsorship patterns to multiple sponsorship. As a result of the quiz show scandals and revelations in the Barrow report, ratings came under increasing government scrutiny during the later fifties and sixties, culminating in a major investigation in the sixties which revealed rating corruption and incompetence.[29]

TV advertisers turned to the use of spot and local TV in the fifties because it was attractive during times of economic recession; it could be adjusted to fit pocketbooks and carried no programming costs or headaches.

Network minute participations and multiple-sponsorship patterns brought network television to resemble spot buying. The biggest investors in participatory buying, as in spot TV, were fast-turnover package goods such as food, groceries, toiletries, liquor, tobacco, and drugs. It was not coincidental that, as networks accommodated a growing number of advertisers from this impulse market, network TV grew to resemble spot TV, and it spurred a need for local market ratings.

The purpose of the local rating was to reveal the individual market differences which the national rating masked. The buzzword among advertisers was that people watch television and buy products at the local, not national, level. While a national rating telescoped viewer information, providing an overall reflection of a show's popularity, local ratings permitted city-by-city comparisons. A client's sales potential, after all, varied from market to market just as the size of the television audience did. The local rating allowed the advertiser to analyze sales market-by-market, check product sales with the district sales manager or local distributor, and determine if high ratings had led to actual sales. The local rating related advertising to distribution and sales patterns.

A major factor in the growth of spot television in the early fifties was the FCC freeze. Broadcast historian Erik Barnouw characterized the years of the freeze (1948–1952) as a laboratory period.[30] While New York and Los Angeles each had seven stations, many major cities had none, and several other markets only one station. During this period, networks were given the opportunity to refine their formats and techniques while serving a

limited audience. Thus, the freeze affected the growth of both network and local television.[31]

After the freeze was lifted TV expanded rapidly. TV stations were built in growing numbers and became more competitive. After the thaw, one station could no longer carry the most profitable programming of the four networks. TV competition for advertisers in the modern sense had begun, and rating services reflected the trend.

After the Thaw: TV Covers the Nation

The freeze ended in April 1952 with the Sixth Report and Order, which created technical standards and assigned station allocations. By the mid fifties, TV had grown from 108 stations to 530 stations,[32] but a serious inequality resulted from the Sixth Report and Order when very high frequency (VHF) and ultra high frequency (UHF) stations were treated alike, even though UHF signals have a more limited range.

The net result was to establish unequal coverage conditions, and UHFs in intermixed markets were at a great disadvantage. UHFs had to face the double limitation of greater VHF coverage areas and a preponderance of VHF-only sets. Network affiliates were typically awarded to VHFs, because both networks and advertisers relied on circulation. By 1955, UHF station expansion had come to a standstill and one-third of the 150 UHFs that had gone on the air since the freeze expired.[33] The remedy did not come until the sixties, when the Complete Channel Act required manufacturers to make TV sets with both VHF and UHF reception capabilities; in the meantime, television's commercial growth took place on the VHF band.

Another oversight of the Sixth Report and Order was its failure to provide for small towns and rural areas in its allocation system. Small towns rarely generated enough advertising revenue to support a station, and broadcasting characteristics of VHFs and UHFs were such that no television assignment existed which was equivalent to radio's cleared stations. Communities, some of which received only one or two networks, soon took matters into their own hands, resulting in CATV or cable television.

The unequal assignment of stations in many regions was now thrown back into the FCC's lap. Its faulty station allocation assignments were of prime importance to local advertisers because they were waiting in line for desirable time slots in many markets. More stations meant more homes available to advertisers. The Sixth Report and Order limited spot TV in many markets because of uneven allocation assignments.

However, spot television had made progress by the mid fifties and ABC, a third outlet, boosted the number of slots. The release of spot television spending figures by the Television Bureau of Advertising gave for the first time a measure of advertisers' expenditures. Spot television provided greater flexibility in cost, timing, and marketing selections, and individual market treatment could be provided for national brands. New product introductions could be made without the expense of a national television budget, leaving more dollars for distribution. Individual markets proved better for testing new commercials and new products, or changes in strategy. Advertisers could buy local program adjacencies in network programming next to top-rated shows and reach a large audience for only a short time on the air. Spot TV could be used to supplement network program buys by hitting markets with a smaller share of the audience to bring sales up to par. Spots were purchased to improve frequency and saturation for hard sales. Spot TV gave the advertiser flexibility in naming prices in individual markets, often needed due to transportation costs.[34]

In addition, a wider range of markets and time periods was available through the use of spot TV. A multiproduct advertiser could vary his television coverage to hit the hardest where his products had the greatest use, and could feature his products in many different areas of the country. Many advertisers began to move into daytime TV, essentially a spot market. The release of syndicated programs and feature films in the late fifties also stimulated the use of fringe time for spot purchases.

In the late fifties, the boom in rating service growth was in spot and local television measurement. Local TV measurement was focused on a simple question: How big is the program audience for each station? An important cause of variance for spot TV was the area surveyed. Some rating services covered only the

city limits; others used metro areas or areas of common coverage by all stations in the markets. No standard existed. Each service claimed to get information from a "miniature" of the market surveyed, but the national rating services' different interpretations of basic questions resulted in different answers.

The growth of local market measurement both followed and accelerated the use of spot TV in the fifties. Through rating service data, an advertiser could experiment with the effect of different buying strategies. Buying a horizontal schedule—the same time every day—improved frequency or saturation, while buying a vertical schedule—scattered throughout the same day—cut frequency and expanded the reach or range of viewers. The use of ten-, twenty-, and thirty-second spot advertisements could achieve frequency at low cost.[35] Rating services also estimated the number of homes reached and the number of times these homes were reached during a given time period, permitting cost per thousand to be calculated. This kind of analysis was now important because spot TV meant the loss of sponsor identification. Unlike network participations, most spots were on film or slides and there was no attempt to integrate their messages into programming. As with network time-buying practices, the local time-buying function, for better or for worse, was tied to numbers.

Syndication also encouraged the growth of spot television. Syndication, the selling of programs on a station-by-station basis, was a necessity during the early fifties because AT&T's coaxial cable did not cover the United States. Kinescopes, films shot directly from the picture tube, were shipped to cities not connected by coaxial cable. Although kinescopes were grainy and lacked definition, viewers watched them because there was no other way to receive network shows. The development of a system using three film cameras like TV cameras in the studio improved the efficiency and cost of film production. This multicam system, along with the success of such programs as "I Love Lucy" and "The Lone Ranger," led to 20 percent of network shows on kinescope or film by 1953.[36]

The filmed series meant reruns, which spread production cost. Seasons, those periods in which networks competed through first-run episodes, typically ran thirty-nine weeks with

thirteen repeated episodes during the summer. Profits from the syndication market also could be used to defray the rising cost of outdoor formats.

The advent of film and videotape was of particular importance to local stations. By 1955, the backlog of network series and feature films was big enough to sell on a syndication basis, solving programming headaches for local stations. This use of syndicated programming added a further competitive dimension to local TV, although it signalled the death of many live shows. The growing acceptance of syndicated reruns and feature films at the local level provided solid and permanent tools for the regional and local advertiser, helping to stabilize buyer-seller relations by removing uncertainty. The growing use of films by local stations helped to move advertisers into local TV and stimulated the need for local TV measurement. Many rating services such as Nielsen and Pulse offered audience composites of syndicated programming to help the advertiser choose the right type of film to reach his potential customer.[37]

4 THE BATTLE TO MEASURE LOCAL MARKETS

Ratings Methods in the Fifties

THREE TECHNIQUES DOMINATED in the fifties. American Research Bureau (ARB) used a *diary*, a form on which one household member recorded, in a prescribed manner, information on television viewing. It typically asked for such information as program name, channel, and sex of listeners by quarter-hours. Diaries provided total audience ratings, computed by quarter-hours, and so did not yield average minute ratings. To calculate total audience ratings, the number of households counted in fifteen-minute intervals was expressed as a percentage of a specified base, usually the potential television audience.[1]

The basic diary (still used at local levels today by both ARB and Nielsen) was designed to accommodate the lifestyle and market conditions of the early fifties. Jack Hill, a senior vice president and director of research at Ogilvy and Mather for many years, explains:

> The diary was designed at a time when television was primarily dominated by only two networks, when there weren't enough programs to fill the hours of the day, and the programs on television were familiar to Americans from radio. Remember too that life was simpler then: men worked, women cooked, and kids went to school, and they all had dinner together regularly. That now-extinct creature, the Lady of the House, faithfully recorded all viewing in the diary, a not-so-difficult task when the entire family shared their viewing on a single set. . . . Strains on the diary were to multiply with the increased availability of program services and lifestyle changes.[2]

The diary was not without its critics. One weakness was sample bias due to low cooperation rates. Further, critics argued, the diary method is hearsay, since the housewife typically records for the entire family. A corollary problem was the diary's reliance on human self-report and the resulting recording errors. Moreover, until the fifties, diary measurement was limited to one week per month. This meant that no useful information could be provided concerning audiences over a period of time. However, it was cheap.

A second method in use during the fifties was the *personal interview*. There were two primary types, the telephone coincidental pioneered by Hooper and also used by Trendex, and the in-home interview used by Pulse. The telephone coincidental questioned in-home respondents about what they were viewing when the phone rang, and secured information as to others watching at that time. In addition to being subject to problems of representiveness (only telephone homes could be reached), the telephone coincidental was expensive.[3]

The personal in-house interview, by contrast, represented television viewing during the preceding twenty-four hours by individual household members. It was a recall method and provided a measure of total audience. Details of viewers and household characteristics were collected. Pulse, the firm most identified with this method, used a program schedule to reduce the problem of memory loss. The personal interview method was also criticized for contributing to human error by interviewing one family representative for the entire family's viewing. Its big advantage was the qualitative information it provided about the purchases of TV audiences. Its high cost limited it mostly to metropolitan areas.

A third technique used by a major rating service during the fifties was the automatic recorder or *meter*. The pioneer of this method was A. C. Nielsen. Nielsen's Audimeter served as the backbone of his national service, the National Television Index (NTI), until the eighties. NTI used weekly mail-in tapes until a competitive threat from ARB forced Nielsen to introduce his instantaneous service in the late fifties.

As with the other methods, meter measurement was subject to errors, and Nielsen's mail-in tapes slowed his reports. A more serious flaw was the lack of demographic information, a conse-

quence of eliminating the human factor from his automatic method. Costs of attachment limited the recorder to a small sample size, and other problems included tape defects, low cooperation, and infrequent sample updating.

Why Nielsen Dominated Network Ratings

A. C. Nielsen Co., in addition to its radio and television research service, was the world's largest market research company. Only 22 percent of the company's total sales were accounted for by its broadcast division. Nielsen had added his broadcast audience research business mainly to assist his market research clients in improving the efficiency of their advertising. By 1958, Nielsen had invested twelve million dollars in his meter-based service and was just beginning to recoup. His Food and Drug Index profits had carried his radio-television operations for years.[4]

Neilsen's NTI report, issued every two weeks, was based initially on a sample of 460 television-equipped homes from Nielsen's National Radio Index (NRI) sample.[5] By 1957, Nielsen expanded his sample to 900[6] and by 1961, to 1,100 homes.[7] Although he originally employed quota sampling (see chap. 2), as had many early researchers, Nielsen soon converted to random sampling within counties, civil divisions, and city blocks, using the U. S. census (area sampling). When Nielsen began survey research, random sampling was viewed skeptically, but its principles had become widely accepted by the fifties. He converted in order to track population shifts between census surveys.

Originally he employed a fixed sample, a panel of selected households which he could reuse to draw conclusions about listeners and viewers. A fixed sample had to be drawn and used carefully. Accuracy had to be assured in the original selection of the panel, and proper maintenance required updating for population shifts and new marketplace factors, but the cost of his Audimeter-based sampling was so great that Nielsen could not afford frequent updating.

To double the accuracy of a sample, it was necessary to double its square root. Thus, for a sample of 100, the square root, 10, would be doubled to 20, and the new sample size would be

20 times 20, or 400. While such an increase would be significant statistically, Nielsen argued it was not that important practically. And it quadrupled the cost. Nielsen also claimed that a fixed sample shows trends from week to week, because whatever might be wrong in panel selection would be wrong to the same degree each week and therefore changes must represent real trends. Although his arguments were self-serving, they may not have been altogether wrong.

Nielsen's basic NTI services continued all the reports originated from radio. These included the percentage of all television sets in use (now called households using television), the percentage of all television homes tuned to the specific program (the rating), and the percentage of total viewers watching a program or station (the share). NTI was projectable and could provide an estimate of the total number of national television homes watching. Nielsen also provided a measure of the average audience (the percentage of homes tuned to the show during an average minute of the program) and the total audience (including tune-ins and -outs).

NTI provided its TV information in four forms:

1. A pocketpiece was issued twenty-four times a year, giving program ratings, average and total audience, audience share, and sets in use.
2. NTI Complete Reports provided a summary of biweekly information every two months. This included information on minute-by-minute audience, and program viewing by region, county size, family size, CPM, and cumulative or nonduplicated audience, a measure which factored out recurring viewers.[8]
3. Multi-Network Audience Reports (MNA) covered monthly network programming in the twenty-three cities where all the networks had affiliates.
4. National Audience Composition Studies (NAC), made possible through the development of Nielsen's diary-based local TV services, provided viewing information on program and time-period demographics divided by men over 18 years of age, women over 18, teens (12–17),

and children (4–11). These reports were issued every few months.[9]

The weapon which enabled Nielsen to defeat the established Hooperatings and dominate network television throughout this period was his electronic method—the automatic recorder which he called the Audimeter. Hooper's advantages, before the Audimeter, had been his superior method, lower costs, and speed. The charge for the Hooper service was under $200 per month, compared to $1,900 for NTI.[10] While Hooper's telephone coincidental method reported in a few days, Nielsen's early Audimeter service took weeks. To speed up delivery, Nielsen introduced the mail-in Audimeter; instead of having a staff member visit the home, the respondent now removed and mailed the tapes every two weeks.[11] This reduced delivery dates from five weeks to three or four.

Whatever the flaws, all four networks were buying NTI reports by the summer of 1945. Trade acceptance of NTI was based on several factors. NTI ratings, and meter ratings in general, were believed to eliminate the human bias of the other methods, thereby improving accuracy. Meter ratings also provided greater sets-in-use levels, which, Nielsen argued, pointed to the inaccuracy of methods which relied on human reports. Critics, on the other hand, argued that the definition of viewing as set tuning overstated viewing because it did not measure viewer attention or if anyone was watching at all. In addition to the now-standard measures of gross audience size and audience distribution, Nielsen used many analytical tools made possible by the fact that he owned what was then the world's largest computer installation. At the heart of the NTI rating system was a belief not only in electronics but also in computerization. It permitted Nielsen to reuse and recombine his data to present different views of the viewers. Many advertisers thought the Nielsen services to be the one real measure, that Pulse and ARB were merely short cuts or temporary expedients.

The wealth of diagnostic features which the Nielsen service provided differentiated it from the other services. Nielsen compared his competitors to a thermometer, which indicates how sick the patient is but gives no remedy or diagnosis. He claimed NTI offered a diagnosis, like the stethoscope and X-ray, which

can point to ways to improve sales.[12] These diagnostic features were to become important in the face of changing sponsorship patterns stimulated by economic recession and the glut of the consumer durables market. With the influx of many smaller multiple-product sponsors into TV, sponsors needed tools by which to plan and evaluate their buys, and they needed more than ratings to get maximum results per dollar. NTI service provided the greatest number of diagnostic tools honed against a consumerist era of marketing and advertising.

At the heart of the Audimeter-based system was its average audience ratings, the straight arithmetic average of the audience level during each minute of the broadcast. When TV first emerged in the fifties, many stations complained about the average minute rating produced by both coincidental and meter measurement. Stations thought that such ratings gave buyers more muscle and produced smaller audience figures, because they provided measures of average, not total, audience. However, the average audience rating became engrained in the business of television. As a measure of audience size during the average minute of the program or commercial, this measure was of obvious importance to advertisers, and its importance grew as program sponsorship shifted from one sponsor/producer per show to participatory sponsorship.

The basis for network-buyer negotiations became the average audience rating. It eliminated the influence of program length in an era when programs varied from thirty minutes to as much as two hours. A measure of average audience provided an estimate of the commercial audience, the number of homes exposed to commercials, in the various time periods. Total audience ratings did not allow for tuning in and out, and were less useful in determining commercial audience.

In eliminating the program-length variable, Nielsen's average audience ratings also provided a more valid basis for measuring a program or station's share of audience. Total audience ratings were not directly comparable because they measured any home tuned in for any part of a program, and could exceed 100 percent. Thus the term *share*, the percentage of sets in use tuned to a specific time period or program, had a different meaning for each program.[13] In the early days of television, the majority of TV homes were located in one- or two-station markets, and a

station in a one-station market received 100 percent of the sets in use. With the increase in stations and markets during the late fifties the share took on more meaning.

A measure of minute-by-minute audience, together with a fixed sample, permitted Nielsen to measure program flow, or the number of homes tuning in and out during and between programs. Advertisers and programmers used audience flow to evaluate the different parts of a program and how contiguous programs affected these parts. Networks analyzed audience flow between competing, preceding, and following programs to determine the specific type and quality of homes that could be attracted to programs. Minute-by-minute audience flow also helped advertisers plan commercial placement, evaluate audience duplication, and write commercial copy.

Nielsen also provided a measure of turnover, audience tune-in and tune-out over a period of time. Audience turnover implied that groups affected by one advertisement may differ from groups affected by another. Turnover was the opposite, then, of audience loyalty, and meant that a program acquired different audiences over a period of time, or over several periods of time. Certain scheduling patterns, such as the same time Monday through Friday (known as *stripping*), and certain program types, such as movies, were found to accumulate larger nonduplicated audiences over a period of time. This measure was also known as cumulative audience, net reach, unduplicated reach, or simply, reach. Advertisers now knew that movies had a higher cumulative audience, but they also knew they could reach the same audience repeatedly by purchasing series programming.

Frequency of viewing was another tool important to multiple sponsors. Multiple-program sponsors could learn if they were reaching the same audiences, and how often. Duplication studies were used to evaluate new programming and time periods and to determine the exposure that products would receive from different allocations. Some frequency or duplication was thought desirable in order to saturate the audience and raise the product to viewer consciousness.

Reach and frequency were viewed as important goals for multiple-program sponsors. National advertisers used networks for national circulation and Nielsen offered a measure not only of gross audience levels but of net or unduplicated audiences. The

gross household rating included the same household as often as it tuned in over a period of time. Cumulative audience measures eliminated audience duplication because a household was counted as part of a cumulative audience only once, even though it appeared in the audience two or three times. Advertisers could receive measures of cumulative audience for program purchases made during the same day, on different days, and over several days or longer.

In addition to the reach of a program, the cumulative audience figure also was a measure of network or station circulation. Only Nielsen kept a record of viewing for more than a week during the early fifties. He established a four-week accumulation period—called a four-week cume—as a standard reference to indicate the nonduplicating network, or station, circulation. This four-week cumulative average proved useful for comparing market coverage of weekly broadcast media with monthly magazines to learn whether a program could be relied on to cover an entire market.

While a national advertiser might buy a network schedule to achieve national reach, he might buy spot television in selected markets to achieve frequency or saturation. He could calculate the frequency of his buy by dividing the gross rating points by the cumulative or nonduplicated audience. A sponsor could also achieve frequency through selected network buys such as programming with low turnover. Such tools helped advertisers improve and evaluate advertising.

Nielsen's sample provided information about the households the advertiser purchased. Because the Audimeter yielded no demographic information by individuals, socioeconomic data by household was fleshed out from the metered household at the time of installation.[14]

Another factor in Nielsen's dominance of network TV was projectable ratings. Nielsen, as we recall, was the first service to claim a true national cross section including rural and nontelephone homes. As a result Nielsen championed a new pricing system based on charging advertisers a specific price for every thousand homes reached by the commercial. This was called the cost per thousand (CPM) theory. Nielsen's Audimeter service was the perfect method for such a system because it provided minute-by-minute or average audience figures. In an era of multiple

forms of sponsorship, the former measures of advertising effectiveness, sponsor identification and celebrity association, were becoming irrelevant, leaving circulation as the only advantage of advertising. Nielsen's introduction of CPM theory was a significant milestone in both rating and marketing strategy.

CPM theory tied advertising costs to audience size. Nielsen believed that the then-current system of advertising pricing was a holdover from before the development of audience research capable of measuring audience size.[15] CAB and Hooper provided rating indices only, and not projectable rating services. Nielsen said this system led to charging two competing advertisers identical prices and then delivering seven times as many viewers to one advertiser as to another. Through CPM measurement, subscribers could reduce costs to comparable figures. The result, according to Nielsen, was that NTI subscribers enjoyed a lower CPM than nonsubscribers.[16] By 1960, CPM pricing had become standard practice.

CPM theory made media buys seem scientific. Time buyers, by projecting the household ratings to arrive at CPM figures, could compare the CPM cost efficiency of one buy to other buys. CPM figures offered relatively objective and comparable means of evaluating and comparing potential and actual audience deliveries. Furthermore, an advertiser could use CPM figures to derive his cost per commercial minute by dividing the CPM household delivery by the number of commercial minutes. It also provided a practical and common denominator by which to reduce programs of different lengths to comparable figures. Another qualitative spinoff of Nielsen reports was product buying data. The objective of TV programming for advertisers was to sell goods. A measure of product buying was therefore as important as program viewing and Nielsen had introduced a product usage service. Information gathered through his consumer index served as the base for his Program-Market (PM) ratings, which revealed the extent to which homes reached by a program consumed advertised products. Data were gathered by Nielsen staff through bimonthly visits to sample homes to obtain a detailed inventory on programming and advertised products in the home. Sample homes were classified according to the quantity of purchases of each commodity and correlated with program viewing.

All of these features made NTI the dominant network rating

service during the fifties. It had become so influential that in 1954 the American Research Foundation (ARF) issued a list of industry measurement standards which Sydney Roslow, founder of Pulse, labeled as an excellent promotion piece for Nielsen's service. This ARF list of standards defined TV viewing as set tuning and defined the basic unit of measurement as the household. It said measurement should be representative of all households, including the total households or cumulative audience figures over a period of time, and should be expressed in terms of homes reached or projectable ratings.[17] Though not complete, the list does suggest the influence that Nielsen had acquired over the national rating field by 1954. Nielsen's achievement was based on a better capitalized company and a method which best met the major advertising objectives of the period.

Nielsen in the Local Markets: Slow but Steady

When television was introduced in 1948, Nielsen added a television component to his national radio sample and, as we have seen, soon dominated network TV ratings. The more intense drama for ratings service dominance, however, was played out on the local market stage with the central conflict still centered on methodology. In addition to the measurement of a growing number of local markets, each company attempted to offer a unique product. Local market ratings competition resulted in a growing body of generally accepted local rating tools, as well as buying tools which were unique to each service. Concepts such as *sweeps* (the simultaneous measurement of all markets), four-week measurement periods, and regular county coverage studies (measurement of TV markets by county) became standard fare by the late fifties. In addition, each rating service differentiated its products by providing qualitative data, which more closely identified and correlated potential buying qualities of audiences, and claimed to promote efficiency.

In the early fifties, the primary competition on the local level was between Hooper, ARB, and Pulse. These companies competed in local markets to sell their statistical wares and exploited the pressing need of advertisers and agencies for local audience data.

Although his company dominated the network rating business, Nielsen was slow to move into the local ratings field. He did not launch his local measurement service, the Nielsen Station Index (NSI), until 1954, stimulated by ARB's local market instantaneous meter service, called Arbitron. ARB sold its diary-based television service as a package and posed a threat to Nielsen by advancing its meter measurement. Nielsen moved quickly to head off a possible challenge by supplementing his Audimeter-based service with a diary to provide better demographic tools for individuals and households.

Nielsen began his local television measurement in Philadelphia and Los Angeles. He planned to use his meter-based national method on the local level, but stations balked at the cost. Nielsen compromised by introducing a diary, called the Audilog (adjusted to the sets-in-use level of a simplified version of the Audimeter) which measured the amount of tuning but not the station viewed.

Staff inverviewers checked the meter against the diary or Audilog to control for inaccuracies that Nielsen believed accompanied the diary method. An engineer by training, Nielsen did not have much confidence in human self-reports.

Nielsen soon expanded his local measurement service to the thirty NTI cities that he used for his national service. An important byproduct of NSI service was his National Audience Composition (NAC) reports, which were used for his national service. As previously noted, NAC reported every few months in four demographic categories: men over 18 years of age, women over 18, teens, and children.[18] This information was available from Audilog data and also could be adjusted to the household levels of his national meter-based service.

NSI reports provided information on station circulation and share. The reports gave information on metropolitan areas (metro ratings) and for station coverage areas. The metro area was the Standard Metropolitan Statistical Area (SMSA) of the U. S. census. NSI station coverage area defined the area where all principal viewing of a station took place.

The use of NSI areas was a step forward in developing a local measurement geography. Early radio had been characterized by vast differences in individual station coverage patterns as a result of the wide range of allocation assignments. Thus, rating

companies during the first period of rating research confined their measurement to metro areas. Other factors such as the limitations of a telephone-based method reinforced this metro geography. The result was that stations did not receive credit for viewing outside their metro areas. Although NSI areas were not publicized as unduplicated areas, they were non-overlapping areas. Although they were then available only by special reports, a seed had been planted that would grow into a more standard station geography. The full potential of these unduplicated areas of station viewership was to lie dormant until the sixties, when they caught the attention of innovators at ARB. Nielsen, however, used them to calculate station totals which, together with standard metro ratings, served as the basic measurement geography for local TV stations during the fifties.[19]

In 1958, Nielsen offered instantaneous local ratings. These ratings were the product of a fully automated metered service which produced instant ratings or, as they are now called, *overnights*. Nielsen's hand was forced when ARB offered a full-scale instantaneous meter service in New York and announced plans to expand to seven cities.[20]

In addition to NTI, NAC, and NSI, Nielsen also offered, in 1951, an index of program popularity called Multi-Network Audience (MNA) Reports. Similar to Hooper's service, Nielsen's popularity rating index enabled advertisers to compare TV programs independently of station areas and the number of program choices available to viewers at the time of the telecast. Popularity ratings were based on viewers served by all the three networks. Trends regarding program popularity or performance were more closely related to these ratings than to corresponding measures of a program's total coverage, which did not control for differences in station coverage areas, or network/station clearance policies. The popularity rating was claimed to eliminate all factors except for inherent differences in programming appeal.

Nielsen also offered a comprehensive coverage service, called Nielsen Coverage Service (NCS), which replaced a former cooperative effort by advertisers and broadcasters called the Broadcast Measurement Bureau.[21] Coverage was a measure of a station's potential audience within its signal range and was important to the advertiser because measurement was restricted to metro areas. Although station totals were provided by projectable

rating services, these totals did not indicate exactly where the population of each station's audience was concentrated. Viewers-by-county was useful in aligning distribution or retail outlets with advertising. Although stations often projected metro estimates to the entire coverage area, these formulas assumed that viewing patterns in the outside areas were the same as in the metro, and that this constant relationship existed for all programs at all times of day. The true relationship was unknown.

NCS supplied audience information for both buyers and sellers of ratings. It attempted to answer such questions as: How big is the station's market? How many families watch it and how often? Where are these families located? What are their characteristics? What other stations compete for the same audience? And for radio, How important is the out-of-home listening audience?[22]

NCS used a combination of national and local audience data from Nielsen's national and local services. In addition, NCS employed a field organization which claimed to interview families in three thousand counties in forty-eight states. Interview questions were adjusted to Audimeter levels.[23] This adjustment elevated the response rate, a problem for the Broadcast Measurement Bureau.

NCS conducted three TV coverage studies in the fifties, one in 1952, one in 1956, and one in 1958. To receive the first two studies, agencies had to purchase complete state reports. By 1958, this information was available by individual markets and counties, which included most major cities. Such information included the composition of station audiences by frequency of listening/viewing, economic status, family size, product ownership, and race. NCS also provided an average number of homes reached per minute for each station and for each network.[24]

NCS's major competitor in coverage measurement was the Standard Audits and Measurement Bureau (SAMS) headed by Dr. Kenneth Baker, formerly of the Broadcast Measurement Bureau. While both NBC and ABC subcribed to NCS, CBS chose SAMS. ABC cancelled NCS in 1961 to employ another service, Sindlinger, after comparing Nielsen's national and local surveys and discovering that the sum of the parts was greater than the whole. Neither SAMS nor Sindlinger became mainstream rating services.

Pulse in the Local Markets

Another competitor in local market ratings was Pulse, a family-owned business founded in 1941 by Sydney Roslow, a Ph.D. in psychology. He converted an unmarketable radio program, "Pulse of New York," into a rating service during the heyday of network radio, but did not expand his New York–based survey until 1945. Pulse provided multicity and syndicated-program reports. In the early fifties, Roslow added a television spinoff called TelePulse, a byproduct of his radio surveys. In 1952, television received separate treatment, and Pulse issued multimarket and local reports, although no regular national ratings. Pulse's strength was always in its radio service. With Nielsen and Arbitron, advertisers considered Pulse one of the top three rating services.

TelePulse used three at-home personal interviews and a printed schedule to gather information on television and radio audiences. The program schedule aided recall and reduced bias from faulty memory. Interviewers asked about family viewing before introducing the roster, then used a series of psychological strategies together with the schedule to facilitate memory. Later Pulse added a fourth home visit and increased its sample size.

In addition to standard rating information on program name, age/sex of audience, and station viewership, TelePulse's interviewers collected qualitative information which no other method could match at this time, such as purchasing patterns and product usage. This qualitative information made Pulse unique.

Although TelePulse was sold primarily to the networks and local stations, one-third of Pulse's business was marketing studies for products and for print. Because its method showed total audience rather than average audience, Pulse's ratings were twenty-five to seventy-five percent higher than Nielsen or ARB, and many smaller stations subscribed for that reason.

In 1944, Pulse began multicity reports called U. S. Pulse or Network Program Reports. These were based on the same principle as the old Hooperatings and Nielsen's multicity reports. Surveying twenty-two markets on a monthly basis, they reported qualitative data on audience composition (by men, women, teens, and children), age of household, occupation, product

usage, car ownership, and money spent for cosmetics, food, and drugs. This information was provided for individual network programs by market and for the sample as a whole. Samples were weighted to include those not at home at the time of the interview.

In the fifties Pulse developed reports for the growing syndication market. Its Quarter, Half-Hour and Hour Spot Film Program Reports aided local stations and spot advertisers in evaluating off-network reruns, feature films, and other syndicated programming. Reports included household rating and audience composition, by individual markets and as a whole, for all twenty-two markets measured. Programmers or advertisers could select a show to fit the market composition.

Despite some success in the syndication market, Pulse was always known best for local market ratings. These reports enabled advertisers to check product sales market-by-market, and buy further local advertising if necessary. Like other services during the period, Pulse's market reports were restricted to metropolitan areas. It provided measures of audience composition, station totals (by the number of viewers per hundred), and share of audience for each metro area.

Pulse conducted the first study of radio's out-of-home audience in 1949, and included this feature in its regular reports, thereby meeting an important advertising need. The measure of auto listening was unique to Pulse because of its personal interview method, which allowed information to be gathered about listening wherever it occurred.

In 1954, Pulse attempted to move into automation with DAX, an electronic TV peeper which gave instant ratings. Roslow predicted a day when the sponsor would no longer sit in the sponsor's booth overseeing programming, but in Pulse's headquarters reading minute-by-minute audience ratings. Patent infringement litigation by Nielsen prevented the use of DAX, but Roslow's concentration on sheer audience number has become characteristic of advertising involvement in television.[25]

By the late fifties, ARB's growing success in local market measurement forced Pulse to concentrate on qualitative and psychological viewing information. It added in-depth consumer analysis to its multicity reports in 1958, and provided audience composition data.[26] Pulse claimed to be the sole source to corre-

late data on sales effectiveness, such as store audits, with television and non-television families. Pulse also introduced what it called C (for credibility) factoring. C-factoring measured the credibility of advertising claims for major products, and classified commercials according to belief, disbelief, and doubt.[27]

Pulse's interview method provided many times the information possible from a coincidental, diary, or meter method, yet required a smaller number of interviews. A personal interview method allowed interviewers to ask questions on subjects other than viewing or listening, or to follow up on unclear statements. No other method provided such a large amount of data on out-of-home listening, increasingly important for radio.

Unforeseen problems and changes in the character of research resulted in Pulse's loss of popularity among subscribers. The personal recall method was thought to be a weak reed to lean on in measuring total audience outside the metro. As advertisers began to rely on spot advertising in their efforts to attract customers, and as ARB and Nielsen adapted their methods to survey total coverage areas in a growing number of TV markets, Pulse was limited to its metro areas plus a few surrounding counties, and therefore was not able to account for station-area totals. In addition, as the day of the nickel subway passed, transportation costs for personal interviews soared. Critics questioned the representation of lower economic groups in samples gathered by on-foot interviewers, who tended to shy away from rough neighborhoods. Pulse's method came under further attacks from competitors and agencies, who questioned its use of strategically worded questions and lists which they claimed biased the response. Some argued these problems invalidated the interview as a reliable or valid measure of audience size.

It was also suggested that respondents were more likely to report socially acceptable or prestigious programming choices. Pulse's roster theoretically overcame the memory problem, but it still contained hearsay information collected from one family representative, reported for the entire family. Questions also were raised about the validity of Pulse's weighting procedures to include not-at-homes.

Finally, both ARB and Nielsen took major steps in product design through computerization. Still limited to hand-tabulation, Pulse was not able to compete with these larger services in

either variety of products or speed. A major congressional investigation of the ratings in the early sixties (detailed later) dealt a heavy blow to Pulse credibility, accusing Pulse (among other charges) of using weighting as a method of doctoring figures, of only reporting subscribers, and of locking FM out of the market by not measuring it. Pulse adjusted its procedures and reduced its reports to four per year, focusing on demographic data until it went out of business in the seventies.

Hooper Redux

A third competitor in local TV ratings was C. E. Hooper. Hooper had sold his national rating service to Nielsen in 1950, and agreed not to enter the field of network ratings for ten years, but he planned to continue with local television area coverage studies, city teleratings, and sales impact ratings. All of these indices were then available only on a city-by-city basis for either radio or television.

Using a diary to supplement his telephone coincidental method, Hooper planned a new type of service to replace his former telephone-based method. This new service he called Television Area Hooperatings. He planned to begin a monthly service in New York and to expand to other markets, measuring large markets six times a year and smaller markets three times a year. His new service featured projectable ratings, audience composition, and number of viewers per set in addition to rating, share, and sets in use. Hooper also provided weekly and daily cumulative audience for each station. All this was available as a result of the diary.

In measuring local markets, Hooper competed with Pulse and ARB. Hooper's combination of diary and coincidental method resulted in divergences between Hooper and ARB figures. Hooper's sample differed from Pulse in that he included entire coverage areas and not just the central metro areas.

Hooper also offered city popularity ratings which he called city teleratings. These ratings were offered for the twelve cities first connected by the TV networks and expanded as network television grew. They offered a fast (four-day) reading of a program's ability to draw an audience.[28] Hooper's new service was

not a substitute for projectable ratings (now available through his TV area Hooperatings) but rather a measure of program popularity in areas of equal network opportunity, thus eliminating unequal coverage conditions as a factor in audience size. As with his TV area Hooperatings, city teleratings were available only on a city-by-city basis because of the terms of his agreement with Nielsen.

Finally, Hooper offered sales impact ratings. He had developed product usage studies in radio to measure the effectiveness of advertising. His product usage studies in television, which he called Hooper Brand Ratings, measured the difference in consumer use of products in the homes of viewers compared to nonviewers. Hooper called back respondents from his TV sample to ask about their use of products. By comparing product use between viewers and nonviewers, brand usage could be correlated with advertising, providing a measure of return on investment.

Hooper competed with Nielsen and Pulse in product usage studies. Hooper thought that Nielsen's retail index was impaired by the refusal of some chains to cooperate. Through television studies, Hooper planned to get the same information from the consumer that Nielsen received from the retailer.

Despite a contractual dispute with Nielsen, Hooper made plans in 1955 to reactivate a network service. Hooper's network radio rating service had been defeated by the Audimeter, so Hooper took steps to correct this problem by developing his own meter service, which he called the Hooperrecorder. He planned a service called the Media-Meter to rate television, radio, newspapers, and magazines. But these plans ended with his untimely death in December 1955. While duck hunting on the Great Salt Lake, Hooper fell into the whirling propellers of an airboat. As a result of his death, ARB purchased Hooper's local TV measurement service that same year, leaving Hooper, Inc., to concentrate strictly on radio.

The American Research Bureau (ARB, Arbitron, ARB-TeleCue)

A late contender but eventual winner in the fight to measure local markets was the American Research Bureau (ARB). In

1948, James Seiler left WRC-TV in Washington, D.C., to set up a Washington-based rating service. By 1950, Seiler had begun ARB to measure TV viewing on a national and local level. By 1958, he had also begun a multicity meter rating service called Arbitron.

Seiler used viewer diaries to gather information for both his national and local services. The viewer diary had two salient features which were important to advertisers: it was an inexpensive method (of particular importance to local markets) and it provided more detail about viewing habits than the meter. By-products of the diary included audience composition, set ownership histories, audience flow, and measures of early morning and late night viewing. Also, it could extend outside the telephone dialing area.

ARB aimed its service at the advertiser. It was noted for being much more supple and flexible in meeting advertising needs than the more conservative and bureaucratic Nielsen. Its detail attracted TV advertisers and by 1955, despite selling against an established name, ARB emerged as the leader in the field of local TV measurement.

ARB's first major success was national TV reports, introduced in October 1950. Without national or network ratings, Seiler would later remark, ARB would have become lost in the crowd.[29] Only ARB, Nielsen, and a much smaller rating service called Videodex claimed a national cross section for its sampling.

ARB's national ratings began with a one-week recording period of twenty-two hundred homes or approximately five hundred homes per market. From this number, a usable sample of seventeen hundred or three hundred and twenty-five homes per market were obtained.[30] The diary provided measures of duplication and cumulative or unduplicated audiences, and was projectable to an estimate of all U. S. TV homes.

The ARB diary keepers were randomly selected from telephone directories of all U. S. cities within a fifty-mile radius of the TV signal. Diaries, mailed to those who agreed to cooperate, were kept for a one-week period. Field personnel made two subsequent calls to assure continued cooperation. ARB drew new samples for each one-week period.

ARB merged with TeleCue in 1952. Seiler realized that the FCC freeze had artificially restricted TV development to East Coast cities, and that when the freeze was lifted, stations and the

need for measurement would spread to the West Coast. On a trip to the West Coast, Seiler discovered a local service, TeleCue, which also used a diary method to measure one-week periods. Rather than duplicate TeleCue service, Seiler offered to consolidate, moving Telecue's headquarters to Beltsville, Maryland. This put ARB in a strong position on both coasts. Known for a time as ARB-TeleCue, by 1954 these reports were known simply as the American Research Bureau (ARB) reports.

In addition to new markets and national coverage, ARB added key personnel as a result of the merger. Ernest Clay became head of development and research, Roger Cooper became station relations manager, and John Landrith, former president of TeleCue, became general manager of ARB. In Landrith, Seiler had found his ideal counterpart. Where Seiler's strengths were in salesmanship, policy, and planning, Landrith was skilled in internal organization. They were quickly dubbed Mr. Outside and Mr. Inside, respectively. Landrith reorganized ARB into autonomous departments, each with its own profit-and-loss sheets, modeled on General Motors.[31]

As Seiler had predicted, the lifting of the FCC freeze led to a demand for services in a growing number of markets. ARB's primary competitors were Hooper and Pulse until 1954, when Nielsen began a local market service. ARB gained growing agency support thoughout the fifties and came to dominate local market measurement. Local market reports proved financially efficient, since data from individual market reports could be used again in the national reports. The consumers of national ratings were TV networks and national advertisers. Local reports were sold to national spot and local advertisers, and increasingly to stations. As the number of television stations and markets grew after the FCC thaw, former one-station markets faced greater competition, and growing competition increased demand for local measurement. Thus, where in August 1953, ARB issued reports for thirty-five cities, by December 1954 this list had doubled to include sixty-seven cities, whose reports were sold to the three networks, top agencies, and advertisers.[32] ARB offered information slanted to advertisers, who had begun to realize the value of targeting individual markets and particular audiences as potential customers.

ARB based its local ratings, like its national ratings, on a

random sample of viewer diaries. The number of completed diaries that served as the base for rating estimates varied from market to market, but ARB tried for a minimum sample of three hundred homes over a four-week period for metros, with numbers for outside areas varying with station coverage and concentration of TV homes. Smaller markets were based on a sample of two hundred homes.[33]

ARB's local ratings were total-homes ratings, or ratings summed by quarter-hour, and were provided for metro areas only. Reports also included the total homes in a station's coverage area. ARB reported cumulative audiences, Monday–Friday averages, daypart shares, and percentage of men, women, and children by metro only. Since coverage areas varied by station, it was not possible to compute a station's total share of the entire coverage area.

In 1955, ARB added reports on one hundred and forty small markets not previously measured, and UHF as well as VHF stations. These reports included homes having television, the percentage able to receive UHF and VHF stations, and the stations with the most reception in each market (penetration levels).[34] Also in 1955, after Hooper's death, ARB bought Hooper's local TV rating service. The year 1955, then, was golden for ARB, as a result of its merger and successful new products. By 1960, ARB had surpassed both Pulse and Nielsen in local markets, and was to local markets what Nielsen was to network television.

But ARB's local reports had two weaknesses which limited their acceptance. ARB surveys were limited to a one-week period and to metro areas. To correct these weaknesses, ARB introduced a four-week measurement period and designed what it called *sweeps*, the simultaneous measurement of all markets based on actual coverage areas—the areas reached by the stations' signals—rather than the former artificial metro areas. Although sweeps are frequently criticized because networks offer special programs to gain ratings, they do provide a single, simultaneous comparision of viewing across all local markets. Sweeps made possible regular coverage reports on a yearly basis, pitting ARB competitively against Nielsen. Previously, Nielsen Coverage Service (NCS) had cornered the national coverage field. Although ARB measured coverage in minor markets through its "Abilene

to Zanesville" service, these reports were designed as supplements to existing NCS information. With the addition of sweeps, ARB made itself competitive in local market measurement with the giant Nielsen.

In the early fifties, local TV market measurement was centered on metropolitan areas. ARB, like all other services, furnished only metro area ratings for local markets. Metro ratings showed how programs competed in the overlapping part of a market where stations had the same opportunity to reach the same number of viewers, areas which were artificially restricted and not based on actual signal strength. The new total-homes figures provided by sweeps credited each station for all viewership and allowed for individual station differences in signal strength. Metro ratings in local markets could be compared to national audience size, since network ratings were also based on these areas. Most buyers purchased local television during the period on the basis of metro ratings. Since most network rating services provided multicity ratings, restricted to areas of equal network opportunity to reach viewers, metro ratings provided a means to compare local markets with national audience size.

Metro area measurement dominated the local rating field for a number of reasons. First, radio tradition had focused on metro areas, due to the limitations of telephone-based methods and vast differences in station coverage. Metro area measures also provided a comparison with other media. Radio and television advertising could be compared to and defined in the same terms as newspaper advertising. Buyers and stations often used the metro rating to project the household population to the total survey area. Although the formulas used were as much guesswork as mathematics, they provided at least some information in what was otherwise darkness.

Now for the first time in ratings history, ARB was offering a true national measure with a standardized base, one that would include all areas, viewers, stations, and programs. ARB's first national sweep was planned for November 1959. It planned to collect diary reports three times a year from every county in the country. Delays marred the debut of the first semiannual sweeps, but not the significance of the idea. The broadcasting/advertising community used these key measurement periods as standards to

establish network and station viewership size, and sweeps soon became the basic tool for establishing advertising rates.

A number of factors contributed to the development of sweeps. The diary made possible the collection of much data in an inexpensive manner. ARB's new computer added the ability to tabulate the data quickly and efficiently. The computer, fed by national sampling data, was capable of reporting the exact audience of every one of the 504 national commercial television stations in every U. S. market in fifteen-minute segments. Hand-tabulated methods had limited reports to metro areas, and the previous seven-week reports now were available in four weeks. Computerized tabulation meant stations could be reported not only by metro area but by entire station coverage areas. Advertisers would no longer need to project metro ratings to guess the total coverage area of a station. Furthermore, audience composition, also formerly confined to metro areas, now was measured for the full coverage area.

A byproduct of the enormous amount of data provided by the sweeps was ARB's county coverage studies, introduced in 1959. Advertisers needed more information on sales areas and audiences. Sweeps asked viewers by counties what programming they watched. This diary information was then retabulated and viewership was clustered around TV markets. Thus, ARB used the reprocessed sweeps diaries to determine station viewership by county by actual measurement rather than projections. This was new; no one offered anything to match it.

One effect of these regular studies was to raise the issue of station and county overlap when viewers received the signal of more than one station. Sweeps led to county coverage studies which, in turn, stimulated industry interest in developing a fixed standardized marketplace geography based on actual measurement of station coverage areas. This, together with the question of how much viewing spilled in and out of a market from surrounding areas, was to take on greater importance in the sixties. From its sweeps, ARB developed a standardized treatment of market geography, called the Area of Dominant Influence (ADI), which is now a generic industry tool (see chap. 9).

With the information provided by the sweeps and county coverage studies, ARB challenged Nielsen. Both Nielsen and

ARB provided data on a county basis, and the same information by station viewing area. Both ARB and Nielsen could report a station's total viewing by households, and both offered measures of cumulative audience on a daily or weekly basis. This information proved valuable to multiple-program sponsors to help determine the frequency and reach of their advertising. It provided a way to compare TV circulation with the circulation of other media.

With its sweeps, ARB posed the first serious threat to Nielsen. ARB's data were now as comprehensive as Nielsen's. Sweeps provided regular coverage data on individual markets, and became the basis for comparing local market and prices. They provided additional qualitative data by counties. Information from viewer diaries could be reprocessed to yield information on age, sex, income, occupation, audience flow, and total audience per program. Advertising objectives in an age of consumerism were targeted to audiences identified by this kind of demographic data.

When ARB introduced the four-week measurement period, it dealt a lethal blow to the TV ratings week, on which most services had based their reports. One-week periods left the door open for stations to load their program schedules with atypical fare, which advertisers called hyping. ARB at first offered one-week/four-week ratings for 101 markets, which allowed ratings weeks to be checked against other weeks. Four-week averages were particularly useful in smaller markets since they were surveyed less frequently; these averages allowed network advertisers and spot buyers to study more typical network and local performance.

A final card in ARB's hand was its local market sales strategy. While most rating companies had concentrated on national advertisers and agencies, ARB undertook to educate the local advertising communities. It developed regional offices and moved outside the top ten markets, where most rating services focused their efforts. Once the advertising community subscribed to a rating service, stations were compelled to subscribe also, since buyers placed their orders on the basis of a particular rating service. Local stations could also use these reports to study network affiliation, programming, and, of course, station compensation and revenue. Because stations made 85 percent of the advertising dollar com-

pared to the 15 percent earned by agencies, rating services were essential to establish base rates.

In September 1959, James Seiler launched Arbitron, an instant rating service which employed an electronic meter. This new service was a significant advance over both Nielsen's mail-in Audimeter and the hand-tabulated diary. Originally introduced in New York using a three-hundred-household sample, Seiler later added seven cities to produce national or multiple-city ratings.[35]

Seiler launched his meter service in reaction to a major study by the American Research Foundation released in 1959. The study concluded that the best way to measure the TV audience was the electronic meter service, then offered only by Nielsen. Nielsen was still limited to filmed tapes that were mailed in at seven-day intervals. To counteract the publicity advantage to Nielsen, Seiler designed a meter which measured households simultaneous with viewing. He hoped to compete against Nielsen in the major markets, and eventually expand to national measurement. Although ARB produced national reports based on diary measurement, most advertisers and agencies believed the meter to be the superior method in eliminating human errors.

In addition to using instant ratings as a wedge into Nielsen's market, Seiler hoped to solve several problems for rating-conscious advertisers, agencies, and networks. Subscribers often had to wait two to four weeks for national ratings. Trendex offered overnight ratings through its telephone coincidental method, but it only measured cities of equal competition and did not represent a national sample. Furthermore, Trendex measured only prime time hours. With Arbitron, Seiler hoped to measure set tuning for the entire month and to develop a national sample, but he eventually found that individual market meter ratings were economically feasible only for the top fifteen markets. Arbitron was expensive and did not provide demographic information, but it could produce a fast seven-city rating for network TV. (Seiler had abandoned a tentative plan to employ an electronic peeper which showed vague pictures of viewers, due to concern about privacy and representativeness.)

Like the Audimeter, Arbitron was an electonic meter attached to TV sets. Telephone lines linked TV sets in sample

homes to a central computing office, and helped to solve cost problems since many homes could be linked to a single line. The device registered channel tuning and switching. The data were sent at ninety-second intervals and reports were mailed to subscribers the next day. Arbitron measured the audience while the program was still on the air and thus, for the first time, offered measurement almost in real time.[36] Arbitron monitored the set for an entire month.

Seiler's plan to expand to a multiple-city and then national rating service did not prove successful. Stations balked at the increased cost compared to diary methods, especially those outside the New York market. The networks never provided financial support in ARB's effort to overcome Nielsen's monopoly in network TV, a chronic industry complaint. So, Arbitron remained a local New York service. But the meter did prove helpful against the giant Nielsen in the eighties, when ARB and Nielsen would battle for dominance with these instant ratings, now called overnights.

Like the other rating services, ARB's methods were criticized. ARB assumed no significant differences between telephone and non-telephone homes in its sample selection, which underweighted black and low-income groups. It had only a 60 percent return rate, raising the possibility of bias.[37] ARB would not disclose its noncooperation rate, but critics suspected it was large. Diaries provided no way to measure audiences at commercial breaks, and included hearsay and opinion of the diary keeper. Diary information was often recorded at a different time from viewing, leading to faulty records through lapses of memory. ARB did not use a true random sample anyway, since it was based on telephone directories. Thus, the reliability of its data could not be determined mathematically.

Nonetheless, innovations in product design, a less expensive method, and a unique sales strategy made ARB a close rival to Nielsen by 1960. It offered four-week sweeps in 203 local markets and had an 85 percent share of local market research, compared to Nielsen's 15 percent.[38] ARB's sweeps were to lead in the sixties to the development of a standardized, full-coverage market geography for the first time in the history of broadcasting.

Trendex: Fast But Soon Winded

While Nielsen, Hooper, Pulse and ARB vied for local markets, Trendex stood alone in multiple-city ratings. It offered two key advantages for advertisers and networks: speed and a sponsor identification index. In the early fifties, the Trendex ratings were the first to arrive and the most discussed. Diary and meter methods took two or more weeks to gather and evaluate, so many subscribed to Trendex to fill in until the other reports arrived. Using the telephone coincidental method, Trendex tabulated overnight and provided an index of program popularity the next morning. For drama, the arrival of Trendex at the networks was unequalled. While the slower, more detailed Nielsen reports were used for long-range planning, Trendex figures offered fast information and could mean life or death for a faltering show.

Trendex's sponsor identification index, which the Nielsen service could not provide, was also an advantage. Sponsor identification is the percentage of viewers who correctly identified the sponsor, the product advertised, or any product of the sponsor. It also showed the percentage of viewers misidentifying sponsors.

Principals in Trendex were a pair of ex-Hooperatings employees, Edward G. Hynes and Robert B. Rogers, who started their own service after Hooper sold his business to Nielsen. Hynes and Rogers put out the first Trendex for the New York market in October 1950. A year later, Trendex provided reports for ten network cities, and this number grew to hundreds as the networks increased their affiliations. Trendex clients included stations, agencies, and advertisers.

Modeled on the old Hooperatings, Trendex originally measured program popularity using the telephone coincidental method. Trendex sampled areas in which all networks were represented or had equal opportunity to reach viewers. Samples varied from one thousand to two thousand depending on program length.[39] As with Hooper, the objective of Trendex was to provide a comparison of network TV programming in areas where viewers had equal opportunity to view programming on all four networks.[40] Trendex called through the first seven days of the month for television, and at least three weeks of the month for radio. Trendex's thirty-six hundred part-time interviewers asked

the following questions: Was anyone looking at the television just now? What programs, please? What station, please? Who is the advertiser? How many men, women, and children are looking? They asked the radio audience if they owned TV sets.[41] Trendex used an average audience rating, a record of minute-by-minute viewing. Other than the Nielsen Audimeter and later, ARB's Arbitron, the coincidental was the only method to provide average audience ratings.

Delivery time for Trendex was one week for television, although overnight information was available if requested. Before instant meters, Trendex was used to chart program trends, to determine the relative pulling power of talent, and to observe the competitive effect of format changes. As one-station markets decreased, the importance of audience share increased and Trendex's average audience rating provided a reliable program share.

Trendex provided Program Popularity Reports, and bimonthly TV Advertiser Reports, an attempt to differentiate its product in the face of rating competition. For both day and evening programming, the reports included audience composition divided by program types, a sponsor identification index, a program selection index, and a viewer reaction index. Trendex's sponsor identification index was widely used during the fifties to monitor the effects of multiple sponsorship and to measure the effectiveness of corporate or goodwill sponsorship. This index compared shows with the advertiser's name in the title, shows that kept the sponsor's name in full view throughout the program (largely quiz and game shows), shows where the stars played themselves and helped with commercials, and shows with one dominant sponsor.

Trendex found some shows higher in sponsor identification than others. Quiz and panel shows were strong in ratings and sponsor identification. Westerns, on the other hand, were high in ratings but low in sponsor identification. Some explained this paradox by saying that fans became too engrossed in the program and failed to listen to the advertisement. Others thought that Westerns had low sponsor identification because men watched Westerns, but women answered the polls. More likely, it was because Westerns most often had multiple sponsors.

Sponsors initially looked for programming that correlated high ratings with high sponsor identification. A sponsor soon

realized that he could receive high product recognition simply because so many people watched—50 percent of a large number is more than 100 percent of a small number. The ratings elite were not always those programs which imprinted the advertiser in the viewer's mind. Five Westerns in the Trendex top ten programming list for 1954 were not represented in the top twenty for sponsor identification.[42]

Trendex program selection data showed the percentage of times that a man, woman, or child selected a program and those instances in which the set was left on from previous viewing. From this advertisers learned, for example, that Westerns were chosen by males and dramas by females.

Trendex alone of the big four rating services provided an index of the viewers' subjective reaction to a series. Viewers identified programs as "one of the best," "good," "fair," or "poor." This added depth to data on audience composition.

As Nielsen and ARB developed meter ratings in the latter fifties, Trendex soft-pedaled ratings in favor of qualitative data. Television City Reports, introduced in 1958, gave brand share information for twenty product categories. These semiannual reports were inspired by studies Trendex conducted for principal agencies, in which it interviewed households about TV habits of housewives, husbands, and children while viewing or not viewing television, and brand preferences. This suggested media effectiveness. Advertisers could check their position relative to other brands in each Trendex report and see where brands needed additional advertising support.[43]

By 1960, Trendex's network TV reports covered twenty-five multistation cities, and had begun to expand beyond Trendex's original geography, providing audience composition, frequency of viewing, viewer reaction, sponsor identification, program selectivity, and type of viewing home, in addition to popularity ratings.[44] This broader picture of the TV audience showed frequency of viewing as well as the correlation between ratings and sponsor identification. It reported such facts as that situation comedies and Western dramas placed first and second in popularity ratings, that action dramas were weak in sponsor identification, and that quiz shows did well in terms of family unanimity of program selection.

The Trendex telephone method originally was limited to

urban markets, but since television was concentrated in these markets, and since telephone subscribers increased in the fifties, this was less of a problem than it had been for Hooper. Trendex did not provide a measure of national audience size, because its ratings, like Hooper's, were not projectable. It could not be used to compare programs in terms of their cost per thousand homes.

The primary advantage of Trendex was speed. When Nielsen and ARB developed their instantaneous rating systems, this advantage was lost. A second advantage, its sponsor identification index, eventually fell victim to multiple sponsorship and the modern drop-in commercial. In time, Trendex was forced to move into qualitative research in order to survive.

TV and Its Raters at Mid-Century

If the decade of the fifties was the childhood of television, it was also a time when everyone was still relatively innocent. Both advertisers and their critics were a little wide-eyed to discover that there could be a certain science to motivation and selling, and that, taken in groups, people were somewhat predictable.

A few intellectuals agonized over the implications, under such titles as *A Nation of Sheep*, *The Hidden Persuaders*, *The Wastemakers*, and *The Affluent Society*, but advertisers, agencies and television executives were delighted. There were large sums at stake, and any information which tilted the odds favorably was welcome. That is why, knowing that media measurement was less than perfected, they bought the services anyway, and paid stiff prices for them.

Nielsen's clients paid at least $1900 a month for the basic package, and often ordered special reports to go along with it. ARB, forced to work the local markets, could not command such a price, but made up in volume what it lacked in per-client billings.

Nielsen remained the service of choice for national ratings, ARB for local information. Each made, and would continue to make, sporadic raids into the other's territory, but it would be ten years before either achieved lasting changes. The smaller companies were already resigned to providing special services or auxiliary information or to serving limited territories.

TV was just hitting its stride. Most Americans had a set by then, color was nearly perfected, three major networks were beaming programs across the nation both night and day, and lots of people—not just advertisers, but politicians, preachers, ball players and civil rights leaders—were discovering the potent combination of television exposure and opinion polling.

Where America had once been an amalgam of diverse cultures, it was now rapidly becoming a homogeneous whole through the ubiquity of television—a fact brought home with stunning force when John F. Kennedy was assassinated in 1963. As the nervous system of television and the new culture, raters and other pollsters were at once admired and feared, and were generally given credit for more insight and influence than they actually had—though what they did have was significant.

What McLuhan was calling a "cool" medium had reached an incredible sophistication. Commercials were more polished, hard-hitting, and expensive. A single Coke commercial could cost as much as a dozen quiz shows, and production values usually shamed the shows in which the commercials appeared. If the fifties were the golden age, then the sixties were to be also golden years, for there were yet no VCRs, the movie business was floundering, theaters were expensive, radio was now background music, and cable only extended the networks; it was not yet competing with them. Television had the field to itself.

PART III

LOOKING FOR MR. GOODBALANCE

(1960–1975)

5 AN INDUSTRY COMES OF AGE

The State of the Art

BY THE EARLY SIXTIES, television stations, advertisers, and rating services had, if not matured, at least come of age. Although the particulars of rating methodology were to come under heavy fire in the middle of the decade, two methods had clearly emerged as the mainstays of the ratings business: the meter and the diary. Each offered information that could be collected in no other way.

The meter eliminated the worst aspects of human error, faulty memory, and ordinary laziness, and could provide the kind of minute-by-minute details needed to assess audience flow. It freed raters from dependence on the telephone book and, in time, was to make possible overnight measurement, even at the local level. Its faults were that it was expensive and that it measured the set rather than the viewer.

The diary provided information a meter could not, information about people watching the set—their age, sex, economic status, and preferences in products as well as programs. The meter provided this information by households but not by individuals. The diary was inexpensive and could be adapted for measuring local markets. But it was slow, and relied upon a human agent to record the information.

Nielsen had pretty well taken over the national ratings, while ARB had staked out the local markets as its territory. Each made periodic forays into enemy territory, but it was not until the end of the decade that either could claim much success. With this standoff established, competition had to take other forms and advertisers were quick to suggest them.

Television advertising was already expensive, and becoming

more so. Consequently advertisers wanted to use their money as efficiently as possible. Translated into plain language, this meant they wanted their message to go only to those viewers who were likely to buy. By the end of the decade, two important trends had emerged: (1) advertisers had stopped buying air time and were now buying audiences, and (2) the new television-dominated marketplace had little to do with the old physical geography of rivers, roads, and cities, and was instead a function of a station's Area of Dominant Influence.

Since this was what advertisers wanted, this was what the rating services tried to provide: demographic information about viewers and market information about stations. Although the stations resisted at first—because it was costly, and because it often made their circulation appear lower—they accepted the inevitable. The customer, after all, is always right, and all of their customers were advertisers.

The near-total dependence on ratings became a cause of serious concern to viewers, scholars, and public officials—many of whom felt the public airwaves were being used for purposes which were materialistic, exploitative, and very possibly immoral. The result was a proliferation of reports, studies, and hearings, most of them highly critical of TV advertising in general and TV rating services in particular. But the simple fact was that no realistic alternative was ever proposed; for better or for worse, Americans had chosen to have TV driven by commercial advertising (as opposed to the state-run systems of some other countries), and advertisers were attracted solely by the opportunity for profit.

These new conditions—not to mention the various public inquiries—posed a problem for all services, but especially for smaller ones, most of whom had to fall back on qualitative studies which were essentially crumbs left by the big guys. Nielsen had a near monopoly on meter measurement because of his patents and because of his excellent capital position, in having his retail audit business to draw on. ARB, in an effort to match Nielsen's capital, merged with first one and then a second firm, but this caused dissatisfaction in management and led to the resignation of many of those who had made it a success. After some rough sledding over the middecade hump, ARB (now Arbitron) regrouped, installed its own meter, and offered several

imaginative product innovations, regaining most of the lost ground and threatening to take some of Nielsen's. Two of these innovations were of particular importance: demographic data and a new market geography.

The State of the Economy

Business continued the consumer-oriented approach to marketing which had been developing in the fifties. "New" products and "improved" designs became the standard fare as companies expanded, diversified, and accelerated their efforts to create markets through advertising. Changes in retail marketing, such as the new self-service and discount stores, made it even more important to reach customers through the media. The friendly, knowledgeable salesclerk who once steered customer purchases was now a gum-chewing teenager who didn't know a toggle bolt from a teddy bear.

A major shift from undifferentiated to differentiated marketing occurred as advertisers attempted to stimulate consumption at local and specialized levels. The mass-market approach which governed advertising buyers in the thirties, forties, and fifties became increasingly obsolete as more and more new products were tailored for a particular class, taste, or interest group. Undifferentiated products had focused on breadth in reaching mass audiences by targeting commonalities among consumers, since moving products to retail shelves was the key to distribution problems during these periods. It was a time when Henry Ford could arrogantly offer the customer "any color you want, so long as it's black." Differentiated products were tailored to smaller and segmented markets as advertisers turned to motivational research to study their customers and the most efficient means of reaching them. Manufacturers felt it was impossible to continue to invest 100 percent of their advertising budget for 10 percent more sales. Advertising needed to put more punch in the marketing process. The enormous number of new products and the growing saturation of markets meant that products now were differentiated through price, convenience, design, and psychological values associated with the product. Advances in consumer credit also brought billions of customers into the market. All of this meant

that the former shotgun approach which characterized undifferentiated marketing had to become more like a sharpshooter as audience research services fine-tuned their methods.

Another factor influencing the tailoring of products and selling strategies was the growth of discretionary income. Traditionally, consumer spending had been classified as either discretionary or essential. Essentials were necessities such as food, clothing, and shelter. What was left over was discretionary. But the sixties witnessed a radical shift in attitudes toward needs. Greater purchasing power from a strong economy and easy credit stimulated competition and new goods in an ever-widening spiral. The very idea of subsistence was tranformed as products were reclassified from luxuries to essentials. Frozen, fast, and processed foods were now necessities, as were many kitchen and household applicances and, of course, TV sets.

A second business trend during the period was the expansion of global markets to help ease the competitive logjam. American manufacturers realized during World War II that Europe, the Far East, and Latin America were untapped markets. By 1963, the U. S. overseas markets had tripled. As business managers raised their sights to the international level, competition from overseas, particularly in West Germany, Japan, Italy, and England, meant that the United States could no longer set prices abroad. Japan and West Germany began to produce at a lower cost per unit than the United States. Thus, U. S. businesses faced competition both at home and abroad. Emphasis shifted toward coordinating advertising with this new overseas market through development of products and expansion of advertising agencies abroad.

As the trend changed from pure exports to investments in foreign facilities, U. S. businesses had to be not only marketing-oriented but finance- and production-minded. Tax laws also favored international development. This trend toward global marketing played a role in media measurement as A. C. Nielsen expanded to these new markets.

Taking the Consumer's Measure: Demography

Television's ability to presell the consumer soon made TV advertising the most effective way to create consumer demand.

The rise of self-service retailing left the consumer reliant on TV for basic information about a product's existence and claims, and thus made advertisers dependent on TV to reach them. With product advertising rapidly replacing the older notion of goodwill or corporate advertising, the sixties and early seventies were a time of intricate interplay between new products, a new medium, and a new concept of marketing.

The television networks were dependent upon the advertising communities. Television's largest advertisers—food, drugs, cosmetics, beverages, household products, autos, and until 1971, cigarettes—aimed at the middle class, and audience size was the criterion for programming success. But the growing practice of marketing to special groups meant that popularity as one large number was less important than whether the program reached viewers of the age and sex attractive to advertisers. Advertisers' emphasis on demographics to define their markets encouraged network use of demographics for sales pitches and programming evaluation tools. The networks especially sought 18- to 49-year-old women, who, the studies said, made most purchases.

ABC and NBC were the first to emphasize demographics as a way to define an audience. ABC became the leading network through a programming strategy designed to attract youthful audiences. Although an underdog in household ratings, it cornered the market in a key demographic group, the 18- to 49-year-olds, with seven of the top fifteen shows attracting this group.[1]

ABC launched a successful sales campaign to convince advertisers that its upscale urban demographics should be a purchasing target. Not coincidentally the ABC affiliates were dispersed though younger, middle-income, urban areas compared to CBS's older, more rural lineup. ABC also had turned to the motion pictures industry in the fifties as a primary programming source. As a result its lineup emphasized youthful, action-oriented fare, which attracted younger urban audiences, but drew criticism from Senator Dodd's Senate Juvenile Delinquency Committee for enticing audiences with crime, sex, and violence.[2] ABC cried all the way to the bank.

NBC also did well in the 18–49 age group during the sixties, with schedules that emphasized movies. It introduced a ratings bonanza, the "Saturday Movie of the Week," in 1961, and movies of the week proliferated because they attracted young adults. Furthermore, an NBC study indicated that adults be-

tween 18 and 49 favored programming that the 50-or-older group did not watch.[3] A program may have made the top ten list of total homes but not have fared well with men and women between the ages of 18 and 49. Measures of household size had assumed that heavy TV watchers were the best sales prospects, but they were not the best market for some products.[4]

While in part an adjustment to accommodate changing needs of advertisers, ABC's and NBC's demographic push also was aimed at deposing former top dog CBS. Because it had traditionally dominated in ratings by the old standard of success, household circulation, CBS was particularly hurt by this new emphasis on demographics. By 1965, CBS's James Aubrey and his run of rural situation comedies was coming to an end as CBS ratings declined in the 1964–65 season.[5] CBS's strength traditionally resided with 50-or-older rural viewers. Established and familiar programs such as "Gunsmoke," "The Ed Sullivan Show," "I Love Lucy," "The Red Skelton Show," "The Virginian," "To Tell the Truth," and "I've Got a Secret," among others, produced high household ratings and sold at high costs. All of these programs fell victim to the new demographic emphasis when Nielsen indicated that they attracted older, rural audiences who purchased fewer goods and were not considered good buys for limited-budget specialty advertising, now the bulk of TV advertisers.[6]

By 1970, CBS had joined the pack, discarding its high-rated programs in order to attract the younger consumers now desired by advertisers and to help buyers shop more efficiently. Program changes de-emphasized mass taste preferences, and "Gunsmoke" was shot down even though it had a 35 percent share of the audience.[7]

Network growth and emphasis in the period 1960–1975 was characterized by a massive swing to youthful, middle-income, metropolitan families with more action-oriented, movie-type formats.

Eking Out the Advertising Dollar

Another trend in network practices was the accelerating sale of network programming by participatory buying, also called the

magazine concept because a number of advertisers participated in a single show, similar to magazine advertising. By 1961, minute participations accounted for 75 percent of commercials on ABC, 55 percent on NBC and 25 percent on CBS.[8] The encroachment of minutemen into prime time schedules had begun in 1957. In particular, they were an aftermath of the quiz show debacle because they were a means of removing sponsor influence from television and giving more control to the networks. Thus, by the sixties, selling by minutes had evolved into the dominant pattern for network sales at ABC, and the other two networks were following along the same path.

By the late sixties, this trend was further accelerated by the selling of thirty-second participations, a trend which had begun in spot TV. Thirty-second spots were to dominate sales patterns in the seventies and eighties, and fifteen-second and ten-second spots became common.

Buying by smaller commercial units was the network's answer to shifting economic and program costs. As program costs rose, few sponsors could afford full weekly or even alternate-week sponsorship. Participations meant more work for the network but provided benefits to advertisers. For the network, participatory buys meant that a larger number of advertisers (especially smaller ones) could afford television advertising but it also meant more sales calls, more paper work, and shorter flights.

For advertisers, participatory buys increased reach and circulation. They allowed investment in a range of programs in the face of closer internetwork competition, and they made possible hour programming when few advertisers could afford the cost of full sponsorship. Hour programs were particularly useful for sponsors with multiple products who wanted brand sales rather than corporate identification. Participations in hour shows allowed smaller-budget advertisers to buy time on important shows and gave big-budget advertisers a chance to participate in a range of top shows, spreading the risk of possible low ratings across a number of programs. Participations could also be purchased to conform to retail distribution patterns. The elimination of full half-hour sponsorships meant that sponsor identification was now irrelevant, leaving circulation as the significant measure for advertisers. The measure of circulation was, of course, the rating.

The dominance of participatory buying did not develop

without criticism. Some advertising agencies advocated identification, suggesting that advertising should aim at a smaller number of homes to develop a stronger impression among those it did reach. Others advocated dispersion, claiming that advertising should reach as many different homes as possible. They saw unduplicated reach as the prime objective. These arguments were a staple among television advertisers in the sixties. The ratings garnered by hour programs, while high in dispersion or circulation, were regarded by many advertisers as wasted circulation—money spent with no hope of sales. Many products were not homogeneous, and neither was network television programming. Therefore, only some of the ratings points of mass-oriented programming represented a real market. Advertisers also felt that the magazine concept of buying surrendered marketing and merchandising capabilities, and institutional sponsors were concerned more with image than circulation.

Networks catered to both of these views and thereby drew advertisers with various budgets. To keep pace with the shifting economic tides of corporate business, they offered longer (sixty- to ninety-minute) participatory programming to accommodate the multiproduct advertiser who required flexibility on a minimum budget. Half-hour sponsorships gradually disappeared and were replaced by action series and movies for advertisers who favored dispersion. At the same time, networks developed specials for sponsors who desired identification. An advertiser who used full-program sponsorship purchased specials; one desiring frequency or reach bought minute participations.

Another important result of participatory buying was the purchase of programming by packages, or *scatter buying*. Scatter buying meant networks and stations packaged weaker programs and time periods with stronger ones. Together with computerization and a reliance on ratings as measures of circulation, package buying was the norm by the sixties. Advertisers no longer purchased by programs but by specified aims such as budget, gross rating points, demographic specifications, and reach and frequency. Networks and stations sold programs in packages, called *availabilities*, which met these specifications and permitted advertisers to make choices among stations and networks by comparing the cost per thousand households for a commercial minute.

Also in the sixties, networks made major changes in the way they charged for advertising. In the fifties the networks had offered discounts based on volume and time to big-budget advertisers. Partly because of complaints from smaller advertisers and partially in recognition of a new era, the networks set new rate structures based on time of day and season of year, rather than the blocks of time they had once sold to half-hour and alternate-week sponsors. This change was another indication that the networks were no longer selling programs but audiences, and made both stations and advertisers almost completely dependent upon ratings to determine the value of any particular day and time.

6 PROGRAMMING FOR AQUARIANS

Something for Everyone—Almost

CHANGES IN NETWORK BUYING and selling had a significant impact on programming. To accommodate sponsors who continued to desire identification, full-sponsorship specials proliferated. As public sentiment turned away from the consumption philosophy of advertising, the sixties was a boom time for selling news and public affairs programming, which advertisers thought improved their image. Through full-sponsorship specials, an advertiser could meet the advertising objectives of both identification and circulation. Participatory buys gave the sponsor no control over content, only a slot for his message. Sponsorship of specials, however, could further his contact and association with the program. Both the growing attacks on the philosophy of advertising and a politically charged TV environment during the period resulted in the blossoming of specials: entertainment, public affairs, and documentary. In 1957, NBC had been alone in its development of the spectacular. By the end of the decade, specials had come into their own on all three networks. There were 95 specials in the 1959–60 season, 153 in the 1960–61 season, and 200 in 1961–62.[1]

Specials could fill several marketing needs. They could be tailored either to hard-sell, fast turnover items, or to slower, higher-priced items. Specials were used to introduce new products, timed to selling periods for seasonal products, or planned to highlight tie-ins with the retailer. An advertiser could design a special's format to attract his product's best audience. News and

public affairs specials were ideal vehicles for seasonal, multi-product advertisers or for sponsors who desired to appeal to special customers, and many sponsors on limited budgets preferred identification rather than numbers. Series programming such as adventures, westerns, and comedy offered circulation through high ratings, a high cumulative audience, frequency, and cost efficiency, but they were notoriously low in sponsor identification. Through full sponsorship of specials, advertisers could achieve the strong sponsor identification of the good old days of radio when Jack Benny was associated with Jello and Fred Allen with Ipana.

Exit Advertisers; Enter Hollywood

Despite these virtues specials declined in the late sixties under the pressures of participatory sponsorship, and this led to a major change in the source of network programming. Advertisers had produced 25 to 33 percent of network programming prior to the quiz show scandals, Hollywood package companies 45 percent, the networks 20 percent.[2] By the late sixties advertisers had disappeared as producers except for a few seasonal specials. The quiz show scandals played a part in their disappearance, but the major factor was cost. As advertisers lost control of the programming that surrounded commercials, motion picture companies began to package prime time shows to network specifications. The years 1969–1975 mark the steady entry of motion picture studios into television, both through scheduling of theatrical releases in network prime time, and through the network's use of motion picture studios as producers. Television earned its livelihood primarily through exploitation of the series concept and theatrical movies, a trend which continued until 1976, when new forces weakened the series.[3]

The use of motion pictures in network planning began in 1955, when both ABC and NBC purchased feature film packages from England. NBC began the first fully competitive prime time scheduling of theatrical releases with its "Saturday Night at the Movies" in 1961, and followed with "Monday Night at the Movies" in 1963.[4] CBS lagged somewhat in the use of movies in prime time schedules, regarding them as fillers with no place in

the regular schedule. William Paley's policy at CBS was that television should create for itself rather than rely on outside sources for programming, but advertisers quickly saw that movies resulted in higher ratings, meaning more purchasing power for both the advertiser and the broadcaster. The power of theatrical distributors, once a restraint on the flow of movies, dwindled, making more movies available, and when networks began color programming in prime time, movie extravaganzas were ideal promotions for color and for products advertised. Movies added to the supply of TV programming, saving the advertiser production costs, and offering big-name stars and better scripts. Single movie sponsorships offered high ratings and prestige, or advertisers could select theme packages of lower-rated movies to attract an audience matched to their product profiles. War movies, they knew, drew a male audience, jungle movies, a more youthful one, while drama and romance attracted women.

By 1966, having exhausted past and current feature films, NBC introduced another significant programming trend, the made-for-television movie, and the other networks quickly followed suit. By the seventies, TV movies doubled as series pilots and as feature films abroad. Both miniseries and made-for-television movies were to become important TV forms in the eighties, often scheduled to replace series during the sweeps period.

With networks controlling production as a result of selling by participations, the 1960–1975 period also began the era of competitive scheduling. The day when an advertiser held a franchise on a network time slot had passed. Institutional and full-sponsorship advertisers had been concerned with their own particular programs, but had little interest in the overall pattern of program schedules. Not until the sixties did networks begin their current pattern of scheduling with a purpose, organizing blocks of programming into sequences to capture audience flow and achieve higher ratings. This made ratings even more important for planning network schedules. Networks strove for demographic continuity, scheduling programs back-to-back to attract a demographic group.

Life spans for series programming were reduced with Nielsen's introduction of his own instantaneous meter in 1974. A program had less time to succeed, which changed the notion of a

season. Floating schedules (moving programs around in the schedule), and stunting (rescheduling programs at the last minute in the hope of increasing ratings) became more common. Another factor influencing program volatility was the use of reruns. As the number of original first-run episodes declined, reruns became common, unlike programming in the fifties, which had been largely first-run. When ratings showed reruns could achieve second-time rating levels close to first-run, they were used to spread production costs. As the number of original episodes decreased, miniseries formats became attractive to fill in for cancelled programs.

By the sixties, the dramatic anthologies, such as "Playhouse 90," were extinct. Writers of TV programs complained that production companies resembled sausage factories with programs written to stereotyped audience specifications. The specter that haunted commercial television was the dictatorship of the ratings. The question, as historian Erik Barnouw phrased it, was whether TV programming should be a byproduct of advertising.[5] Public and governmental concern about the influence of ratings upon industry practices was one reason for congressional hearings on rating services.

Emphasis on ratings and schedules led to program cycles, network imitations of successful series such as westerns, situation comedies, and crime action shows. Quiz and audience participation shows disappeared from prime time but continued in fringe times. Variety programming also declined in the seventies. Not only did new shows imitate rating leaders, but they also imitated themselves, as new shows were developed from minor characters in successful series. These spinoffs were enhanced by the dependency on ratings, because they began with the advantage of a known character.

With changes in buying and selling, network television and spot television increasingly resembled one another, creating a buyer's market for spot TV. Spot TV allowed the advertiser to pick markets and stations, to choose time periods, and to vary the frequency and duration of commercial schedules. Spot TV also was used by the national advertiser to supplement coverage in certain problem markets. The growth of local TV markets in the fifties had spurred the need for audience measurement at the local level. By the sixties, local program ratings, available for

essentially all TV markets, enabled advertisers to determine station and audience size market by market.

By the mid sixties, spot television had made the thirty-second commercial standard. It began in 1965 with the adoption of the piggy-back announcement, a one-minute commercial by a single advertiser which featured two unrelated products. By 1967, the thirty-second spot had come to stand on its own. The implication for the television business was far-reaching since it meant more commercial segments and more revenue. Recognizing the growing dependency of the big advertiser on piggy-back commercials, stations and station rep firms offered thirty-second announcements. The piggy-back had cost stations and rep firms in scheduling and bookkeeping, but had netted nothing in revenue. Now, the thirty-second spot received its own price tag and entered prime time.

In 1961, the FCC prohibited networks from representing TV affiliates in the national spot advertising field. This was the result of a successful drive by the Station Representative Association (SRA), begun 13 years earlier.[6] The SRA argued that network affiliation was so important to affiliates that networks could and did use it to force affiliates to choose them as representatives. Sale of spot advertisements, the SRA argued, was in conflict with the networks' main business, the sale of network time, and was a monopolizing practice. The FCC agreed.

Finally, the syndication market—programming sold on a station by station rather than network level—was going through a number of changes. The early fifties syndication market was mostly mass-appeal, first-run series, programming which required big budgets. Its decline began in 1957, after reaching its apex in 1956 with twenty-nine first-run series.[7] An oversupply of film programming and rising costs made first-run programs uneconomical for stations; they suffered in competition with network fare for shrinking time slots. The regional advertiser, the mainstay of first-run syndication in the early and mid fifties, had virtually disappeared due to rising costs and shrinking time periods. The demise of first-run, high-budget shows resulted in an upsurge of more modest, special-appeal, programs.

The special-appeal syndicated show, in comparison to the mass-appeal show, was characterized by low budgets, small tailored audience, varied formats, and fringe time scheduling. Sta-

tions used these shows to appeal to specialized audiences, in much the same manner as magazines now tailor their content and style to specific audiences. In addition, FCC chairman Newton Minow spurred a climate for uplifting shows with his "vast wasteland" characterization of TV programming. As the prime time mass-appeal show neared extinction by the sixties, syndication concentrated on fringe programming, overseas sales, and specials.

As first-run syndication became extinct, syndicators turned to reruns of network series as replacements. Reruns helped producers recoup production costs; they had big-name stars and proven track records, and were low-priced—an irresistible combination. By the early sixties, one hundred off-network series were in syndication.[8] The effect was to intensify competition between reruns and first-run shows for time slots. Since reruns typically had good track records, the contest for local time slots usually went in their favor.[9] The sponsor's decision to buy depended on whether he desired identification or dispersion. By the early sixties, reruns replaced the first-run syndicated program as the primary source for local stations, where high ratings were the goal. Advertisers purchased special-appeal programming for full sponsorship and identification.

By 1965, the syndication market was further changed by expanding international markets. Overseas expansion theoretically worked both ways: networks and stations used European films, and U. S. products were shipped abroad. But, in fact, the emphasis on the action-adventure and broad comedy styles created more of a foreign demand for American products than vice versa because those styles overcame language barriers. While all types of American programs were available to foreign markets, foreign stations preferred the standard hour over the half-hour show because of appeal and price. Cultural programming generally did not appeal to foreign markets, most of whom wanted westerns, situation comedies, and action-adventures, for which they had no counterpart.

The sixties also witnessed a steady trend toward syndicated sales of back episodes of series that were still in their first run on the network. Called *on-network* sales, these differed from off-network patterns in that they were usually sold abroad. Distributors of on-network programming initially found overseas sales

poor because of quotas, lack of interstation competition, government monopolies, and the abundance of older U. S. programming.[10] But as the sixties ended, on-network syndication became the dominant form of overseas syndication because of the opening of more stations in key markets, which stiffened competition. In addition, a psychological dimension credited the United States as the number one market. The emerging pattern was for older off-network properties to find acceptance in new and less-developed markets while newer on-network programs were sought by older and well-established TV markets, largely because of cost differences.[11]

As commercial television moved into its most golden years it seemed to provide something for just about everyone except its original audience—those upscale, educated consumers who had been the first to take the risk of buying sets. Few in the industry missed them, since it had already determined they did not make good customers. A few old fogeys reminisced from time to time about the good old days of Sid Caesar and Uncle Miltie, about the spontaneity of live broadcasts, and about a day of fewer, less-grating commercials, but at the very time Minow was calling TV a vast wasteland, networks and local stations were enjoying a peak of prosperity. And that, after all, is what the show is really about.

7 TELEVISION CALLED ON THE CARPET

Washington Views with Alarm

PERHAPS MORE THAN IN ANY other period of broadcasting, advertising itself became controversial as it entered an era stressing consumption. The sixties accordingly marked a period of increased government intervention into marketing and advertising as the ideological and economic functions of advertising were challenged. By differentiating interchangeable products, such as dish detergent and wash detergent, advertising was blamed for higher product prices and a higher cost of living. Advertising had played a major role in creating an age noted for its consumerism, materialism, and abundance; the sixties became a time of introspection and criticism. Critics ranged from government officials (Governor Pat Brown of California, Senator Frank Church of Idaho, Governor William Stratton of Illinois and FCC chairman Newton Minow) to academics (Arthur M. Schlesinger, Jr. and John Kenneth Galbraith), to writers (Vance Packard and Robert Osborne).[1]

What distinguished this criticism was that it was less of advertising per se than of the American economy of abundance and lavishness, which advertisers had embraced. Advertising was accused of promoting materialism, creating artificial wants, distorting normal values, and disrupting normal supply and demand relations as a result of price competition based on trivial or unreal psychological values arbitrarily attributed to products. Advertising, critics argued, contributed to higher prices, promoted a lifestyle inimical to public welfare, and degraded public taste. They

worried about the power and pervasiveness of advertising in transforming a way of life.

The sixties, as a result, saw confrontation between advertising and government bodies. The Federal Trade Commission stepped up its monitoring of false advertising claims. A major advertiser—the cigarette industry—was barred from television in 1971 after the surgeon general's report implicated cigarettes as a major health menace. A consumer protection campaign was launched by FCC commissioner Nicholas Johnson.

TV broadcasting drew more controversy than other advertising media because it depended wholly on advertising for support; viewers paid nothing. Newton Minow summed up the predominant attitude toward the influence of advertising on programming when he called television a vast wasteland. This anti-advertising sentiment was to bring six years of government concern about the ratings systems and their dominance of TV programming, a concern first manifested in 1957 when three separate investigations into industry practices found their way to the door of the ratings industry.

Baiting the Raters

The Barrow report, an FCC investigation of monopoly, started rumblings of uneasiness about the rating systems and their growing importance in sales and programming decisions. This led to a one-day investigation of ratings by the Senate Committee on Interstate and Foreign Commerce, chaired by Senator A. S. (Mike) Monroney in 1957–58. Another Senate investigation called giants of the rating industry such as A. C. Nielsen, James B. Seiler (ARB), Edward G. Hynes (Trendex), Sydney Roslow (Pulse), Allan V. Jay (Videodex), and A. C. Sindlinger (A. C. Sindlinger and Associates) before a committee concerned with the impact of the ratings on the service that the public received. The ratings spokesmen defended the integrity of their methods and senatorial interest diminished for the time being. A third inquiry was an investigation of quiz show procedures, which found quiz shows to be rigged in a quest for higher ratings.

The result of these investigations was a network move to wider use of participatory sponsorship to help eliminate sponsor

influence. Where sponsors had played an active role in shaping their fully sponsored shows, participatory sponsorship minimized sponsor involvement. The paradox is that ratings became even more important in this spreading system of participation since sponsorship now was tied strictly to circulation, measured by ratings. By late 1959, the focus had shifted to Washington, where both a congressional committee and FCC hearings on ratings were being held. In Congress, Representative Oren Harris appointed a committee of the American Statistical Society to evaluate the ratings. This three-man committee was headed by William G. Madow of the Stanford Research Institute.

The Madow committee undertook three areas of investigation: First, did noncooperating homes have significantly different viewing habits? Second, were cooperating homes influenced by participating? Third, what response errors were inherent in different measuring instruments? In particular, was meter measurement comparable to telephone coincidentals?[2]

The Madow report concluded that ratings were technically sound but were not used properly by advertisers and agencies. Of the seven services studied, the report concluded that all were doing a reasonably good technical job for the purposes served, but it did make twelve specific recommendations. A major concern was that audience composition data was poorly estimated from household ratings. This determination was of importance because demographic information was used for buying and for program decisions. The report said that some services culled samples from telephone directories, despite the fact that populations in these directories were not equally distributed throughout counties or socioeconomic levels. Of particular concern were local market ratings. Ratings for small markets had a larger degree of error because of small samples and longer spans between studies. National rating distortions tended to cancel each other out due to more frequent measurement and larger samples, but smaller local samples left little margin for error—even though advertisers penalized low-reported stations. The Madow report turned aside a common criticism of ratings—sample size—saying design was more important than size. The report concluded that the services were not responsible for choosing total audience size as a gross criterion for program performance, since they also provided other statistical information.[3]

The Madow report offered two principal recommendations: that the TV industry establish an office of research methodology, and that rating services publish detailed descriptions of methods and statistical accuracy.

In 1963, these six years of government scrutiny concluded with a major congressional investigation into rating practices, the Harris hearings. Representative Oren Harris headed a special subcommittee of the House Commerce Committee, a successor to the widely publicized oversight unit which helped to disclose the quiz show riggings, the payola controversy, and ex parte contracts with FCC commissioners in the fifties. Members of the Harris committee were critical of the Madow report, pointing out that its statisticians had spent only one day in the office of each rating company and accepted information offered by rating services at face value.[4] They said broadcasters and advertisers had largely taken it on faith that raters did what their theories purported, and had instituted no checks on rating claims or practices.[5]

"Broadcasters," asserted Oren Harris, "are bound to ratings with chains of gold which they are reluctant to break because too many of them think that the link is more comfortable than freedom would be."[6]

Many regard the Harris hearings as a turning point for rating service improvements. Rating services, from necessity, began essential changes even at the price of increased costs. By uncovering fraud, dishonesty, and abuse of rating methods, Harris stimulated the broadcasting industry to improve itself. The subcommittee showed little taste for federal regulation or licensing of rating services, but encouraged self-regulation to avoid this possibility.[7]

The Harris committee undertook a grueling investigation which consolidated information from the previous six years of investigations and from committee scrutiny of personnel, methods, and procedures. Rating services were called one by one to face a barrage of questions. The committee also called advertising agencies, advertisers, and broadcasters in turn to the stand. While broadcasters and networks welcomed committee disclosures of ratings abuse and misuse, advertisers and agencies resented government intervention into their business. The differences, of course, reflected the differences in economic impact.

Nielsen Takes His Lumps

The Harris hearings tarnished Nielsen's reputation. The committee charged Nielsen with "selling confusion and offering broadcasters and advertisers ratings that were frauds."[8] It criticized Nielsen for policies concerning sample secrecy, monopoly control, sample execution, sample turnover, sample representativeness, and tabulation procedures. Nielsen radio and local TV ratings came under particular fire.

A major issue was sample secrecy. Nielsen officials were shown a list of seventy family names from the company's supposedly secret sample.[9] The information came from Nielsen field men. Nielsen clients also had been furnished with maps showing all 478 counties with meters. These maps had been in client hands since 1956. Such information proved strategically valuable to networks, who could improve ratings by choice of affiliates. Such information would be valuable to anyone desiring to influence TV measurement results.

Another charge leveled against Nielsen was monopoly control over the national ratings field. The committee asked why three aggressive competitors (the networks) all relied on one service, A. C. Nielsen, to provide audience measures which were primary factors in retailing, programming, and setting affiliate rates. Committee staff uncovered a Nielsen master plan to monopolize the national ratings field. Prepared in 1949 to convince the Nielsen board of directors to continue heavy investment in radio research, this document detailed a series of alternative plans to dominate national radio and television research. Nielsen's 90 percent share of the ratings business, the committee concluded, was achieved by means other than merit. According to the committee, the Nielsen master plan called for patent litigation to lock out further competition, plans to merge with Hooper, and a sampling pattern that favored CBS over NBC.[10]

The committee also uncovered a history of Nielsen efforts to restrain trade in the national ratings field. First cited was Nielsen's 1950 acquisition of Hooper, Inc., whereby Nielsen acquired all customers and trade and Hooper agreed to suspend competition for a substantial period of time. In 1952 Nielsen had kept Sindlinger and Co. from developing a meter service called Radox. Sindlinger had battled Nielsen in a patent infringement

suit, ending with an out-of-court settlement in favor of Sindlinger but draining its financial resources. This looked suspiciously like the master plan put into action.

Nielsen, Inc. was also accused of using its monopoly power to punish ABC radio for cancelling its contract in 1962, when ABC had refused to go along with changes Nielsen introduced in its network reports and switched to Sindlinger and Co. In punishment Nielsen refused to publish ABC radio information in its national reports.[11]

Furthermore, hearing investigators said Nielsen had launched a successful drive to keep ARB from entering the national rating field in the early sixties. Under questioning, James Seiler of ARB said that the cost of a patent lawsuit had weakened ARB economically at a time when it was trying to establish a national rating business, and was a substantial factor in a decision to merge with CEIR, a software firm. The settlement involved payment of a yearly fee for use of Nielsen patents. The committee also suggested that Nielsen sold its audience composition reports at a loss with the goal of forcing ARB out of the national field. (Nielsen charged twelve hundred dollars for its National Audience Composition service compared to ARB's twenty-five hundred dollars.)[12] Nielsen was, of course, more heavily capitalized as a result of its mighty retail audit business. These charges resulted in a November 1963 FTC consent order.

Another major issue was sample turnover. Since 1947, only 12 percent of Nielsen's national meter sample of twelve hundred had turned over.[13] A major weakness in building samples was the delay in upkeep until the census was available. Although it was no longer current, the Nielsen sample still was used as a prime buying tool by agencies and had a major impact on programming.

Another concern was sample representativeness. Investigators learned that 40–50 percent of homes receiving diaries at the local levels failed to return them, raising serious questions about randomness. Since cooperation was a problem, field men used relatives or friends of those already in the sample as a replacement. Nielsen had failed to conduct studies on refusal rates or on unlisted telephone numbers. Investigators questioned the typicalness of homes which allowed a buzzing, blinking meter, and the efficacy of measuring attentiveness by set tuning. They also ex-

plored the problem of field men faking reports. Field men were paid according to the amount of usable film they collected, so many set the recorder devices to receive only the stronger stations.[14] This reduced unidentified listening and improved film tape recordings, but also eliminated significant data. Nielsen field men also said that, since Nielsen paid only two dollars per home, many homes with more than one set refused to keep logs for each set.

A vital area of weakness pointed up by the Harris hearings was Nielsen's radio reports. First, Nielsen measured only electric radios, thus underrepresenting battery radio audiences. Second, Nielsen radio sample sizes were small, allowing high levels of error. Nielsen also combined data from different time periods as if it had been collected at the same time. The committee also uncovered errors in tabulation. Nielsen was accused of not indicating the statistical accuracy of his ratings. Nielsen disregarded entire radio diaries because of improper entries, reducing total listening and radio estimates; in editing TV diaries, however, Nielsen did the opposite by salvaging any day's usable information. In Louisville, Nielsen discarded diaries that represented 26 percent of data credited to nonsubscribers, but only 5 percent of those credited to subscribers. Nielsen executives claimed its editing of radio diaries required perfect information because radio relied on cumulative information while television relied on per-broadcast data.[15] Finally, Nielsen sample sizes were smaller than reports indicated. For example, while Nielsen claimed a 205 diary sample, it could produce only 123 tabulated diaries.[16]

Nielsen reports determined the way in which advertisers spent $805 million in network television and $47 million in radio. The Harris committee charged that Nielsen had acquired a monopoly through unlawfully restraining trade to achieve its 90 percent share of the network business. It said Nielsen had used its meter patents virtually to foreclose competition in sales of network TV and radio reports.[17]

Nielsen was also criticized for a number of other policies. It was cited for weighting its diary returns according to the higher data gathered from the meter, and the consent degree prohibited Nielsen from mixing diary and meter samples. Nielsen was restrained from excluding population segments without indications. (Nielsen reports had previously excluded the mountain

time zone.)[18] Also, the 1963 consent order cited Nielsen for claiming audience totals were exact to one hundred homes (ratings are statistically imprecise figures with a range of statistical error) and for using hearsay from diary keepers.[19]

The Harris hearings resulted in two FTC consent orders. A January 1963 consent order with Nielsen, ARB, and Pulse charged all three services with incorrectly representing their measurements (see chap. 8). In a second consent order, the FTC charged Nielsen with a number of anticompetitive activities. Nielsen had sabotaged competitors' efforts to develop mechanical devices by engaging them in costly patent litigation. The FTC furthermore concluded that, after establishing a monopoly and restraining trade, Nielsen had used its position to fix and maintain arbitrary, artificial, and noncompetitive practices.[20]

Through this consent order, the FTC hoped to open the door for competitors in the field of electronic measurement. The order left other companies free to compete. In addition, Nielsen had to make available on a royalty-free basis for the next four years its meter patents and licenses, and waive collection of royalties on outstanding licenses.[21] (ARB was paying a royalty of $10,000 annually.) Nor could Nielsen acquire any producer or seller of audience measurement without FTC approval for ten years. Nielsen was forbidden to enter into any agreement to eliminate supplies or restrain trade. Finally, Nielsen could not hinder competitive efforts to develop or use mechanical audience measurement devices. Nielsen had acquired a 99 percent share of the network business.[22]

ARB: Relatively Like a Rose

By comparison with the other ratings companies at the hearings, ARB emerged relatively unscathed. In 1963, ARB grossed most of its revenue from its local TV reports, having 60 percent of the local TV market and only 10 percent of its business in the national ratings field.[23] Although ARB was noted primarily for its local market measurement, it did retain a national sample of diary keepers. ARB had merged with CEIR, a software firm, in 1961 and was the second largest rating service, maintain-

ing a staff of 225 employees plus 5,500 interviewers serving 410 local TV clients.[24] Major criticisms of ARB concerned sample secrecy, use of metro areas and metro ratings, and claims regarding statistical reliability.

ARB, like Nielsen and Hooper, was criticized for looseness in sample secrecy. ARB was found to be a little too cooperative in allowing clients to review sample selection procedures, making it possible to learn who respondents would be in upcoming surveys. Diary keepers were supposed to be confidential to prevent possible payoffs. The committee thought ARB needed to tighten its policies.

ARB, was also criticized for its artificial definition of metro areas. Metropolitan area statistics were designed to show how a station's programming competed with other stations having the opportunity to reach the same viewers. ARB claimed to follow census guidelines, but admitted that advertising agencies sometimes adjusted metro definitions. Since many buyers purchased entirely on the basis of metro ratings, coverage outside the metro areas was excluded. ARB president James Seiler agreed that rating users who purchased time only on metro ratings could be misled on coverage outside the metro areas, but he said total home figures credited the station for all viewers.[25]

A third issue raised was statistical reliability. Seiler indicated, in answer to a question concerning sampling error, that a 22 rating with a standard error of plus or minus 4 could mean a true figure as high as 26 or as low as 18. Reported differences in station viewing could be differences in accuracy rather than actual differences in viewing. Seiler admitted that some recording error occurred and that nonrespondents had different viewing habits than respondents, but neither, he said, was significant.[26] The FTC consent order cited ARB for failing to use data without qualifications and for not accounting for the effect of nonresponse. This order also noted that ARB failed to contact diary keepers after an initial contact and that it falsely claimed that its repondents recorded their viewing at the same time as the viewing occurred.

Overall, however, the subcommittee praised ARB and Seiler for honesty. Investigators found that ARB was indeed able to produce 160 tabulated diaries for a reported sample of 160 TV

homes.[27] Investigators also noted that ARB flagged instances of station hyping, i.e., running atypical fare in order to increase ratings during measurement weeks.

Goodbye to All That: Videodex, Colon, Pulse

While the two major rating services, Nielsen and ARB, were able to bounce back with some revisions in methods and policies, such smaller rating services as Videodex, Colon, and Pulse (to a lesser degree) were casualties of the hearings.

Harris discovered that both Videodex and Colon produced heavily falsified or even fictitious reports. Investigators discovered that Videodex discontinued its national sample of 9,200 homes in 1958,[28] but sold ABC a national study in 1959.[29] Videodex's full-time employees could not be found, nor was there evidence of agreements with its field contractors or premium houses with whom it claimed to work. Instead, the firm had obtained names from warranty cards returned to set manufacturers. Grouped by TV markets, these names were selected at random for client orders for specific markets. Multimarket data were obtained by referring to the 9,200 discontinued national diaries stored in warehouses.[30] Colon was also discovered to maintain a fictitious staff, producing reports without benefit of actual surveys.

The uncovering of methodological deficiencies was also damaging to Pulse. Pulse was one of the big three rating services and was primarily known for its radio research, although it had a TV adjunct called TelePulse. By 1961 Pulse had begun to stress qualitative dimensions, dividing the network audience into thirty product-use and socioeconomic characteristics.[31] Called a con game by congressional investigators, Pulse was accused of highly questionable techniques.[32] Particularly criticized were Pulse's weighting procedures, sample secrecy, failure to publish margins of statistical error, and failure to measure nonsubscribers, as well as field work errors and problematic tabulation procedures. Pulse also did not report FM listening in its syndicated reports, although Hooper, the other major radio rating service, did. Fi-

nally, the committee suggested that Dr. Sydney Roslow, head of Pulse, had received money under false pretenses which he should refund to subscribers.[33] Despite these charges, Pulse was able to bounce back by moving into qualitative research and remained active until the mid seventies.

8 REPENTANCE AND RENEWAL

Advice and Consent Decrees

RATINGS HAD BEEN A MAJOR concern for the Senate during the March 1961 confirmation hearings for FTC head Paul Rand Dixon. The Senate had then asked Dixon to look into data collected by Senator Monroney's committee investigation, and this request, together with the more detailed findings of the Harris hearings, resulted in a 1963 consent decree with the three largest rating services—A. C. Nielsen, Inc., CEIR (ARB), and Pulse. The FTC charged all three rating services with incorrectly asserting that their measurements were based on probability samples, and with claiming that station and program ratings were accurate measures resulting from error-free techniques. The order called for better craftsmanship and disclaimers. Rating companies could no longer claim that reports were based on probability samples with measurable error factors unless these claims were spelled out. Changes were to emphasize that the information constituted estimates based on sampling methods and that representation in precise mathematical terms was subject to sampling and nonsampling qualifications.[1]

In other words, rating services were ordered to begin truth-in-packaging. In their competitive struggle, many rating services had promised more than they could deliver, and had put a pseudoscientific gloss on products only slightly scientific. Sampling lost its validity when data and procedures were not policed. Pat Weaver, head of NBC programming during the fifties, said, "Absolute reliance on ratings generates a never-never land just one step away from the entrails of a chicken."[2]

All three major TV rating services projected their samples

beyond defensible limits. Not many of the rating services, as indicated by the Harris hearings, had samples which stood up to rigorous inspection. A perfect sample mirrored the universe under study. But all sampling broke down to some degree in execution. Telephone-based samples eliminated non-telephone and unlisted homes. Diaries eliminated illiterates, not-at-homes, and remote areas. Only the meter offered the opportunity to design the perfect sample, and its sample was subject to aging, as well as limited in quality. Meter samples had high refusal rates, making substitution necessary, and this, together with mechanical failure, destroyed randomness, the whole basis of probability sampling. Many believed that the biggest problem was not size but randomness. Small samples were tolerated since ratings were not a one-time affair but continuous. The hearings also charged rating services with using inefficient and improper tabulation. They uncovered mistakes and deliberate cheating on the part of company executives and field personnel. Ratings were sometimes fixed to favor subscribers over nonsubscribers. Yet prior to the hearings, possible misconduct or false information generally had been ignored by industry users. An idea of the state of the ratings can be gleaned from the discovery that two of the smaller services—Videodex and Colon—were producing largely fictitious reports. Pulse's methods were severely questioned and its reputation damaged. Even major firms like Nielsen and ARB were found deficient in sampling techniques and methods.

Others believed that the real problem was gross misuse of the end product by decision makers. Yet, despite the problems, the measurement of audience and markets was indispensable in an age of mass marketing, so the industry took its wallops and reacted in differing ways.

A particular problem pointed up by the hearings was a weakness in local radio and TV samples. The first reaction of many rating services was to double local sample sizes. ARB doubled samples, resulting in a 50–60 percent rate hike, while Nielsen raised prices by 15–40 percent.[3] Rate increases caused cancelled subscriptions, but stations relented when threatened by government regulation, and for lack of any alternative.

Another rating service reaction to the Harris hearings was to reveal methods and procedures to clients. Prior to the hearings, rating services had guarded methodologies as trade secrets. Fuller

disclosure of sampling, editing, and tabulating procedures became standard in the hearings aftermath. Companies also disclosed size information for demographic samples. Finally, reminders to clients that ratings were only estimates became standard.

The Harris hearings set the stage for another important development. Investigators criticized the rating services for their arbitrary definition of metro areas, which resulted in distorting competition. The need for a new way of defining markets was evident. The seed was sown for the development of a new market geography, which blossomed into ARB's ADI concept in 1966.

Finally, the hearings resulted in major shifts in rating company positioning. Victims of their own mistakes were Pulse, Videodex, and Colon. Pulse introduced significant changes in its methods and continued to operate until 1978, but Videodex and Colon ceased operations.

Problems in measuring radio's now splintered audience, as pointed up by the hearings, resulted in major competitive repositioning for radio measurement. Radio had become a local spot medium, and spot buying meant buying by ratings. Radio programming, however, no longer existed in discrete units because of format changes to music, information, and news. Per-broadcast reports had become useless. Advertising turned to cumulative (*cume*) audience measures for size and demographic information concerning the radio audience. Although cume ratings were an important trend, Pulse, the major radio rating service at the time, used a twenty-four-hour recall method that could not produce cume ratings, and had run into rough treatment at the hearings and lost credibility. Nielsen discontinued its radio service as a result of methodological deficiencies disclosed at the hearings. No spot radio tool was available unless ARB or Hooper, Inc., sprang into action. In fact, both did, but Hooper was limited by its telephone coincidental method. Hooper planned to challenge ARB using a combined telephone recall to measure out-of-home viewing and a coincidental to measure home viewing. Expansion of measurement in the late sixties beyond the metro area meant that toll calls were necessary, resulting in higher costs. Thus, Hooper and most other services had run into seemingly insurmountable difficulties.

ARB, on the other hand, began in 1967 to market a radio-

only format replacing its former multimedia diary (which recorded both television and radio audiences). The radio-only idea was developed by James Seiler, who had left Arbitron to form Mediastat. Seiler argued that a multimedia diary understated radio audiences. He also asked each member of the household to fill out a separate diary. These new diaries emphasized cume audiences compared to average program audiences. Aggressive marketing and the personal radio-only diary allowed many radio station audiences to show up for the first time since the mass defection to television in the fifties. Radio now had a measurable audience to sell. ARB grew to monopolize the field of radio measurement, as Nielsen did network television during the period.

Agency response to the 1963 Harris hearings was mixed. Advertisers and agencies insisted that the inadequacies of the ratings were long known and recognized by advertisers. Advertisers defended themselves by saying that they were not in the TV business; rather, TV was in the advertising business. Advertisers claimed to use other factors in time-buying decisions, such as audience composition and market definitions. But even these factors were supplied by audience measurement services.

Advertisers expected the rating ruckus to have little material effect on ratings decisions, and felt the importance of rating services would continue. In particular, ratings were important in spot TV and radio, since spot buying was purchased largely by slide rule specifications and, as most advertisers said in an informal poll after the hearings, "What else have we got?" In general, advertisers were indignant over government interference, and their possible exposure as "entrail readers," but nevertheless wanted ratings to be sharpened through better research and expanded to demographics, brand-use information, and improved perceptions.

Most attempts to reform ratings methodologies were generated by broadcasters themselves. The ratings hearings resulted in the formation of a number of methodological organizations, as broadcasters sought to ward off government regulation.

The biggest need in the rating business, according to Oren Harris, was simple honesty. With this in mind, the National Association of Broadcasters' LeRoy Collins proposed developing a research and auditing council called the Broadcast Measurement Council (BRC). Born out of the need for industry autono-

my, the BRC (now called the Electronic Media Rating Council) attempted to set standards for audience measurement services, and to audit and accredit. In 1964, the BRC began surprise audits of thirty field locations annually.[4] Its plan of action included formation of ethical criteria, voluntary disclosure of rating service procedures, and audits. The established criteria, along with the disclosure, were to establish the basis for the audits.[5] The cost of audits was to be borne by the rating services, who were to pass along the cost to customers.[6] As an auditing agency, the BRC did not address questions of methodology, demanding only complete enforcement of disclosed methods and stated policies. As some put it, the BRC measured honesty, not sanity.

Simultaneously with the development of the BRC, industry groups initiated methodological studies to improve measurement methods for local and national TV and radio. The Committee for National TV Audience Measurement began methodological studies of sample size, the applicability of sampling theory to television, and noncooperation and nonresponse effects.[7] The Committee on Local Television and Radio Audience Measurement investigated diary techniques, including personal vs. household diaries, closed-ended vs. open-ended diaries (closed-end diaries have horizontal rulings to indicate every quarter-hour throughout each day of the week; open-end diaries are unruled), effect of time span on recording, the typicalness of diary respondents, homes with more than one set, and recording distinctions between prime time and fringe areas. It also examined sample distribution in metro vs. outlying districts.[8]

Methodological studies were important to radio since, with the demise of Nielsen and Pulse, radio research was no longer accepted by the entire industry. National and local radio studies merged into one large study called All Radio Methodological Studies, which examined the effect of television on the size, scope, and habits of the radio audience, as well as multiple-radio homes, the increase in portable sets, and the best technique for audience measurement.[9]

After seeing the curtain come down on six years of government investigation, it is perhaps only fair to put in a kind word for the investigators. Despite frequent claims of "government interference," the government did not, in fact, interfere very much by way of regulation, but took throughout the attitude that if the

facts could be made public the industry could clean its own house. And that is mostly what happened. Groups like the BRC set new standards, for the most part higher, better defined, and more consistent. It should also be remembered that many of the arguments made in the various investigations were self-serving. Rating services and agencies, for example, had been peddling pseudoscience to their clients, claiming that they, and only they, were knowledgeable enough to interpret TV ratings and make wise decisions. Their fear of being exposed as "entrail readers" was a major factor in their reluctance to cooperate in clarifying ratings methodology and practices, just as broadcasters were always ready to grasp at whatever rating service produced the highest numbers for their sales staff.

"Government interference" forced all segments of the industry to address the realities of their influence, responsibilities, and common interests, and led to changes which were in all probability in the best interest of all concerned.

An Old Pro Fights Back: Nielsen

By 1960, the TV measurement field had thinned down to two primary services. Nielsen continued to dominate the network TV ratings field, while ARB had the local TV ratings market. Both marketplaces were largely determined by agency support. During the period 1960–1975, Nielsen and ARB (which became Arbitron in 1973) played a game of nip and tuck as ARB strove to overtake Nielsen in the national ratings field, and Nielsen fought for the local TV marketplace. ARB's best weapons were its innovations in conceptual and product design as it quickly responded to marketing and advertising needs. As an innovative leader, ARB was more susceptible to preliminary errors in working kinks out of new techniques and procedures, and sometimes was too innovative for its own good. In its eagerness to please clients, it occasionally tipped the delicate balance between agency and broadcaster support. Nielsen's strategy, by contrast, was more conservative and its financial resources enabled it to outlast its weaker competitors.

Nielsen faced its first serious challenge in the early sixties when ARB loomed as a serious competitor in national meter

measurement, but Nielsen stood its ground and maintained its near monopoly in network ratings. Major changes in network TV reports during this period either reflected the changing needs of TV advertisers or stemmed from problems uncovered at the Harris hearings.

Until the sixties, Nielsen had not encountered a direct competitor in meter measurement. Its three smaller rivals, ARB, Trendex, and Pulse, had survived by offering services not provided by the Nielsen reports, often in the form of supplementary studies. However, in 1960, ARB announced plans to expand its multicity meter service, called Arbitron, to a full national service by September.[10] ARB began with a sample of one thousand metered homes and planned to expand to fifteen hundred homes throughout the country, suspending its three-year-old multicity reports in the process.

ARB's national Arbitron service offered a distinct advantage over Nielsen's meter service: reports were available overnight. Nielsen still used two-week mail-in tapes, although he was perfecting an instantaneous service for the New York market.[11] By 1959, ARB had signed all three networks to receive its national Arbitron service.

Expansion of Arbitron to a national sample was an expensive proposition. Despite the network's solid patronage, finances soon forced the project to the shelf. Nielsen had filed a patent suit against Arbitron in 1958.[12] Although ARB and Nielsen signed an agreement in 1961 which allowed ARB to continue to use certain meter devices on which Nielsen held patents, ARB agreed to both a $10,000 license fee and a 5 percent royalty payment. Worse though, ARB suffered a financial drain of $10,000-$14,000 a month from the lawsuit, according to James Seiler.[13]

A second reason behind the decison to abandon the national Arbitron service was the withdrawal of ABC's financial support. As the smallest of the three networks, ABC would incur the greatest relative cost in going from Nielsen's billing formula based on network sales to ARB's flat rate of $18,000 per year per network.[14] For all these reasons ARB withdrew the national service before ever going into full operation.[15]

Although ARB withdrew from instantaneous national service, overnight ratings were finally implemented nationally by Nielsen in 1974. Instantaneous ratings for all network programs

between 6:00 and 11:00 P.M. (EST) were provided through overnights. This service was based on a new meter which Nielsen called the Storage Instantaneous Audimeter (SIA) system. The SIA system linked TV sets in twelve hundred homes to a central computer, permitting quick retrieval of viewing data and, according to Nielsen, eliminating delays and nonresponse problems. This new service met with mixed network reception. ABC, in particular, balked at the cost, indicating that broadcasters preferred better data on individual viewers rather than faster data on household viewing, a wish that would be fulfilled in the eighties with the development of the people meter. In addition to the one million dollars for basic services, this new service cost $300,000 annually for each network.[16]

The development of overnight measurement had a major impact on network scheduling practices and program development. Networks ordered fewer series episodes and gave them less time to succeed. Unlike its European counterpart which purchases a limited number of episodes, American television had looked for the long-running series despite the evidence that long-running series tended to fall apart by their second or third year. The concept of a network season thus underwent a major overhaul and network schedules were characterized by growing fluctuation. Overnights, together with competition from both independent stations and cable television, helped to destabilize the series concept by 1975. Networks developed one-shot extravaganzas to replace the series and to win back defecting TV audiences for sweeps.

In 1960 Nielsen introduced a major change in the base for national reports. Nielsen Television Index (NTI) reports were changed from a program service base to a total U. S. TV homes base. The program service base, which Nielsen had used in the fifties, indicated the total potential audience that had access to a given show, taking into account the number of stations that carried the show. This base had thus provided a way of measuring actual audiences in relation to potential ones. The program service base expressed program ratings as a percentage of TV homes falling within the coverage area of each program. Nielsen now expressed the program rating as a percentage of total U. S. TV homes, on the assumption that every home now had a television. This revision did not reflect any changes in the number of homes

measured. Nielsen had to defend this move against network opposition, particularly from ABC, because it meant lower numbers for networks with fewer affiliates.

With current station lineups, overlapping from affiliates, and universal TV set ownership, the program station base no longer served its intended purpose of eliminating coverage as a variable when evaluating program performance. The original direct relationship between coverage and delivered audiences, according to Nielsen, no longer existed. Thus program popularity no longer needed to be measured independently of coverage facilities. Use of a total U. S. homes base yielded figures directly comparable from program to program, and included all factors determining audience size, including station facilities, time of day, competition, and popularity.[17]

Other major changes in NTI came as reactions to the Harris hearings. First, Nielsen published a series of monographs on sampling which stressed that ratings were blurred numbers. Although expressed as a number, ratings had a margin of error and were not precise. Second, Nielsen changed its formerly fixed Audimeter sample. In its place, Nielsen developed a new sample, updated according to the 1960 census, and each year, Nielsen planned to move 20 percent of his Audimeters to new homes, meaning a 100 percent turnover in five years. The new sample was also chosen to correct an imbalance in favor of children, attributed to a quirk in the selection of new families. In 1964, Nielsen announced that revision of his national sample was 80 percent complete. This resulted in the closest network race in the history of television because his old sample had favored CBS. Sample revision also enabled Nielsen to incorporate more counties and more homes from the mountain time zone, and to update his twelve-hundred-home, now computer-selected, sample.[18]

To obtain demographic data for his national reports, Nielsen also placed twenty-two hundred diaries in a cross section of American homes thought to be representative of the U. S. population and apportioned according to regional density. Diary results were correlated with the set tuning levels of the meter. Diary keepers were divided into four waves, each of which submitted data for one week a month to avoid diary fatigue. As with

the national Audimeter, Nielsen instituted a sample rotation plan which included 100 percent turnover every three years.

Nielsen also developed a computerized list of telephone homes in 1964, reflecting growing concern over the mounting number of unlisted telephone numbers. Computer-generated numbers, called random-digit dialing, would correct this problem.

Another change stimulated by the hearings was the decision to abandon the network radio rating business. Radio had changed from a household to a personal or individual medium, but Nielsen's Audimeter was primarily a household measurement instrument. Lower levels of listening, as a result of fragmentation of markets, and the growth of out-of-home listening had complicated radio measurement. ARB moved into the radio business and gained most of this market.

Nielsen revamped his local market reports even more extensively since the hearings had uncovered problems in this area. He discontinued use of the simplified Audimeter and shifted to diary-only measurement at the local level. Local diaries had been adjusted to the viewing levels of the meters, but the hearings criticized this statistically incompatible mix.[19] In 1964, Nielsen introduced a regularly changed and computerized local sample. Sample specifications were fed into a computer which chose from fifty million telephone homes. Nielsen first used listed telephone numbers but changed to the random-digit method in 1976.[20] Sample homes were selected randomly within areas. Nielsen also increased his sample size by 159 percent in metro areas and 118 percent in outside areas.[21]

Nielsen also attempted to improve his diary cooperation. Operators made three attempts to contact each home. Follow-up reminders to participating homes increased the diary return rate to 63 percent.[22] A preview study classified families as light vs. heavy viewers in order to compare differences. In 1964, he switched from *self-weighting* samples, where all elements in the sample had an equal chance of selection, to *cell projection*, which assigned unequal weights to subsamples of the population that otherwise would not have a sufficient number of cases. Nielsen provided cell projection or weights for such factors as CATV (in 1964), socioeconomic areas and county populations

(in 1967), demographic data (in 1972), and ethnic and black populations (in 1975).[23]

Nielsen also sought more demographic information from his larger samples. Demographic data grew popular during the sixties, and by 1968, Nielsen reported on forty-five demographic groups. Amid complaints of overloaded reports, he later reduced the number of categories.

Nielsen adjusted his local market surveys to changing needs. In 1967, following ARB's lead, Nielsen adjusted his local market reports to a Designated Market Area (DMA) geography, paralleling ARB's ADI. The DMA concept divided counties into nonoverlapping market areas with divisions typically running along county lines. Counties were assigned to the broadcast market where their largest share of viewing occurred. For example, if county X's dominant share of viewing took place in Boston, it was assigned to the Boston DMA. He also increased the number of survey periods per year from two to four, now measuring all markets in October, November, February, and May. To adjust his reports for a growing number of specials, Nielsen introduced a section which showed ratings of preempted programs averaged separately from the specials.

An Old Pro on the Ropes: Arbitron

Nielsen's competitor in local market ratings, ARB, entered the Harris hearings with a 60–40 lead in local market reports. Compared with the incongruities and outright deception of many other services, ARB looked good in the hearings. Its major change was to double sample sizes, despite station outcries and threats of cancellation due to increased costs. Seiler and Cooper realized that larger samples would be especially meaningful in relation to demographic data and for lower-rated programs, where a few aberrant returns could have great impact. ARB successfully argued the case and all wayward stations returned to the fold.

After merging with CEIR in 1961, ARB expanded its computer facilities, and by fall 1962, was expanding its spot activity reports (summaries of all spot activities for particular brands related to cost) and sales territory analyses (reports that showed the

total homes reached by individual network shows and local shows, related to cost). Such information was useful in planning advertising budgets and determining competitive activity. The reports disclosed the variance between advertising and sales, suggesting which markets needed more advertising help. This was made possible by computerized treatment of data.

By 1964, many members of the original ARB management, including James Seiler, Roger Cooper, and John Landrith, left, citing basic differences in ARB and CEIR policy. CEIR hired new management who were not well received by major agencies. By the end of 1966, agency and station cancellations had dropped ARB to a 25 percent share of the top fifty agencies, compared with local Nielsen's 75 percent.[24]

ARB clutched at management changes and innovations to regain its ground. In 1967, CEIR was sold to Control Data Corporation. To help regain its competitive strength, ARB hired Bill Harvey, who had a number of innovations in mind. First and foremost was the ADI concept, a new standardized market geography to replace the metro area, which had come under attack at the hearings. Metros were artificially restricted areas in which all local stations had the same quality signal. Station coverage outside the metro was excluded.

Harvey also added product usage data, a joint project of ARB and Broadcasting Advertising Reports (BAR). These new reports combined BAR spot monitoring reports with ARB demographics, so that audience data could correlate program viewing with product categories. These reports allowed a sponsor to compare advertising's success from network and spot TV with advertisements for competing products. These were dropped in 1972 after complaints that results were unreliable due to weighting procedures.[25] However, by the late eighties, product usage data had reemerged (see chap. 12).

ARB also added in 1967 an index of cume potential, the proportion of light-viewing households by quarter-hour. This index compared light viewers with averages for all viewers. The higher the proportion of light viewers, the higher its potential to attract an audience not duplicated by other TV programs. ARB led in the demographic explosion (see chap. 9) adding nine demographic groups.[26]

Finally, ARB introduced a summer measurement report.

Stations were alarmed by the lower levels of households viewing television during the summer months, but ARB argued that investment follows illumination. The more information that stations provided about their summer audiences the greater the likelihood of advertising buys.

ARB's plan was to implement all these new features by the fall of 1967 to win back agency support and station renewals. It gathered advertisers and agencies at a marketing retreat to explain these new features. The result was a marketing coup. By the end of 1967, their innovations and selling strategy resulted in a 65-75 percent share of the market. The ADI concept proved a particular boon.

Although ARB was successful in selling these new services to agencies, stations resisted further fragmentation of the TV market through refined demographics, product usage, and geographic boundaries. They thought that market and audience segmentations deprived them of audiences outside certain narrow boundaries, while placing refined and discriminating tools in the hands of advertisers and agencies. Mainly they complained because the ADI market geography and demographic data produced lower numbers to sell. But ARB argued that the comparative relationship, not the overall relationship, was the issue. Stations saw ARB as loading its reports with data significant only to time buyers, and felt relegated to second place.

By 1969, ARB's local data included *pure program averages* (the monthly program averages separated from any irregular programs scheduled during the same time period), as well as weekly ADI ratings for all time periods in the market. Until the development of pure program averages, ratings were by time periods only. This development, like Nielsen's inclusion of preemption information, was necessary because of the increase in the number of specials. Weekly ADI program ratings were now listed separately, in addition to four-week ADI averages, total area estimates, and seven demographic categories. ARB expanded the number of sweeps periods from two to three, added further product usage categories, and reported average station circulation by segments of the day as a regular feature.[27] Many of these changes were made possible by the computer.

A decline in ARB levels of households using television followed as a result of these methodological innovations. ARB samples were insufficient to permit using individual weekly circula-

tion figures in place of four-week averages, and ARB was criticized for treating each week's diary separately rather than as a whole.[28]

Once again ARB faced subscriber revolts. Stations were upset by ARB's 1971 price increase, which resulted from including information desirable to advertisers but thought unnecessary by broadcasters. Stations also accused ARB of introducing methodological changes without adequate pretesting, resulting in understated audience levels. Other controversial changes involved weighting procedures, use of incomplete diaries, and switching of the base from sets in use to homes using television.[29]

Unfortunately, the vast array of information which ARB now delivered slowed down the processing of reports. Delay was also caused by ARB's conversion to a new statistics balancing system to overcome problems resulting from receiving no diaries from some counties for particular weeks. This conversion, critics said, explained apparent viewing declines in the 1969 report. Since Nielsen had showed no such decline, stations rejected ARB figures. Stations demanded to have delivery dates and sample sizes written into contracts, and fought for a greater voice in sample size, stronger guarantees and documentation of ARB methods, studies of the effect of sample balancing on viewing levels, and a more responsive attitude toward broadcasters. They felt that the basic problem was ARB's escalation of demographic and product-use data, which fragmented the audience. While detailed data had been expanded to a number of areas, all the information was still elicited from one thousand diaries in each market.

In November 1970, ARB (now owned by Control Data) attempted to douse the fires of rebellion by hiring James Seiler as a consultant. Seiler was to give advice on product design and report frequency, and to assist in marketing ARB's reports. In 1971, Control Data also hired Theodore F. Shaker, who had a station background, to replace its president Peter Langhoff, who had an agency background. Shaker effected some immediate changes: shifts in management, removal of product usage from reports, and changes in diary samples and audience-composition editing policies. The result was that ARB maintained a 50-50 share in the local ratings field, a position which it held into the eighties.

9 A WHOLE NEW WORLD

Demographics as a Way of Life

In addition to ARB and Nielsen innovations, the local measurement field was to see two sweeping changes as a result of evolving advertiser needs: demographic targeting and the development of nonoverlapping market geography. The high cost of television, coupled with marketing trends, increased the importance of placing commercials to reach the best prospects for products. Reaching as many TV homes as possible ceased to be the only objective for TV advertisers; they wanted to know whether their messages were reaching customers who used or would use their products. So advertisers and agencies pushed rating companies to include more qualitative information about the program viewer: family size, auto ownership, product consumption, and any other information useful in product and purchasing decisions.

From 1960 to 1975, television advertisers pursued dual objectives. Networks continued to deliver mass audiences for big-budget advertisers who wanted numbers, but they also began to provide more specialized programs suitable to a broader range of products and smaller budgets.

Undifferentiated markets, which ignored market segments to focus on the broad audience, had been common ever since Henry Ford built his Model T. Industrial society had been built on the concept of undifferentiated marketing, mass production, and mass distribution. Gains from such a strategy were greater numbers of products at lower costs, by simplifying production and distribution. Until Frank Perdue, chicken was simply chicken. Differentiating products, whether through stylistic fea-

tures (electric shavers vs. blade razors) or through advertising claims (Ipana vs. Crest), threw away the virtues of mass production—such as simplification—and created price differences. Problems of consumption, such as glutted markets, shifted the emphasis from mass production of few products or models to targeting specific products, customers, commercials, and audiences to help move products. Advertising became more than a means of information—it became a means of differentiating products and reaching specific markets, whether through snob appeal, the back-to-nature movement, or simply price. Marketing a product became both a science and an art as products and advertisements were tailored to specific segments.

Lifestyle changes in the sixties resulted in more varied population groups among age, sex, economic class, and region. Marketers had always used census data to search for measurable demographic trends with marketing implications, but now wanted much greater complexity. Family togetherness had been a marketing assumption of the postwar era, particularly for packaged goods and appliance manufacturers. In the sixties, family life was transformed, and marketers had to appeal to family members engaged in separate pursuits. Each family member was assumed to have discretionary income and was thus a target. The growth of discretionary income, as well as the desire for convenience and leisure, shifted the economy from a product- to a service orientation. The single most important factor affecting marketing actually occurred in the late forties, but did not reach demographic strength until the sixties. This was the Baby Boom. From the forties on, that new generation was the most densely concentrated age group in the United States. A 1960 census report projected the number in the 18–25 age bracket to grow 80 percent between 1960 and 1980.[1] By 1965, half of the U. S. population was under 25.[2] This youthful age group became the target of marketers in the sixties and, as such, also became the target of network programming and of increased demographic information in rating books—a pattern which continues.

A reflection of the splintering of the nuclear family was the rise of multiple set ownership in the sixties. By 1962, TV sets had achieved 90 percent saturation, and 14 percent of homes had more than one set.[3] The growth of homes with more than one set multiplied throughout the period. Most multiple set owners were

families with color sets. By the mid sixties, all three networks were programming color in prime time, and as people purchased color sets, they kept the old black-and-white. By 1964, two million color TV sets had been sold.[4] A second factor in the growth of the number of sets per household was lower-priced portable sets based on solid-state technology. The growth in two-income families and trend toward splintering of the family unit meant that money was now available for individual sets. Second sets were often used by teens and children. The trend toward dual set ownership was further encouraged by a greater number of viewing options as VHF, UHF, and CATV channels increased. Multiset homes grew from 14 percent in 1962 to 45 percent by 1977.[5]

With the growth of two- and three-set TV families, the TV household concept of measurement came under serious scrutiny. Television was now a personal medium. In the fifties, the number of viewers to a set might be as high as six to eight. By 1964, the average number of viewers had declined to 1.8 or 1.9 per set.[6]

Individual viewing led to a shift in audience research to meet the changing needs of the TV set revolution. By the sixties, both ARB and Nielsen provided personal demographic, or splinterized, measuring units. Both switched from the former "sets-in-use" criterion to "households-using-television," to eliminate duplication.[7] By the eighties, demographics had become so influential that "persons using television" increasingly guided advertiser purchases.

Electronic Geography

Before radio and television, sales areas were defined by local physical or political geography—a river, mountain, or county line. Radio and TV coverage areas made such boundaries obsolete—the only issue was whether the signal was received. Sales areas were therefore redefined according to media coverage areas. Television was the example par excellence of this change. The ADI concept developed by ARB in 1966–67 for television proved so successful that other media have now adopted the ADI as a generic term for marketing area.[8] Not only was television an important sales tool in moving products into the home, but it also

became a major force of social and economic leadership, making broadcast cities into influence capitals within the range of their signals.

This was not always the case. Early radio and television markets were defined in the same terms as newspapers. Marketing areas were metropolitan areas. The Census Bureau slightly enlarged these metro areas into Standard Metropolitan Statistical Areas (SMSA). Radio station coverage patterns varied so widely that dividing marketing areas into exclusive, nonoverlapping sales territories was difficult, so radio audience surveyors, such as CAB and Hooper, measured metro areas. This decision furthered the need for coverage studies which clustered county viewing around television markets. These markets overlapped because viewers could receive the signals of stations located in more than one market. For example, a county located near Providence, Rhode Island, might also pick up stations located in Boston. Advertisers did not know which station best reached their target audiences.

Television measurement patterns in the fifties had followed the same measurement patterns established by radio. Local market reports provided metro ratings and total homes figures, based on projection of metro areas through coverage formulas. Television market rankings were based on metro areas.

Defining a television market had been a problem ever since the emergence of television as an advertising medium. Although elaborate buying statistics were available by market, the difficulty was in relating this information to media coverage on an exclusive-market basis. Since the postwar expansion of markets, people, and products, no standard definition of market existed. Media planners often defined their own markets, but no industry consensus existed.

Thus, advertisers and agencies needed a way of measuring television stations and program ratings of coverage areas outside metro counties. Ratings—the basic measure of television circulation—were available for individual stations only in metro areas, which were but a fraction of a station's zone of influence. Advertising needed a rating figure for each station in every county where viewing occurred. The projection of metro ratings to outlying nonrated counties assumed fallaciously that similar viewing

habits existed throughout a station's entire coverage area, masking the true value and relative popularity of stations in various counties.

Advertisers and agencies also used these market definitions as a market ranking method. Market rankings served as quick buying tools. However, since no industry consensus existed, television markets were ranked differently by different groups. There was no typical list. Major advertisers had their own lists of market rankings, and few matched. Each advertiser or agency, furthermore, had its own formula or technique for assembling these market rankings. These self-styled market rankings were, of course, difficult to use and to keep updated. Furthermore, while providing a measure of geographical control, these lists provided no demographics. While the top ten markets were typically agreed upon, little consensus existed on the order of the next sixty cities, and the last twenty-five cities varied widely. Both the inaccuracy and number of all these lists annoyed stations and rep firms.

By 1957, spot television had begun to match network television in dollars, clients, and agencies. Industry needed a more scientific definition of markets and market data, because the success of television as an advertising medium had led many advertisers to change their sales territories and distribution patterns to conform to television coverage patterns. Other media were often forced to compare their delivery to television.

ARB's introduction of all-market sweeps periods by the early sixties was revolutionary in providing the first actual and regular measurement of station coverage or circulation outside the metro areas.[9] Sweeps raised the question of classifying station or county overlap, since viewers could receive signals from more than one county or station. The simultaneous measurement of all counties, in turn, stimulated industry interest in developing a fixed, standardized viewing area for each market based on actual measurement of coverage area, and in accounting for the problem of assigning *spills*—audiences which could move from one market to another simply by turning the dial.

In the fall of 1966, ARB introduced its ADI concept in its local market reports. Although motivated by competitive pressure from Nielsen, ARB had been building toward this concept in local television research long before.[10] ARB's coverage studies, culled

from its sweeps, provided the data necessary to create unduplicated definitions based on actual viewing. ARB's achievement was the development of an exclusive market geography outside the metro area as a regular feature in its syndicated reports.

The ADI concept divided the United States into two hundred or more counties. Each county was allocated to the television market where stations captured the larger share of the audience. The ADI might take what had been three metro counties and expand them to as many as thirty ADI counties. The highest amount of viewing in each county determined the ADI county to which it was assigned. For example, if the largest share of a county's viewing went to Philadelphia, this county was assigned to the Philadelphia market. Counties were divided into nonoverlapping contiguous regions. Thus, each market area was exclusive, and former audience gaps and duplication were eliminated.

By 1966, buyers purchased programs based on ADI ratings rather than metro ratings. Station and program ratings in fact shrank as ADI ratings replaced metro ratings. Since ADI included fringe viewing areas in its measurement, viewership was not as concentrated as was metro viewership. Stations were not thrilled by another segmentation system, but the ADI concept was a useful tool for advertisers and agencies. The ADI, perhaps ARB's most successful innovation, provided the essential competitive edge that helped ARB turn around a declining share of the local television market between 1965 and 1967.

The ADI concept revolutionized market geography. It provided a measure of circulation free of former overlapping "total areas" and underlapping "metro" areas, which had plagued decision makers. Both media buys and retail distribution patterns were redesigned to fit this new market geography. Thus, the ADI allowed a more defined correlation between marketing strategy and media planning.

In addition, the ADI concept constituted a sales geography based on actual sales results and measurement of television audience delivery. Agencies now could report the geographical delivery of their time buys. Each market now could be used as a test market in which to compare media buys. Furthermore, by providing a long-range planning tool, the ADI became integrated at higher levels of agency structure. Agencies purchased by ADI

gross rating points or demographics to compare to their original marketing plan. Advertising budgets and sales results were compared by market. The ADI defined a television's coverage area by reception rather than projection. Advertising campaign efficiency could be coordinated with field sales, distribution, and merchandising to produce maximum results.

Furthermore, the ADI concept meant that budgets could be allocated on a more meaningful and efficient basis. Market statistics such as retail sales, buying power, and brand sales could now be compiled within the exclusive areas. With the ADI concept, economic, geographic, and demographic buying guidelines could be correlated with each market's statistical information. Potential of television ads could be compared to actual delivery through postanalysis, the comparison of actual audience delivered to those intended in the initial purchase. Thus, the ADI concept allowed the advertiser to better evaluate and allocate the sales effectiveness of his buys. The ADI also provided a new basis for market rankings, based on unduplicated coverage areas rather than metros.

Perhaps ARB's real coup in reporting ADI audiences was the inclusion of estimates for as many as four adjacent ADIs. This assured stations that almost all audiences in survey areas would be accounted for in evaluations of performance in ADIs. By providing a clear and graphic presentation of spills (i.e., audiences flowing into adjacent ADIs), ARB provided total viewing patterns not restricted to dominant areas of markets. This allowed identification of the amount of duplication. Advertisers could evaluate where a spot buy was going and determine its strengths and weaknesses.

The ADI was also a boon for smaller markets. Many agencies had bypassed smaller markets for years prior to the development of the ADI. Now buyers had a foundation for audience data, whereas formerly, agencies had used total homes as the basis for determining CPMs.

In addition, now that each market had an exclusive boundary, its performance could be related to demographics. In 1966, ARB began reporting *people ratings* based on the ADI areas of each market. Media planners were able to set spot television rating point goals weighted to exclusive sales territories by demographics. Of equal significance is that time buyers could pur-

chase rating points for targeted groups without using metro ratings to reflect marketwide patterns.

A strength of ARB's research services in the past had been its network program analysis, a report which indicated how much audience each station contributed to network programs by specific markets. The ADI concept enabled media personnel to go one step further by providing total program weight by eliminating audience duplication between markets. Network program analysis would indicate the number of rating points each network show had by exclusive markets. For example, if the dominant share of viewing in Newton County went to the Joplin ADI, this county was assigned only to this ADI and no other, no matter if it also received signals from stations located in the Springfield ADI.

The ADI concept became the standard tool for measuring TV and marketing geography. An innovation's success can be seen in how quickly it is adopted by competitors. In this case, ARB's chief competitor, A. C. Nielsen, introduced its ADI equivalent, the Designated Market Area (DMA) concept, in 1967. New DMA local market reports grouped viewing into areas designated by actual households and people viewing. The concept of an exclusive market area was, Nielsen realized, a key element in providing more usable information by economic, geographic, and demographic controls. It allowed more emphasis on selective buying and proper allocation of market weights, market by market. Although the television signals would continue to overlap, by virtue of both the ADI and the DMA concepts and their assignment of spills, buyers could know the degree and the nature of the overlap.

A final area of rivalry between ARB and Nielsen was county measurement or coverage studies. After the demise of the Broadcast Measurement Bureau in the forties and Standard Audits and Measurement in the fifties, Nielsen had the coverage field to itself.[11] Nielsen had conducted three coverage studies in the fifties and was planning a fourth in the sixties. However, by the early sixties, ARB's sweeps data meant that ARB was rivaling Nielsen in providing coverage data, signing up ten of the biggest twenty-five agencies.

Agencies, advertisers, and networks spent $1 million annually on coverage studies.[12] However, by the sixties, all three networks and most agencies agreed that television had reached

such a size that the value of coverage studies was diminished. The closer TV penetration came to 100 percent (in 1960 it was 87–88 percent),[13] the less important coverage studies became. A major factor which accelerated the decline in coverage studies was the development of extended measurement areas in place of the earlier metro areas. Buyers previously had applied formulas to metro ratings to adjust for total coverage figures. However, with the use of ADI/DMA area reports, the need for a measure of sheer size was met by local reports.

Coverage studies were still the only source of some information. They were used by the buyers and sellers of time, to relate county coverage areas to individual stations. Coverage data were the only measure of where a station's audience was located. Thus, coverage studies were invaluable for tailoring advertising campaigns to specific markets, in selecting markets and stations, and in establishing county patterns according to buying income. They offered a counterpart to the print media's delivered circulation studies. Coverage studies were also used to resolve problems of station overlap and to decide network affiliation.[14]

With the development of sweeps periods, ARB could process full coverage information from viewing diaries for total homes in all markets. ARB, thus, was able to offer the first regular comprehensive national coverage data. Since sweeps were undertaken regularly, coverage reports would be available regularly. To compete, Nielsen introduced sweeps periods in the early sixties.

They had come a long way, and so had the babies of the Baby Boom, now married and having families of their own. But the family was defunct as a marketing unit; the new unit was the PUT, persons using television. Many homes had two or three sets, and there had been some growth in the use of portables. In this respect, television became more like radio. But there were still fundamental differences: no one put a TV set on his shoulder as he bopped down the street, and TV shows still came in discrete packages of thirty minutes or one hour, or perhaps a special lasting several hours or nights. So TV advertising continued to have unique features, most important of which to the advertiser was the way TV shows tended to attract homogeneous clumps of viewers who could be clearly described by the new demographic data.

Despite all the fuss of the sixties, rating services were, as always, the sine qua non for buyers of commerical time, all of whom believed it was better to light one candle than curse the darkness. And the rating services were surely better: they had refined their methods, they made more truthful statements about the reliability and accuracy of their methods, they expanded the quality and quantity of their offerings, and, thanks to the computer, they could handle enormous amounts of data quickly and effectively. The new ADI concept was far more useful than the old metro area because it described what stations and advertisers really needed to know; it became an industry standard within a year.

But new challenges lay ahead. New delivery systems such as cable, satellite, and VCRs, plus saturated markets and rising costs would force everyone to rethink once again all the old concepts, methods, assumptions, and strategies.

The sixties were a special time for many of us—perhaps not the best or worst of times, but a unique time in which America quarreled with itself, redefined some values, shook off old prejudices, and, painfully, accepted itself again. Not many were entirely happy with the results or the prospects, but we learned what we always learn: the only choice is to go on.

PART IV

PRETENDERS TO THE THRONE

(1975–1990)

10 THREE-QUARTERS OF A DOG

THE FIRST GENERATION of audience researchers sought mass circulation data for networks, because advertisers believed that the way to sell products was to blanket as many people as possible with their ads. The second generation developed mass circulation data for local stations. The third generation of researchers refined this information into particular geographic and demographic segments because advertisers had now come to believe that pinpointed messages aimed at their best prospects were more effective and economical. A fourth generation continues the work of the third, but increasingly seeks to cross-tabulate circulation data with information about actual product purchases. The modern advertiser is not satisfied simply to think that his message is hitting the identified target, but also wants to know whether this target is actually buying his product in sufficient quantity to justify his cost.

The computer, of course, was a major factor in both the third and fourth generation, since it made possible the handling of more data, and the use of data in a more complex way. One of these ways consisted of seeking not only specific demographic and geographic groups, but groups with shared values. Age, sex, and occupation were seen as less important than whether the individuals shared a certain set of values. The most famous target was the Yuppie—the Young, Upwardly mobile Professional, who might in fact be almost any age, live any place, or be of any profession. Being a Yuppie was an attitude as much as a demographic slot.

Magazines have long depended for readership data on a single sample of diary keepers, and had merged reader data with

product purchase data sometime earlier than did broadcasting.[1] Since they were able to get demographic information and product purchase information at the same time, it made statistical sense to correlate the two kinds of information. Broadcast measurement samples tended to be smaller and were obtained through various, not necessarily consistent, means: meters, diaries, and interviews. Television, for example, until recently used several samples of diary keepers to provide demographic information and a separate sample based on the household meter to check viewing levels. Most thought it risky to burden small samples with additional information, and the statistical task of bringing it all together in a meaningful and reliable way was difficult.[2]

Two devices made it possible to attempt this kind of cross-correlation: the meter, and the Universal Product Code which manufacturers now imprint on their products. The household meter and the people meter provide information about household and individual viewing. UPCs, which can be scanned with a wand at grocery and drug store check-outs or at home, provide detailed information about sales. And so it was obvious that by somehow combining these two kinds of information it would be possible for an advertiser to determine the effect of his commercial message in a very specific way.

Although different companies went about the process in different ways, the basic idea is that viewing, known from the household or people meter, can now be tied to product purchases through electronic scanning data or consumer-take-away data. Since grocery and drug items constitute the major product categories advertised on television, this is exactly the kind of information desired. This is referred to as *single-source data*, since a single viewer provides both kinds of information, in contrast to an older method in which the two kinds of information were obtained from different groups of people.

The leaders in providing single-source data are Nielsen's NPD with its Scan Trak and Arbitron (now affiliated with Burke Marketing) with its ScanAmerica. In 1985 Nielsen (now owned by Dun and Bradstreet) also offered Megabase and Microservice. Megabase was an all-encompassing TV ratings system, the innovation being that it was now available in computer database form, allowing customers to tap into the data in a variety of ways. Microservice provides a similar database for metered markets. A

subscriber can use the two sources in whatever combination suits him. Arbitron offers similar information for metered markets via Arbitrends, and matches lifestyle information to products through Product Target Aid.[3]

Although similar data had been available for some time, the customer had to request it as a special run, which was cumbersome and expensive. The database form also permits the information to be continuously updated, so that customers receive up-to-the-minute reports rather than after-the-fact printed ratings books.

The need for this kind of information had been stimulated by lifestyle changes. The former all-American household consisting of parents, two children, and an income above twenty thousand dollars a year is now only 4 percent of the population.[4] So the marketing challenge was to locate and sell to the other 96 percent, which might take a wide variety of forms. Fifty percent of households now consist of one or two persons. As the Baby Boom crested into adulthood the average age of the population increased, and the over-65 age group doubled.[5]

A great deal of effort is still expended in tracking the Baby Boom, something of an obsession with advertisers. After all, fortunes have been made in lipstick, Clearasil, Coca Cola, records, and pizza. If this group can be located and targeted, it is believed that more fortunes can be made from a group now worried about crow's-feet, bulging waistlines, and constipation. This group is also seen as a ripe market for products like video home entertainment (with all its paraphernalia of VCRs, rental tapes, microwave popcorn, and diet drinks) or packaged gourmet dinners suited to the new dual-income family lifestyle.

The old cookie-cutter demographics are not sensitive enough to select the group desired. Simple classifications by age, income, and education ("two-point-one children, ninety percent married with three-quarters of a dog"[6]) were not enough. The late seventies and early eighties saw a marketing paradox as advertisers tried to reach a group thought to be cynical of the American Dream, ecologically aware, and not motivated by conspicuous consumption. Appeals to the old acquisitive, conformist values had to give way to appeals to individualism, experimentation, direct experience, and person-centeredness; it was not an easy group to pitch.

So arose something called *psychographics*, successor to de-

mographics, which tried to discern how values influenced spending patterns. The result was appeals to processes and intangibles—things like fitness, style, and quality.

But a recession at about the same time led advertisers to think that perhaps those individual values had been replaced by what they liked to call a "mature" consumerism, meaning that the rebellious youth of "Easy Rider" had sagged, perhaps reluctantly, into a "Big Chill" generation not so anti-establishment or anti-advertising.

The Reagan administration cooperated by encouraging a caveat emptor attitude. The Federal Trade Commission abandoned its "food rule," which required complete labelling information, to the great relief of advertisers. It also dropped the "cereal case," which would have accused cereal manufacturers of a shared monopoly leading to too many brands at too high prices. The "over-the-counter" drug rule, which would have required use of approved terms like sinus drainage or flatulence, rather than runny nose or gas, was also dropped.[7] In effect, the Reagan administration informed the public that, when marketers and consumers faced each other across the counter or the TV tube, it was every person for him- or herself.

Computers and WATS lines encouraged computer-assisted telephone interviews rather than the old door-to-door methods. Since telephone interviewers worked with the questions and acceptable answers before them on a screen, they could also input the resultant data directly into the database, making it almost instantly available to the client downline.

Historically, media research and marketing research had been largely separate functions—although firms like Nielsen often did both. Within a company, the marketing department kept track of sales-related information: sales tracking data, production cost and development, consumer attitudinal research, positioning, and such; while the advertising department, which typically resided with advertising agencies, concerned itself with media information: who watched what, audiences to be targeted, and media costs.

The competitiveness and cost of marketing, including gaining shelf space, packaging, plant costs, and advertising on fragmented media, prompted the joining of these two functions. As everything became expensive and complicated, this was more

efficient. There was no longer room for error in matching advertising with sales. The question now asked was, did the viewer buy?

It was the universal product code which made it possible to achieve this hybrid information, because sales data became almost instantly available as soon as a purchase was made. Compared with previous methods based on warehouse withdrawals, it was the difference between belated approximation and real-time facts. Together, computer-assisted telephone interviewing and universal product codes provided immediate and precise information which could be fed into computerized databases, instantly available for any amount of statistical analysis. Many major research firms began to provide this kind of information, though with slightly different methods and results.

Although research firms were rushing off in a variety of directions, the number of such firms declined. In part this was because Reagan had reduced government research by 40 percent, a serious blow to firms that relied heavily on government contracts. The larger firms, which relied on contracts for syndicated services and database services, fared better, while many smaller firms, which relied on ad hoc studies and were undercapitalized, simply could not afford the cost of bringing their methods in line with new technology. In trying to be "lean and mean," many large companies brought their research departments in-house rather than pay the premium for contractual services. Some smaller services sought mergers with outside parents who could provide the capital they needed. Even major firms found the competition too fierce: Nielsen was sold to Dun and Bradstreet; Arbitron, owned by Control Data, merged with Burke Marketing.

All in all, it was a period of exciting change, but also a time of tough choices for marketing and media research.

11 NEW TOYS, NEW PLAYERS

An Industry Past Its Prime

THE LATE SEVENTIES AND EIGHTIES were an era of shakedowns, turnovers, and clampdowns as the TV networks tightened their belts and reviewed their game plans in the face of new competition. The Reagan administration promoted a "deregulation fever" that swept industry in the eighties, and the FCC went with the flow and removed many of the structural rules that had protected the major networks from competition. The major change was in distribution—the way we receive programming. A virtual alphabet soup of new technology was created, including STV (subscription TV), DBS (direct broadcast satellite), LPTV (low power television, PPV (pay per view), and the ubiquitous VCR (videotape recorder). The three networks who had defined American television fell victim to a changing universe as they faced challenges not only by cable and VCRs, but also by spunky new groups of independent stations and satellite-distributed program syndicators (who decided they could do without the networks altogether). And there was a more traditional challenge from a new network, Fox Broadcasting.

Though each took only a sliver of the pie, collectively they nibbled away at the mass audiences of the Big Three. During their heyday, the networks had commanded 85–95 percent of the prime time audiences, and a similar share of advertising dollars; by the late eighties their share dropped to 60–70 percent. And if this weren't bad enough, the future looked even worse; for the FCC was contemplating allowing telephone companies to transmit programming on fiber-optic cable, making all these new riches almost universally available.

Satellite dishes allow local stations to bypass the networks and assemble their own schedules of news, entertainment, movies, and sports. Producers and syndicators can distribute their wares directly to the stations, and a combination of microwave and cable can provide each home with hundreds of choices, including such specialized services as video shopping and stock market information.

Leaky bottom lines led to each of the Big Three being taken over by a new owner: ABC by Capital Cities Communication; NBC by General Electric, and CBS by Loew's chairman, Lawrence Tisch. All the new owners initiated cost-cutting measures including, for a brief time, elimination of the Offices of Standards and Practices, known colloquially as the censors. The result was to unleash programming which many thought was more violent, sexually explicit, and lurid. Faced with viewer complaints, pressure groups, and even a possibility of new congressional supervision, The Offices of Standards and Practices were reopened, although to what effect was unclear.

Each network also diversified to expand its revenue base; ABC and NBC moved into cable ownership and program production. The networks also asked the FCC to relax the Financial Interest and Syndication Rule, which limited network-produced shows and prohibited them from syndication profits.

There were doomsday prophesies that one or more of the Big Three would close, or that all would be reduced to lesser players in an eight- or ten-player game, or perhaps they would become program services, competing on a program-by-program basis with everyone else. The more optimistic thought they would continue to provide a communal link which no one else was in a position to offer.[1]

The FCC, aiming to put itself out of business, ended rules protecting local broadcast markets from cable TV, restrictions on commercial minutes, requirements on public service, a mandate requiring a balance of viewpoints—and a variety of other rules—all now left to the free market for such limits as it might provide. With deregulation, all the players began to scramble for new alignments which they hoped would improve their positions. The giants gobbled up the small in order to consolidate and to diversify, and some new players entered the game, among them a group of advertisers whose advertising-to-sales ratio was only 2

percent, compared with the 20 percent typical of food and drugs. These new advertisers included long-distance phone companies, personal computers, air freight, interstate financial services, and manufacturers of high-tech appliances.

Particularly noticeable to the viewer was the relaxation of limits on commercial time. The NAB Code restriction to sixteen commercial minutes per hour was struck down as a restraint on trade. Networks divided their commercial time more finely in order to have more units to sell. Thirty-second spots became the norm, fifteen-seconds common.[2] As this commercial clutter increased, viewers fought back with their remote controls by zapping the sound, or with their VCRs by fast-forwarding. Some saw a real danger of killing the golden goose as viewers (never very positive toward having noisy, lurid sales messages in their living rooms) became more negative, and some effort was made to make commercials more tolerable by experimenting with new forms such as minidramas and more humor.

Less noticeable, perhaps, was the dropping of requirements for public service, which had once forced networks and stations to carry informational, community-oriented programs. The FCC abolished its rule which required 10 percent of programming to be nonentertainment, eliminated ascertainment requirements (formal documented attempts of station efforts to determine the needs of local constituents), and made optional program logs (records of what they had aired).[3] Since most community-affairs programming had traditionally been relegated to odd hours, many viewers probably did not notice, and the new public-access channels made up for at least some of the difference.

Desperation at the Networks

Attracting the former 90 percent audience became a remote possibility in an era of choices and options other than the Big Three. The former benchmark of prime time success for series programming, a 20 Nielsen rating, was unrealistic—only nine shows in the 1987–88 season achieved it—and, with the switch to instantaneous rating feedback, programs were seldom given a complete season to build an audience.[4] VCRs and remote controls found their way into 60 percent of American homes, further

cutting network ratings and encouraging a more active method of viewing known as *grazing*. While ABC's lineup of prime time soaps soared to the top ten in the late seventies, NBC's focus on "quality" programming (pronounced "Baby Boom") and better scheduling practices gave it the lead in the eighties.

The emphasis on theatrical and miniseries blockbusters was drawing to an end. Miniseries slipped in the ratings, and production costs and poor rerun ratings made them unprofitable with audiences that were no longer network captives. Some blamed the networks for the poor showing of theatricals (movies made for theaters but which sought extra revenue through TV runs) in failing to give them the proper rest, promotion, and scheduling in an era of multidistribution systems (known as *windows*). Whatever the reason, theatricals were no longer the prestige items they once were, and programming shifted away from the former mass audiences as the networks took risks on smaller, targeted audiences, known as *narrowcasting*.

Advertisers sought Baby-Boomers, the 25–44-year-old viewers (who had increased by 25 percent compared to the general population's 10 percent), and shifted away from teens and older population segments.[5] Advertisers had to refine their targets to those groups most crucial to sales as the TV industry raised its rates to cover rising costs. Package goods advertisers who had used daytime TV to target women and children rethought their strategy in an era of two-income families and working women.

Replacing the theatrical was the made-for-TV movie, whose ratings now topped most theatricals. It was the difference between a new car and a used one. Networks had historically prided themselves on broadcasting first-run products, and made-for-TV movies were cheap and could cater to the latest news events.

As had become customary, TV schedules were filled primarily with action/adventure (now reduced to crime dramas) and situation comedies (which focused on at-home families or the workplace family). During sweeps, regularly scheduled series were now preempted for special events programming, such as sports events or made-for-TV movies. Some felt that "program development" was an oxymoron, as schedules devolved into a limited number of workable formats. A few series, however, showed flickers of originality. "Hill Street Blues" was notable for

introducing a genre with multiple simultaneous plots, and "Miami Vice" cross-pollinated the cop show with MTV. Networks also experimented less successfully with mixing drama and comedy to beget the dramedy, in "The Days and Nights of Molly Dodd" and "Hooperman."

Satellites and Syndication: Rising Stars

In an era of new technology, the monolithic programming marketplace once dominated by the Big Three resembled more and more the horse and buggy. The growth of satellite, cable, VCRs, and other distribution technology made obsolete the network structure which interconnected stations with coaxial cable and microwaves. Affiliates, freed from major reliance on network lineups, increasingly preempted network programs and engaged in double access, slotting network news earlier to make room for more popular syndicated programs, such as "Wheel of Fortune." Satellite transmission allowed producers to bypass the networks, to beam dozens of signals to any cable system or broadcast station equipped with a receiving antenna.

Advertisers had not taken such a significant role in programming decisions since the golden age of TV programming in the fifties. The late seventies and eighties saw first-run barter syndication, or advertiser-supported programming, flourish. A few syndicated programs in limited time periods used this distribution method to grow as much as cable.[6] Shows like "Wheel of Fortune," "Star Trek: The Next Generation," "Donahue," "The Oprah Winfrey Show," and "Geraldo" were sold to local stations by barter, with some or all of the advertising spots presold to national advertisers. The local station paid a reduced cost, or no cost, in exchange for airing the program. The number of national barter programs grew from 5 percent in 1973 to 25 percent in 1985[7] as the barter syndication market grew 200 percent between 1983 and 1988.[8] Many felt this number would further increase as network viewing eroded. As the number of distribution channels increased, syndicators moved into mass-oriented programming with an emphasis on nonnetwork first-run programs.

In particular, barter syndication was fueled by the growth of independent stations, propelled by national advertising support of

station clearances, and spurred by rating performances. Such shows typically must be shown over at least 70 percent of the country to be considered worthy vehicles for national advertisers. For affiliates, they offered a means to offset the network's escalating prices. Although the Big Three paid cash compensation to affiliates for carrying their programming, they presold most commercial time slots to national advertisers and left limited time for local sales. In barter, local stations have more commercial time available and lower costs. As quality and diversity improved, stations increasingly chose such programming. Independents turned to first-run barter because competitive bidding elevated reruns to astronomical fees. To meet the demand, more than fifty national program vendors offered advertising-supported programs.[9] In the sixties and seventies, barter had been primarily a method of distribution for off-network programming, or reruns. With the growth of independents (from 64 in 1970 to 310 in 1988[10]) and satellite distribution (which lowered distribution costs to stations), producers were attracted to the idea of developing original programming for syndication.

Network programming practices made barter even more appealing. The syndication potential for a short-lived network series (and programs were cancelled with much greater frequency now that networks had overnight audience feedback) was poor, and the producer was unlikely to break even. Syndicated programs were typically scheduled at the same time Monday–Friday by local stations and so required a backlog of episodes. In barter, producers made twenty-six episodes at full costs. If the program cleared 80 percent of all U. S. program markets with a 50-50 advertiser split (six minutes for the local advertiser and six for the national advertiser), a one-hour program could deliver a profit if it achieved a 10 rating—too low for most network programming to show a profit.

In the old Nielsen meter/diary system (NTI/NAC), 1,750 household meters passively predicted the success of programming in 86 million households in over two hundred markets. A problem for barter was the geographical location of the sample. Because only 650 homes, on the average, returned usable diaries, a 10 rating was based on just sixty-five homes, presenting barter syndicators with stiff odds. The Nielsen system also was skewed toward rural counties, where few independents were located, and

to older households, where viewing habits favored highly promoted network programs.[11]

So in 1982–83 syndicators turned to Nielsen's Cassandra, which rated syndicated programs, based on one hundred thousand diary households measured four times a year in all local markets. This local system increased sample size, and derived demographic and geographic data from the same source.

With the people meter, which became the basis of Nielsen's national service in 1987, syndicators received larger samples and demographic and geographic information from the same source. Like cable, syndicators enjoy a higher share of viewing with the people meter. Cable and satellite have opened the door to new outlets for syndicated material, but each creates its own universe and they are not yet directly comparable within the broadcast rating system.

Cable: Burrowing from Below

Cable TV was developed in the fifties in areas too remote to receive network telecasts. It was essentially a booster system which picked up network broadcasts with a high-rise antenna system and sent them to homes by cable. Air broadcasters did not immediately recognize a threat because early cable served merely to extend the programming, and the audiences, of the networks. However, when cable began programming from distant markets (by importing independents) and originating programming in the sixties and seventies, air broadcasters importuned the FCC to surround cable with severe restrictions. Local broadcast markets saw that cable was required to carry their programming, and it was completely barred from the top one hundred markets. Restrictions were also placed on the number of signals that could be imported from distant markets.

In the early days, most sets had only the VHF dial; the addition of UHF channels to all sets manufactured after 1963 improved things, but it was not until satellites got into orbit in the mid seventies that cable hit its stride. With satellite transmissions, each cable channel could become a network, and each franchise was able to offer dozens of channels and a variety of

specialty programs. Pay-cable networks like Home Box Office and Showtime, begun in the mid seventies, added additional appeal in convincing customers to sign up for cable.

Cable differs fundamentally from network TV in that it receives most of its revenue from subscribers, not advertisers, although this distinction is becoming blurred with the growth of advertising-supported cable networks. The absence of commercials has always been a strong selling point for cable, but commercial interests have watched cable closely, and now that it has reached a critical mass (50 percent of all viewers, a milestone passed in 1988[12]), their interest has become a serious one.

Because of its fundamental differences, cable has begun to distort all the carefully worked out measurement systems designed for network TV. The "available audience" which served for 30 years as the base figure is now fragmented in a variety of ways, and with programs and channels imported from distant markets, the ADI concept became meaningless.

Many factions are interested in cable TV measurement, but there are many problems. Since the cable operator collects his rental regardless of what is watched, or even if nothing is watched, he has had slight incentive to install meters. This has changed with the rise of cable advertising, and more and more cable networks have signed with Nielsen. What is clear is that cable TV is no longer a stopgap for isolated sheepherders or a luxury for the affluent, but almost another utility, lumped in with the gas and water bills. Its biggest problem at the moment is that it may have reached market saturation while still in single-digit ratings. Those who can afford cable mostly have it, and those who don't are largely low-income groups who have slight chance of affording the subscription rates. Cable has shifted accordingly from an early period emphasizing growth to one focusing on service and marketing in the face of competition from other technologies and construction slowdown.

Although most technical problems in metering cable sets have been solved, there are a variety of methodological and financial problems. To begin with, cable franchises are awarded through a political process, much like taxicabs or garbage collection. Once it has a franchise, a cable system is protected from competition. Where broadcast measurement costs could be di-

vided up among stations, agencies, and advertisers, a cable operator essentially operates a monopoly, and costs for audience research cannot be shared in the same way. This also means that cable systems are independent and highly varied universes, each operating in a discrete geographical area and offering widely divergent programming. Although a person may watch one of the regular commercial channels by way of his cable hookup, his choices are very different and, most likely, his reasons for choosing are different. With broadcast TV he had three well-defined choices and had to choose one of them if he watched at all; with cable these are only three choices among what may be hundreds, many of them specialty channels offering religious programs, home shopping, stock market services, or nearly first-run movies. Cable billing systems also affect the mix, since most offer a basic package for one fee, then additional channels at additional fees. So, even within the same cable franchise, cable viewers do not have the same set of alternatives. Most measurement has occurred thus far at the cable networks or superstation level rather than by local franchises.

Although no one yet knows how all these problems will be worked out, the people meter has offered some hope. This meter is designed to measure what goes through the TV sets, whether it be broadcast, cable, VCR, or satellite. Although the size of the sample varies by the cable network, and the universes are not comparable to each other or to broadcast, the people meter frees cable networks from diaries and the debilitating effects of sweeps, since they will be measured continuously and not just during periods of excessive network hyping. Nielsen's Home Video Index measures each cable network or superstation separately and has received support from WTBS (the Turner superstation), from program suppliers and cablecasters. Nielsen measures the mix of cable-originated programs, imported programs, local independents, and public TV. And for the first time, cable, like broadcast networks and syndicators, receives its demographic information from the same sample as that for set-tuning levels.

While this is a beginning, it has still one fundamental problem simply by being a separate system. What the advertiser wants is a one-base system which compares all the alternatives. Right now, this has not been achieved.

Videotape: Full Frontal Attack

Satellite connection of cable, independents, and syndication are not the only technologies stealing away the network audiences. In 1982 the VCR was in 4 percent of all households, and in 1988 it was in 62.2 percent.[13] In 1985 Nielsen began a VCR rating report to eliminate taping from the ratings, so that advertisers did not pay for homes not reached. This was precipitated by a complaint by General Foods that ratings were inflated by counting "recording but not watching." Not all programs recorded are watched, and certainly not all commercials recorded are watched. According to Nielsen, 80 percent of recorded programs are played back and 57 percent of homes zap the commercials.[14] Advertisers now recognize that many ads are viewed in fast-forward, and have demanded "real" program ratings instead of VCR-plus-program ratings; in other words, they want to know who watched the commercial.

Nielsen measures recording but not playback by calibrating the meter to every channel, including the VCR-playback one. When the VCR channel is in use, Nielsen can tell if recording is occurring off broadcast or cable. Nielsen is now experimenting with a way to identify playback by time and date. This would also include program rentals. In a pilot test with ten major studios, Nielsen placed a code on all movies (similar to UPC codes), which could be identified through Nielsen's meter.

Nielsen also plans to recontact members of its local diary sample who are VCR users for quarterly VCR reports to track recording, playback, and rental tapes. Ideally the rating for a program would also include VCR contribution.

Although VCRs use the TV set to play back prerecorded tapes, this is, in reality, a completely different use, again incompatible with traditional ratings. The viewer who watches a rental tape is casting a negative vote for commercial TV, but contributing nothing positive so far as the advertiser is concerned. Of course there are other interests—tape retailers and renters, moviemakers and VCR manufacturers, who may be interested in knowing what and how much is shown by VCR. And some rental tapes are even experimenting with inserting commercials.

Independents: Their Way

The seventies and eighties marked the most successful decades in history for independent TV stations, those not affiliated with any network. Independents pose an even more significant challenge to network audiences than cable TV. Testimony to their success is their growth from 64 in 1970 to 202 in 1984 to 321 in 1989.[15] Other signs of their success are their growing revenues and the importance accorded them by syndicators.

Their success can be attributed to a number of factors. Most independent TV stations are UHF (channels 14–83), which used to mean not only weaker signals and poorer reception but, until 1963, they were not even on most sets. In 1963 the FCC passed the All Channel Receiver Act, which mandated set manufacturers to include UHF. This meant that, in many cases, their audiences were seeing independents for the first time.

Increased ratings meant more money and an upgrading of program schedules. Independents concocted an increasingly popular mix of movies, syndicated shows (first- and second-run), sports, and children's programming. Movie syndication changed rapidly for independents when the Big Three withdrew from buying theatricals, leaving new buying opportunities for independents. The growth of ad hoc TV networks (independents who banded together to spread program costs and agreed to run the same programming at the same time) and first-run syndication opened further doors. Whereas movies, sports, and children's programming have been the specialties which allowed independents to grow, many see first-run syndication and ad hoc networks as the route to further growth.

Independents also cash in on poor network programming practices such as *floating schedules* (moving programs around in the schedule) and the hitherto-successful strategy of *block programming* (all three going after the same audience at the same time). Employing a marketing strategy called *counter programming*, independents have gone after specialized audiences, those viewers the networks were failing to reach. When the networks put on weekend sports programs (targeting largely a male audience), the independent counters with feature films (targeted to women). When the networks put on news, the independent counters with situation comedies. Rather than competing for

prime time, like cable, independents use their skill in promotion and scheduling for fringe periods. For this reason, the Prime Time Access Rule passed in 1971 proved especially important in the growth of independent revenues. This rule limited networks to programming only three hours of prime time per evening (except for Sunday), clearing the 7:00–8:00 P.M. time period on affiliates and making independents competitive in their programming.

Another factor in their success was the 1979 Burke Market Research study. INTV, the national organization for independent TV, commissioned this firm to design and execute a study to test the same commercial on both network affiliates and independents. Burke confirmed that commercial effectiveness is equal in each environment, dispelling the myth of noncomparability that affiliates had encouraged.

Independents are also the most likely targets for cable pickup to distant markets, since they provide alternative programming. Cable improves the coverage of UHFs, giving them parity in signal coverage with VHFs. The UHF station that sometimes comes in poorly over the air looks fine on cable. Cable's satellite transmission means that distribution is distance-insensitive: the cost to distribute a program is the same no matter the distance. Independents were also assisted when VHF channels became scarce and the advertising on them over-saturated. Advertisers turned to independents for spot sales.

Finally, the growth of meter measurement at the local market level proved a surprising boon for independents. The diary had understated independent audiences, since the networks were a brand name and the average viewer saw UHFs as generic brands. The cost of meter measurement, however, seems affordable only in the top twenty markets.

Despite their amazing success as the eighties end, independents face a number of challenges. The networks are currently seeking repeal of the Prime Time Access Rule and the 1971 Financial Interest and Syndication Rule. Repeal of the Prime Time Access Rule would potentially cost the independents their most profitable time period, the 7:00–8:00 P.M. time slot, since the networks want this hour back. The Financial Interest and Syndication Rule barred network ownership and network syndication of independently produced programming. Networks are

prohibited from participating in the syndication profits of programs first appearing on their schedules. This means that independents are as likely to acquire second-runs or reruns as their affiliate counterparts, since the program falls back into the hands of the original producer once it leaves the network schedule. Independents fear that if networks are allowed to enter the syndication market they will be in a position to manipulate and control the market for distribution, ensuring that affiliates get the top shows. These rules may change even as this book goes to press.

Prime concerns for independents include the diminishing supply of programming, escalating costs, shorter license terms, and lower potential ratings for movies and series programs. With increased exposure of movies on cable and VCRs, independents are concerned about the number of showings films receive prior to their broadcast. Even without this competition, independents typically purchase a portfolio of films and rerun them closer and closer together due to escalating costs. The cost of network reruns is growing, due to station bidding, and networks now frequently cancel series before the one hundred episodes needed for syndication.

Finally, the cable marketplace has undergone some changes. The syndicated exclusivity rule, which protected the sanctity of the local broadcast marketplace and its programming from distant market competition, was dropped in 1980. Local cable can now retransmit programs from local independents by paying a fee. Many independents were dropped from cable systems due to the resulting costs for cable operators. In addition, many long-held station contracts for film packages expire in the eighties, giving syndicators a chance to sell to cable.

12 A NEW ERA

New Directions

AUDIENCE RESEARCH CONTINUES to adapt to the demands of the business environment. Markets, since 1975, are characterized by a product deluge, saturation, inflation, loss of consumer buying power, and zero population growth. Marketers, advertisers, and broadcasters fight for market segments. As with marketing in general, TV measurement searches for single-source fifty-two-week data based on automation and real time and using local rather than national samples.

Since age and sex are now considered weak predictors of purchasing behavior for many products, the need is for more qualitative research. Hugh Beville notes three interpretations of qualitative research. First is the camp which understands "qualitative" to mean further evaluation of the audience by consumption patterns, lifestyle and psychographic features, represented by Qualidata, Scarborough, Prizm, VALS, and MRI. The second camp understands "qualitative" to be an evaluation of the appeal of individual programming on a subjective scale; this group includes TVQ and TAA. The third camp measures the quality of the viewing experience by such factors as program loyalty, involvement, and commercial effectiveness. Both TAA and Frank and Greenberg are proponents of this research.[1] The marketplace will decide whether traditional research will add qualitative values to the former objective characteristics. Attention or satisfaction data could serve to better correlate advertising and programming, thereby improving advertising effectiveness. Thus a new means of evaluating or rating the commercial success of a program could develop: success would be rated not

only by the number of people who watch but also by the number who are favorably disposed to the show and the product advertised.

The trend toward refinements of the quantitative system is a result of computerization, which has increased industry confidence in numbers, in an industry already number-run. Information is now available not only in the traditional packaging of the past (i.e., rating books) but also in a form that is customized and tailored to individual needs through database access.

Old Wine in New Bottles

A. C. Nielsen, Sr., founded his company in 1923, conducting performance surveys at first, then switching to retail audits during the thirties. His principal innovation in this area was actually to audit store shelf inventories, rather than taking the retailer's word or the client's warehouse reports. As radio advertising became an important method for selling products, it was only natural for Nielsen's clients to ask about providing this kind of information. Nielsen had purchased rights to the Audimeter in 1936 and was conducting pilot studies in the late thirties, but wartime restrictions kept his operation small until 1946, when he expanded his sample to a national basis and began a serious challenge to Hooper. A. C. Nielsen, Jr., joined his father's firm in 1945, became president in 1957, and chairman of the board in 1976, when his father retired. The elder Nielsen died in 1980 at the age of eighty-two. Four years later his son retired, selling A. C. Nielsen, Inc. to Dun and Bradstreet for 170 shares of Dun and Bradstreet stock (estimated value of more than one billion dollars).[2] John Holt, the present chairman and CEO of Nielsen, is also executive vice president of Dun and Bradstreet.

Nielsen, Inc. was the mainstay network rating firm for more than thirty years, but the eighties found even this large firm hard-pressed to make the needed changes. The eighties saw Nielsen's credibility and effectiveness under fire due to changes from the relatively simple world of 1950 network TV, which the Nielsen system had been designed to measure. The maturing of cable means that diaries are ineffective and samples need to be larger to

accurately measure the growing choices. Marketers now no longer aim at the middle class but at segments. And the VCR, now in two-thirds of American homes, requires new ways to measure zapping and taping.

Nielsen was battered by new competition on many fronts. His basic Food Index Service was challenged by Sales and Marketing, Inc. (SAMI), purchased by Control Data Corporation, Arbitron's parent, in 1987. His test marketing service, A. C. Nielsen Marketing Research Group, had stiff competition from Chicago-based Information Research Inc.'s BehaviorScan. And his old foe in TV ratings, Arbitron (now beefed up by a merger with Burke Marketing) developed its own meter-based systems on both the local and national level. Overseas, Nielsen faced competition by Audits of Great Britain Research Group. These facts, and perhaps the fact that the younger Nielsen was reaching retirement age himself, led to the end of Nielsen as a family firm.

In 1967 Control Data purchased the American Research Bureau (ARB) and in 1973 changed its name to Arbitron because some ethnic respondents suspected a government link. In 1981 Arbitron had spearheaded a campaign to compete with Nielsen at the local level by installing meters in local markets, and by 1984 Arbitron was seeking fresh capital in order to challenge Nielsen at the national level. In 1984 Control Data acquired a significant minority interest in Burke Marketing Services (known for its TV copytesting and custom surveys) and an option to form a single company within five years. This was part of a plan to launch a national service called ScanAmerica, which uses single-source data. This service, still in the test-marketing stage in Denver, will use the same panel of viewers to provide both viewing and sales data. In 1987, Control Data acquired Broadcast Advertiser Reports (BAR), one of the largest commercial monitoring services, which is expected to be combined with MediaWatch, an electronic-pattern recognition technology to continuously monitor TV commercials. Also in 1987 Control Data acquired Selling Areas Marketing Inc. (SAMI/Burke), primarily a product-tracking firm, to provide the sales data it needed to go with its broadcast rating service. All in all, Arbitron has become competitive with Nielsen.

New Strategies for Old Battles

Nielsen had begun an instantaneous overnight TV rating service in the early seventies by hooking the meter to the phone line. The eighties saw a further advance in delivery from thirty-four hours to sixteen-and-a-half hours. The major obstacle to faster overnights was collection of station lineup information. Measuring a show's performance depended on knowing the markets in which the show was aired—allowing for affiliate preemption. Markets with dual affiliates meant an extra day delay. In 1986 Nielsen developed an electronic coding system (Automatic Measurement of Lineups) that identified and recorded programs broadcast by a local station. By placing a meter in every market in the county, Nielsen could determine whether a given network program was broadcast in that market. This electronic advance eliminated the need to rely on Nielsen's twelve metered markets for overnight rating information and eliminated some possible rating biases which gave better performances to large urban markets such as ABC's and lower ratings to nonurban areas such as CBS's lineup.[3]

The other major change was in sample size. The direct impact of audience fragmentation is smaller ratings. To maintain the same statistical reliability as large ratings, smaller ratings needed larger samples to permit division into finer slices. In 1984 Nielsen increased its sample from twelve hundred homes to seventeen hundred homes, and in 1987 to five thousand homes, as it switched to people-meter technology. The people meter was the first major change since Nielsen began overnight ratings. Before, overnights had required not only a meter sample but also a panel of diary keepers who kept diaries for one week a month.

Another major change in rating service methods was the development of special collection and weighting techniques for ethnic groups. Since the mid sixties, pressure groups had claimed misrepresentation, discrimination, and racist ratings. Stations which catered to ethnic groups were seriously affected. Understatement of black and Spanish broadcast stations resulted in the loss of millions of dollars. By 1975, both services had incorporated special methods and procedures for Spanish-speaking and black viewers. Both sent field workers to homes to drop off and pick up diaries from nontelephone homes. For blacks, Arbitron

contacted them daily to reconstruct viewing. In 1982 ARB tested a revised TV diary with illustrations, examples, and easier instructions. All black households received differential survey treatment consisting of special premiums, and reminders by letter and phone. For Spanish-speaking viewers, a bilingual interviewer dropped off the diary (written in English and Spanish) to explain. The interviewer revisited midweek to check the process and then picked up the completed diary. To compensate for a lower number of young respondents, ARB weighted different age categories according to their actual weight in the population. Because greater mobility among young adults kept participation low, they were the most likely to have unlisted telephone numbers. These special procedures boosted the response rate to 50 percent in Spanish markets compared to the former 15–25 percent, and for blacks, the response rate rose from 20 to 60–70 percent, although this special treatment raised the possibility of introducing nonrandom bias.[4]

Nielsen's highly visible TV network service kept it in the top spot for years. Now for the first time since the Hooper-Nielsen showdown in the forties, it faced adversaries who were securely positioned and financially strong. Arbitron had a virtual monopoly in local radio (which it entered in 1965 after the Harris hearings), now measured 257 markets, and was equal to Nielsen in local TV measurement. Its parent, Control Data Corp., had five times the assets of A. C. Nielsen. But the flashiest new competitor was Audits of Great Britain (AGB), which saw a meteoric rise and fall but served as an important catalyst for conversion to people-meter technology. The people meter was designed to serve as an analog to the household diary, with buttons to be pushed by the viewer to provide the now-essential demographic information.

The two most highly visible battles among rating services were over newly proposed meter systems: the push to install meter technology at the local level, and the drive to transform national measurement to a meter technology based on people rather than household data. The growing questions about the diary placed pressure on the meter to serve as the cornerstone of the measurement system. The diary was not reliable in a fragmented media climate and it did not provide 365-day-a-year data. The push by Arbitron and Nielsen to replace the diary with the household

meter in local markets began in the early seventies but slowed by the mid eighties, when both began to run out of prospects ready to shell out three or four times the cost of the diary. Many felt the local meter would only be economically feasible in the top twenty markets. With the entry of AGB, both Arbitron and Nielsen's local-meter drives took a back seat as they shifted staff and resources to people-meter technology.

Nielsen's national service shifted to people-meter technology altogether in 1987, replacing its former household meter/diary combination. Household measures had been abandoned by radio and magazines long ago. The only reason they had persisted in television is that Nielsen had been slow to change without competitors. The entry of AGB pushed Arbitron and Nielsen to people-meter development. This new meter employed a single-source sample rather than the several samples necessary for the meter/diary measurement. This single-source sample laid the groundwork for the other significant competitive challenge during the period—tying TV viewing to consumer purchases, a challenge taken up by Nielsen and Arbitron.

The Local Market Meter Skirmish

Since the early seventies, the TV industry had lived with two basic services that divided the market about equally, which meant that almost all stations had to subscribe to both services. With the growing inadequacies of the diary in a diverse and fragmented landscape, both Arbitron and Nielsen sought to replace the diary in local markets with the household meter. The household meter is not to be confused with the people meter; unlike the people meter, it measures only set tuning (not people) and therefore still requires diary supplements to provide demographic data. In the early seventies, Nielsen expanded its local meter service from New York to Los Angeles and Chicago, and planned to measure a number of other major markets. Arbitron offered meter measurement in New York and Los Angeles in 1976 and also quickly added other markets. Although Nielsen initially led the race, Arbitron began a more aggressive strategy to meter local markets, whether or not stations contributed the almost $25 million more annually for meter measurement.[5] Both

services discontinued their diary-only service (although diaries continued to be used in conjunction with the household meter for demographic data) once they began meter operations.

Arbitron had attempted to compete with Nielsen's meter in 1957 when it launched an instantaneous meter service in New York. James Seiler had intended to pursue Nielsen into the national field but technological problems, patent litigation, and money problems confined him to New York, and the service was discontinued in 1972. With better capitalization resulting from its purchase by Control Data Corp., Arbitron reactivated its meter plan with a new device manufactured by Control Data, despite Nielsen's claim of patent infringement. Although Nielsen was cited for this legal bullying tactic in the Harris hearings, it had allowed him to beat back a number of opponents.

Station reaction to the aggressive tactics of these two adversaries was mixed. Some questioned whether all markets could support two meter services. If not, being the first meter service in the market was critical. Smaller stations found the cost unacceptable. Station resistance had had some effect in the past. For example, drives to convert four-week sweeps into eight-week periods were not accepted by stations despite agency and network support.

Affiliates believe the figures provided by meters disproportionately favor UHFs. Independents are beneficiaries of meter measurement in improving their market shares, but this is because diaries understated certain kinds of stations, programs, and time periods. These biases become more acute as viewing alternatives multiply. Many see a typical sample of only three hundred homes as worse than the diary, which puts more pressure on people-meter development since demographics, governed by diaries, are adjusted to metered household levels.

The local ratings contest between Arbitron and Nielsen has been fought with different sampling methods. Nielsen emphasizes meter sampling on a geographic basis while Arbitron samples on a demographic basis, although both use the household meter. Nielsen's method is the more conventional in emphasizing statistical reliability through randomness without weighting. Arbitron, on the other hand, stresses an accurate demographic profile of the market by weighting. Both use small local market samples (three- to five hundred depending on market size), so

viewer cooperation is an important factor, and both use diaries along with the meter, which further complicates the statistical process. Diary samples turn over four times a month whereas the meter continuously measures the same sample. Some experts believe that diaries allow biases to wash out over four weeks but that meter-panel biases are permanent. Local measurement is also influenced by VCR recording. Both services measure recording but neither includes playback, so no one knows if all recorded shows are watched.

One of the more controversial issues in this skirmish is weighting procedures. Although Nielsen weights its diary sample (because little or no effort is put into collecting a diary sample and therefore adjustment is made for poor response), it does not weight its meter sample.

Arbitron weights its meter sample in three ways: by age of head of household, by ethnic characteristics, and by three geographic areas. Both agree that weighting reduces reliability but feel that accuracy is key. If the sample is perfect, weighting has no effect, but when the sample is biased, weighting exaggerates the bias. Critics of ARB's weighting procedure say that it is based on diary research, which does not justify applying it to meters. Arbitron, in fact, does not use the term *cooperation rate* but employs three *performance indices*. The first is the *household usability rate*, the percentage of designated locations which are occupied residences with TV sets in which no one works in the industry. *Recruitment success rate* is the percentage of usable households which agree to enter the sample. *Installment success rate* is the percentage of recruited households which are brought into the sample and are being measured.[6]

Nielsen's straightforward probability sample is not weighted but is stratified, and therefore requires a high proportion of cooperating predesignated households. Nielsen claims to average a 40 percent cooperation rate, compared to Arbitron's 29 percent.[7]

Each service also uses a different stratification method. Nielsen uses a multistage cluster, sampling at each stage. Block groups and enumeration districts are sampled. One predesignated housing unit is selected from each segment. If this unit will not cooperate, a replacement in the same segment (less than three doors away) is chosen, provided the household matches the predesignated household in two characteristics: presence or absence

of children and of cable. Both factors have significant impact on viewing levels.

Arbitron's sample is more complex. Its sample is proportionate to households in three areas: the central city, the remainder of the metro, and the ADI (contrasted to Nielsen's stratification by county). It builds its master sample and then gathers information about various demographic characteristics. Based on these characteristics—twenty-four in all—ARB balances its sample to include as many households from each demographic group as in the population. Substitution is based on similarity to the *demographic* profile of the one replaced—which means that the substituted household may not be in the same geographic area as the original. Arbitron believes Nielsen's method allows substituting of a household with different demographic characteristics from the original. In contrast, Nielsen believes that the viewing household must be exposed to the same viewing alternatives as the original.

Another controversy between the services is the use of meter data to adjust the personal data from the diary. This technique cannot differentiate between household members. If one does not list all his viewing, while the others do, the meter adjustment offsets the forgetful member but exaggerates the viewing of the more reliable members. Arbitron adjusts the person's viewing data from the diary according to the type of household (household with children under eighteen; household with no children and whose head is over fifty-five; and household with no children and whose head is under fifty-five).[8]

Both Arbitron and Nielsen use the same universe estimates for their sample frame—that of Market Statistical, Inc. MRI does not provide estimates of cable households, so each service makes its own adjustments. Both Nielsen and Arbitron meters measure over one hundred channels, permitting them to measure cable. Cable penetration is a characteristic used by Arbitron to balance its meter sample.

For a while some feared that if either service forged ahead, this would be the beginning of a trend toward a single TV rating service at the local level, a situation local radio and network TV have lived with for years. However, while Nielsen and Arbitron were making their forays into local markets, a formidable opponent rode into town, catching them off-guard. The arrival of

AGB and its people-meter technology slowed the local market skirmish as both competitors retooled for this invasion. Nielsen planned to go into people-meter technology at the local level in 1990 in New York. Arbitron has activated its people-meter service, ScanAmerica, in Denver.

People-Meter Wars

For thirty years, A. C. Nielsen enjoyed a virtual monopoly in the network TV rating field, a monopoly based on superior technology, his Audimeter, and better capitalization, which enabled him to starve out, litigate out, or buy out his competition. As sole scorekeeper, he not only measured the competition, he also produced it, since his ratings were intangibles, subject to little outside correction. His ratings were The Word to the broadcasting community.

But he operated under two serious limitations: the cost of meter measurement kept samples small and infrequently changed, and the meter provided no demographic information to go with the bare numbers. Diary systems, including Nielsen's Audilog, overcame some of these problems—they were cheaper and provided demographic data—but they were becoming increasingly suspect.

As the world changed, neither the Audimeter nor diaries, nor any combination of the two, could quite keep up. Cable offered too many alternatives for diary keepers to record easily; remote controls encouraged channel grazing, confusing to the meter and impossible for a diary; more varied lifestyles and family styles produced an almost infinite number of possible groups and individuals to be tracked; and with the Lady of the House now a Working Woman, TV watching was left to children, notorious for their inability to keep diaries.

Without competition, however, Nielsen was slow to change. Even after its acquisition by Dun and Bradstreet in 1984 it made slight efforts to adjust to changing times and markets.

And so the scene was set for the emergence of new competitors, the most formidable of which seemed, at first, to be Audits of Great Britain, which already operated in fourteen countries, and which came armed with a striking new piece of technology—

the people meter—and the financial muscle and the operating expertise to send Nielsen scurrying to the drawing board.

The people meter used telephone lines and did not require special wiring. It was purported to provide more reliable demographic data than Nielsen's antiquated hand-written viewing diaries because viewers punched buttons to record age and sex. However, AGB's startup period was so slow (AGB tested the people-meter technology for two years, 1985–87, in Boston) that Nielsen was able to rebound by testing and installing its own people meter, which it did with a speed that astonished, growing from 450 people meters in 1985 to 2,000 in 1987.[9] On September 13, 1987, Nielsen discontinued its household meter survey and, ironically, given its history of patent litigation, began a new network measurement service using a virtual copy of the AGB meter. This service used a single sample rather than the two samples formerly necessary to provide demographic data. Nielsen thereby eliminated AGB's technological advantage and left AGB without sufficient product differentiation to compete against such an established name.

Another problem for AGB was what some see as its arrogance in misjudging the U. S. market, a market radically divergent from its European turfdom. Whereas it had been sufficient to supply standardized data in Europe (since syndication was virtually unknown and cable was underdeveloped and not competitive), the sheer number of programs to keep track of in the United States was staggering. This included even such factors as station clearance, since affiliates added to the measurement confusion by preempting network programs. Nielsen had resolved the clearance problem through its Automated Measurement of Lineups technology, an electronic coding system that identified and recorded programs broadcast by a local station, speeding its delivery of station lineup information from thirty-four to sixteen-and-a-half hours.[10] This is not to mention that each competitor—agencies, syndicators, cable, and broadcast stations—wanted its own twist to the information provided. Ironically, in the early eighties, AGB had considered a joint venture with Arbitron, who knew the country and had working relationships with the major clients, but had decided against it.[11]

Cable and VCRs added to the measurement problems. If cablecasters wanted to compare their audiences with broad-

casting, they had to compare and weight them by the same scale.

So, the next major conquest for the people meter was cable TV. However, AGB had measured European television and could not achieve the technology to catch the cable signals before they hit the converter nor the same cooperation from cable companies as its entrenched American competitor. A primitive move toward developing metered (household) measurement for cable had occurred in 1980 when Turner Broadcasting asked A. C. Nielsen to provide national (household) meter measurement for its satellite-distributed WTCG, now superstation WTBS.[12] For a time, to get a national measurement, cable networks were forced to accept the existing technology—household meter and diary—designed to measure the broad audiences of the Big Three. But this condition changed. By the fall of 1988, cable networks had switched from household to Nielsen people meters. Just as for broadcast stations, cable now got its household and demographic measurement from the same source, allowing cable networks to break away from the methodological disadvantages of the earlier system designed for network television. So again Nielsen had bested AGB.

AGB also planned to use the people meter to measure VCR viewing, bringing all of television on a common scale. Since 1978, when the videocassette recorder hit the U. S. market, Nielsen has merged VCR ratings with standard live ratings to produce one set of national ratings. To do this, Nielsen asked two questions: what percentage of VCR recordings are subsequently played back, and what is the demographic composition of viewership in playback? Nielsen assumed that every home that records a program will eventually play it back and that the demographic composition is the same as if the program were viewed live. These two assumptions are known as *demographic ascription.*[13]

However, AGB believed that demographic ascription was not valid and had identified the VCR rating as a sales opportunity. AGB's people meter had been designed to place a code on the tape when a recording was made and, on playback, to recognize the recording. It provided information about who replayed the program and when, rather than about who recorded it. AGB planned to provide national rating estimates which included only live TV viewing and to supply electronic, projectable, and repre-

sentative VCR ratings by demographic groups.[14] But AGB's failure to enlist sufficient subscribers meant this project never came to full fruition.

In April 1988, R. D. Percy announced yet another national people meter service, which offered significant product differentiation. Percy measured audiences for commercials, not programs. Percy's meter contains a passive infrared device in its system that verifies how many viewers are in a room at any given time, thus registering viewers who do not push buttons. Percy's ratings showed what advertisers had feared: commercial ratings are, on average, 17 percent below the programs on which they air due to channel switching and leaving the room.[15] Although CBS, NBC, Fox, and several advertisers and agencies were signed, Percy's "voxbox," as it was known, was controversial in invoking privacy issues. Many also felt that Percy's work needed further validation to eliminate animals from registering and to allow scrutinized households to move past the behavior-altering first period. Percy's voxbox also raised questions about prevalidating nonresponse, since the more sophisticated the in-home technology, the more likely that homes agreeing to such equipment may not be representative.[16]

Nielsen responded by beginning work on its own version of the "passive" meter, which uses heat sensors to register body size and promises to help remove human errors in recording. This work is being done as a joint venture with David Sarnoff Research Center and is three-to-five years away from operation.[17]

By late summer 1988, both new Nielsen competitors, AGB and Percy, had withdrawn. Neither Percy's $25 million nor AGB's $67 million investment proved sufficient.[18] Percy had failed to get his service off the ground, or even out of New York for that matter. Michael Poehner, president and chief executive officer of AGB, said that AGB's marketing efforts fell far short of the giant Nielsen company. CBS was the lone network subscriber, although AGB needed multiple-year commitments from NBC and ABC to survive. ABC's Alan Wurtzell said that ABC would welcome a competitor but the two services were not strikingly different and that AGB had not replaced Nielsen as the principal service used by advertisers.[19] CBS's David Poltrack noted that AGB needed to acquire a higher profile, citing both its failure to get support from two networks and the reluctance of the

press to use AGB numbers.[20] AGB suspended its service following its merger with MediaMark Research, which operates a consumer database to supply information on media use and product purchases. MRI thus had the opportunity to merge TV ratings and product usage into a single-source information system, but elected not to. While AGB lost $17 million testing the people meter in Boston and $67 million during its first year of operation, its legacy, the people-meter technology, was here to stay due to a $50 million investment by Nielsen. However, as both AGB and Percy have demonstrated, technology alone is not sufficient. As Sir Bernard Audley, chairman of AGB Research, sighed, "We had a better mousetrap, but we got our vital parts caught in it."[21] Similarly, many felt the Percy legacy might influence whether the meter was to take an active (introducing human bias) or passive form and whether to measure programs or commercials. Some felt that Percy's aim was ultimately higher—removing the use of the program audience as the surrogate for the real commodity, the commercial audience.

By the fall of 1988, as AGB and Percy were bowing out, old Nielsen foe Arbitron announced plans to activate yet another national people meter service, called ScanAmerica, which it claimed would offer further product differentiation. ScanAmerica provided advertisers with single-source data by merging two streams of information: people meter ratings and a record of purchases made by a small wand that the consumer uses to scan the UPC code of purchased products. Arbitron feels it will succeed where others have failed due to its competitive pricing, significant product differentiation, and targeting of advertisers who are concerned about getting the most value from advertiser dollars. Critics say Arbitron places too much emphasis on a single sample, potentially leading to unacceptable bias. Nielsen has responded the way it has to the coming of most significant innovations—by imitation. Although ScanAmerica is copyrighted, making its direct copying impossible, Nielsen has implemented plans for its version, Scan Trak, which combines product purchasing data with household meter data, using two separate samples.

As the eighties drew to a close, this less-lauded but no-less-significant battle was taking place on the ground opened by Arbitron in tying TV viewing to product purchases, a single-source

system which opens up new vistas to marketers. "Pantry surveys" and studies of product usage have a long history; what is new is that electronic measurement provides more accurate purchase information in real time. It offers the prospect of comparing product sales in households exposed to commercials to those not exposed, to determine advertising effectiveness. These new methods for selective targeting further refine the now-standard demographic groups to what Arbitron calls *buyergraphics*, the percent of product users, giving advertisers more value for their money.

Into this new world have stepped two opponents: Nielsen's Scan Trak with its Electronic Research for Insights into Marketing (ERIM) feature, which tests commercials in metered homes, and Arbitron's ScanAmerica.[22] Both offer product-purchase information by scanning UPC codes on store items, provide measures of TV viewing, and are single-source systems. It remains to the nineties to determine if these systems will once again reshape TV audiences.

As the curtain comes down, perhaps the final irony of the people-meter wars is that no one really likes the current system. Arbitron and Nielsen plan dramatically different courses of action, and some believe they may have charted a course that could threaten Arbitron's future. In the future, Arbitron plans to use only people meters at the local level. Nielsen, however, will convert to people meters in major markets and continue with household meters in smaller markets (where the increased costs of the technology and larger sample sizes may be prohibitive). Overall, people meters have resulted in lower viewing levels and sharply lower ratings of kids and teens (and thus are particularly under fire by independents, who program for these audiences). Most industry sentiment supports a passive scanner, which does not require viewer registration, and with such a methodology indeed on the horizon, the active people meter may be only a stepping stone.

CONCLUSION: THE WAY WE LIVE NOW

It is a characteristic of our age that the technology of even a decade ago seems crude by contemporary standards. As we now contemplate single-source data and electronically coded tracking, which can follow each step in the marketing process from conception to end use, the methods of the research pioneers seem almost childish.

Some of this contrast is real; some is not.

It remains true that one can pick up a telephone and ask someone what they watched on TV last night—and get a reasonably accurate answer. If we make a number of calls to randomly chosen viewers and average the results, we will almost certainly get a good idea of what people are watching and when, and how they feel about it.

So we must bear in mind that rating battles have always been, in part, a marketing strategy. Agencies and stations love to impress potential clients with masses of information, giving themselves the appearance of being remarkably expert and well informed. But we need not mistake profusion for progress. The fact that computers can spew out numbers does not, in itself, mean that those numbers mean anything significantly more important than when Crossley and Hooper hand-tabulated the results of telephone calls. Nor should we think that, because there is an obvious correlation between ratings systems and advertising practices, one is the cause of the other. Advertisers change their minds in reactions to many economic, social, and philosophical changes in our way of life, only some of them specific to broadcasting itself. In most instances, rating services are only trying to keep up.

We must also bear in mind that all these commercial interests—agencies, advertisers, raters and stations—have enjoyed the privilege of passing along the cost to the consumer. It is possible, therefore, that it is the consumer who will finally decide where it all ends. As consumers become increasingly sophisticated, they will surely figure out that it is they who pay for the privilege of being exploited, manipulated, and reduced to target audiences. Already, as we have touched on here, consumers show increasing reluctance to sit still for commercial messages. One figure suggests that as many as half of all commercials are zapped by remote control or fast-forwarded through VCRs. The higher the porportion of broadcast time given to commercials, the higher the percentage of consumers who turn to cable, VCRs, and public television to avoid those commercials.

As early as 1961, broadcast historian Erik Barnouw wondered if programming were to become a byproduct of advertising. So far as network-style commercial television is concerned, it now seems clear that the answer is yes. But new technology, just in the last few years, has given consumers a far wider range of choice. The captive audiences of the fifties and sixties which permitted three networks to monopolize broadcast entertainment will surely not exist again. And the consumer movement, severely crippled during the Reagan years, may rise again. There may be new hearings, new trade regulations, and a limit to FCC deregulation. Or perhaps the free market, in the working out of new choices and new competition, will determine that commercially sponsored entertainment, as we have known it, is over. In its place we may see commercially supported cable systems, low-cost videotapes containing commercials (maybe even with a device that blocks fast-forwarding), or some vast network of satellite-distributed superstations as dependent on advertising as our present networks. We can only be sure that advertisers will be imaginative.

So far it is not merely a question of technique and technology but, as we have stressed throughout, a matter of broad social issues. It would be brave, not to say foolhardy, to predict what home entertainment might be like in twenty-five years, or even ten years. But it is only common sense to say it will be different.

This is not to suggest, of course, that real progress has not been made in audience measurement. Better, more representa-

tive samples, more sophisticated analysis, and the enormous increase in speed made possible by computers, have surely made ratings more accurate and reliable, and obviously more timely. Government action—and the fear of it—has resulted in higher standands and more truthful reporting, perhaps even to a more thoughtful use of the information.

If conditions change, rating services will always find something to measure, and what they have learned will not be lost. If network TV, as we know it, is over, then raters will measure VCRs, cable, CD players, computer games, or some device not yet invented. This is happening now. And, if nothing else, they can always return to where they began—to measures of product sales, inventories, consumer demographics, and other end-game information.

What we have tried to suggest throughout is that the history of TV ratings is only one perspective on the whole socioeconomic history of the past half-century. We have seen, for example, that TV, like radio, began with an image of a nuclear family gathered comfortably around a hulking, vacuum-tubed monster in the parlor—an image now almost quaint. It was not radio and TV which changed that, although they played their part, it was the automobile, the interstate highway, college educations, Vietnam, rock music, birth control pills, hot pants, and cold war—to name a few that come readily to mind. Forces like these will continue to change society, and the entertainment industry, along with the advertising industry, will try to keep pace, while the ratings industry attempt to measure the pace.

APPENDIX: A PRIMER ON SAMPLING

ALTHOUGH MOST OF THE statistical concepts used in this book are defined in the text, the information is spread out through several chapters. The following brief overview may be helpful to the reader who is not a mathematician. Since whole textbooks are written on the subjects of statistics and sampling, this should in no way be considered a guide to actually performing a sample.

A researcher collects information because he or she is interested in the behavior or opinion of some group called the *population*. In the case of radio listeners, this could be all those who own radios. Often it is impractical or impossible to reach all members of the population (there are an estimated one-half billion radios owned in the United States), so the researcher selects a *sample*, a small group believed to be representative of the whole.

Those not familiar with statistics sometimes find it hard to believe that a sample of, say two thousand people, can possibly tell us about a population that includes almost everyone in this country. But it is so, can be demonstrated mathematically, and has been demonstrated in practice. A sample of about thirty persons is usually considered the bare minimum for doing any sort of statistical calculation, and then only for the roughest sort of measure. As sample sizes reach the hundreds they become quite reliable and accurate and, in the thousands, very accurate and reliable. But all these statements are based absolutely on the assumption of randomness.

A *random* sample is one in which each and every member of the population has an equal chance to be chosen. We might

do this by placing the names of all radio owners in a drum, stirring it well, and drawing the required number of names. Done properly, a sample of two thousand persons should tell us almost as much as if we had interviewed everyone who owns a radio.

It is rare, however, that the researcher has the names of all those in the population, and even if he did, writing down all their names and putting them into a drum would be a Herculean task. So often he must use some next-best method, such as calling random telephone numbers and asking respondents if they own a radio. Methods such as these introduce some *bias*, systematic differences between the sample and the population. In this case, not all radio owners will have telephones (or some will have unlisted numbers, or not be at home), and not all telephone homes will have radios. So the researcher must use judgment, imagination, and approximation to try to compensate. Simply choosing a large sample is helpful, since random differences will tend to cancel out. Another safeguard is to choose some persons by phone, some by manufacturers' warranty cards, some by retail sales records, and so on—the goal being a mix that balances out differences.

Purely random selection has some disadvantages, even if we have the whole population at hand. We may want not just an overall picture, but specific information about certain subgroups of listeners—males, females, teenagers, urban, rural, daytime, etc. If we have, say, ten such subgroups and a sample of two thousand listeners it is unlikely that they will break down neatly into a sample of two hundred per group. A method for overcoming this is the *stratified sample*, where the population is broken down into subgroups, then exactly two hundred drawn from each. Or, if we have reason to think that teenagers listen more than others, we might choose *proportional samples*, choosing, say, one thousand teenagers, and dividing the remaining one thousand among the other nine groups (which could, of course, also be done proportionately). For this kind of procedure the researcher would probably need to make a preliminary survey to determine proportions in the population.

A similar procedure is called *area sampling*, in which the population is divided up geographically and samples are drawn to ensure that various areas (urban, suburban, inner-city, etc.) are

represented. Of course a sample could be stratified, proportional and area-adjusted all at once—and often is.

A method sometimes used for "quick and dirty" results is called *quota sampling*. The interviewer goes door to door until he has found his quota of, say, two hundred teenagers. This method is much improved if the sample is collected in various areas, but it is *not* a random sample and most of the mathematical assumptions related to statistical formulas are not met—or at least we have no way of knowing if they are met.

When randomness is carefully observed, powerful mathematical formulas can be applied to produce not only the usual averages and standard deviations, but also measures of *confidence* and *reliability*. When we say that a program had a rating of 20 plus or minus 4, we mean that we are confident the true rating lies somewhere between 16 and 24, although we cannot say exactly where. This is sometimes called *error*. Reliability is a measure of repeatability. It tells us how confident we can be that another sample drawn and tested just like this one would produce the same results. Sometimes these figures are given in the form of odds; e.g., there is only one chance in one hundred that a different sample would produce a different result.

When we have two sets of information we may ask ourselves how they are related. Intuition suggests that as salaries go up people tend to buy a second or even a third car. A *correlation* is an exact measure of such a relationship. It might tell us that we can confidently expect at least half of those receiving a raise of one thousand dollars a year to buy another car. This would be a correlation of about .70, about the lowest correlation of practical use. Correlations may be either positive or negative. Just as new car sales are positively correlated with a rise in income, we can suspect that they are negatively correlated with rises in car prices.

It is very important not to confuse correlation with *cause*. Liquor sales are positively correlated with rises in teacher salaries, but this does not mean teachers spend all their extra income on drink. It means simply that people in affluent areas pay their teachers better and also buy more liquor. Such a positive correlation could exist even if no teacher ever bought liquor at all. Very often, as in this case, correlations result from some third factor (or even a group of other factors) which ties them together. But knowing the cause is not always important. Suppose, for exam-

ple, we were to find that men between the ages of eighteen and thirty-four prefer menthol-scented shaving cream. We can imagine all sorts of *reasons*—some quality of younger skin, or noses, or a preference for green cans, or social pressure, or any combination of these. To the advertiser, however, this may not matter. All he needs to know is that this is a good market for his menthol shaving cream.

Where ordinary sampling is concerned, the mathematical issues are well understood. Usually it is the practical issues that cause problems. Sometimes researchers try to "correct" practical problems by mathematical means. In a telephone sample, for example, the researcher might reason that poor people are only half as likely to have phones as rich people. Therefore he may take his sample of poor people and multiply it by two, thus producing equally weighted samples of rich and poor. For some purposes (e.g., height and weight) this assumption may be sound, but for other purposes (e.g., buying habits) it probably isn't. Since the researcher never talked to poor people without phones he has no way of knowing just how they differ.

Although responsible researchers always give careful and complete information about how their samples were chosen and what statistical procedures they used, readers do not always pay careful attention to this fine print. And often when a study is quoted in a secondary source this information is dropped out altogether. These are two reasons why statistics are easily misused. And of course those with an argumentative purpose may deliberately omit important details of this kind.

A statistic is like any other tool: used carefully for the correct purpose, it works well. Used carelessly or for the wrong purpose, it may be useless or even dangerous.

CHAPTER NOTES

Notes for Chapter One

1. *Printer's Ink* provides a highly readable account of the history of advertising within the marketing framework, from the years 1888–1938, in its fiftieth overview edition. "The First Fifty Years of Advertising," *Printer's Ink* (July 28, 1938), pp. 9–447.
2. Lynne Gross, *See/Hear* (Dubuque, Iowa: William C. Brown Co., 1979), p. 15.
3. Christopher H. Sterling and John M. Kittross, *Stay-Tuned: A Concise History of American Broadcasting* (Belmont, California: Wadsworth Publishing Co., 1978), p. 210–11.
4. Sydney Head, *Broadcasting in America*, 3rd edition (Boston: Houghton, Mifflin Co., 1976), p. 120.
5. Gross, p. 15.
6. Sterling and Kittross, p. 120–30.

Notes for Chapter Two

1. Christopher H. Sterling and John M. Kittross, *Stay-Tuned: A Concise History of American Broadcasting* (Belmont, California: Wadsworth Publishing Co., 1978), p. 156, 260. As Sterling and Kittross point out, the FRC freeze meant limited growth of AM stations during the period. Network affiliation rose from 60 percent of all stations in 1940 to 95 percent in 1945.
2. Archibald M. Crossley, former director of Cooperative Analysis of Broadcasting. Interview held in Princeton, N.J., March 18, 1983. Crossley's staff discovered that local stations often substituted locally sponsored shows for national ones, thereby collecting revenue from both local and national sponsors simultaneously.

3. Frank W. Nye, *"Hoop" of Hooperatings: The Man and His Work* (Norwalk, Connecticut: 1957), p. 84. Original members included Procter and Gamble, Standard Brands, Bristol-Myers, BBD&O, George Gallup, Young & Rubicam, McCann-Erickson. See *Broadcasting* (February 26, 1945), p. 15.
4. "The First Fifty Years of Advertising," *Printer's Ink* (July 28, 1938), p. 348.
5. "Advertising (75th Year)," *Printer's Ink*, (June 14, 1963), pp. 321–322.
6. Ibid.
7. Nye, pp. 10–12.
8. "Roster, Coincidental, and Unaided Recall: How They Compare in Terms of Counting Listeners," *Advertising and Selling* (August 1949), p. 20+.
9. Ibid. Also, Stanley Womer, "What 'They' Say of Two Leading Methods of Measuring Radio," *Printer's Ink* (February 7, 1941), pp. 73–79.
10. "Dual Radio Check," *Business Week* (October 24, 1942), pp. 82–83. Also, "Coincidental Survey is Added by CAB to Provide Two-Way Check of Audiences," *Broadcasting* (October 5, 1942), p. 60.
11. *Broadcasting* (April 30, 1945), p. 57.
12. Hugh M. Beville, former director of research, NBC, former director of Broadcast Rating Council (now Electronic Media Rating Council). Interview held in Douglaston, New York, March 10, 1983.
13. Crossley interview.
14. *Broadcasting* (January 16, 1945), p. 22. Also, C. E. Hooper, "Hooper Hi-Lights" (September 1949) Hooper Collection, State Historical Archives, Madison, Wisc.
15. Nye, p. 69.
16. C. E. Hooper and Mathew N. Chappell, *Radio Audience Measurement*, p. 11.
17. Nye, p. 23.
18. Marion Harper, "Some Factors in Radio Measurement," *Advertising and Selling* (December 1944), p. 66. Also, "What An Agency Wants in Radio Surveys," *Broadcasting* (May 8, 1944), p. 12.
19. "CAB Rating Service Suspends," *Broadcasting* (June 24, 1946), p. 46.
20. Crossley interview.
21. Beville interview.
22. Nye, p. 102.
23. C. E. Hooper and Mathew N. Chappell, p. 61.
24. "Roster, Coincidental, and Unaided Recall: How They Compare in Terms of Counting Listeners," *Advertising and Selling* (August 1949), p. 20+.

25. C. E. Hooper, "Hooper Hi-Lights: Home Sample Reappraised," (January 15, 1948), Hooper Collection, State Historical Archives, Madison, Wisc.
26. A. C. Nielsen, Sr., *Greater Prosperity Through Marketing Research: The First Fifty Years of Nielsen* (Princeton: Princeton University Press, 1964), p. 32.
27. A. C. Nielsen, "Trends in Mechanization of Radio Advertising," *Journal of Marketing* (January 1942), p. 218.
28. Ibid. p. 222.
29. A. C. Nielsen, "Two Years of Commercial Operation of Audimeter and NRI," *Journal of Marketing* (August 1944), p. 219.
30. A. C. Nielsen, "National Radio Index," (January 5, 1950), Nielsen Collection, State Historical Archives, Madison, Wisc.
31. A. C. Nielsen, "NRI News" (April 1949), Mass Communication Ephemera Collection, Nielsen File, State Historical Archives, Madison, Wisc.
32. Ibid.
33. "New Projectable Ratings," (1949) Nielsen File, Broadcast Pioneers Library, Washington, D.C.
34. Nye, p. 110.
35. Beville interview.
36. C. E. Hooper, letter to William Brooks, vice president of NBC (May 4, 1949), Hooper Collection, State Historical Archives, Madison, Wisc.
37. "National Hooperatings Sold," *Broadcasting* (February 28, 1950), p. 27.
38. Ibid, pp. 27, 41.

Notes for Chapter Three

1. Even fan letters, sometimes used by early stations to determine audience location, represented a somewhat atypical group of viewers.
2. The Broadcast Measurement Bureau, a nonprofit cooperative of the National Association of Broadcasters (NAB) and the American Association of Advertisers (AAAA). Hooperatings provided the most comprehensive and regular reports for local radio stations during the thirties and forties, but even these were limited by methodological restrictions to measuring only metropolitan areas defined by the U. S. government.
3. "Brewing: Battle of the Ratings," *Sponsor* 14 (February 20, 1960), pp. 91–93.
4. Christopher H. Sterling and John M. Kittross, *Stay Tuned: A Concise History of American Broadcasting* (Belmont, California: Wadsworth Publishing Co., 1978), p. 237.

5. Sterling and Kittross, p. 264.
6. Some have argued that the ABC-Hollywood deal was a turning point in TV programming philosophy. During the sixties, the result was a willingness to rely on outside producers for programs. By 1957, sponsors or agencies produced one-third of series programs, motion picture studios and independent producers produced another one-third, and the networks produced the rest. By the sixties, motion picture studios and independent producers produced 60 percent of TV programming, advertisers produced 14 percent and the networks produced 20 percent, primarily news and sports. The Barrow report, a congressional investigation into network monopolistic practices, and the quiz show scandals helped to further this shift. See Harry Castleman and Walter J. Podrazik, *Watching Television* (New York: McGraw Hill Book Company, 1982), p. 30, 94.
7. In 1949, Paramount had split in two, but the FCC continued to classify Dumont and Paramount as one organization, limiting them to five stations.
8. Sterling and Kittross, p. 329.
9. Ibid.
10. Sylvester Weaver, "Questions and Answers," *Panorama* (June 1980), p. 16.
11. Hugh M. Beville, former director of research, NBC, and former executive vice president, Broadcast Rating Council. Interview held in Douglaston, New York, March 19, 1983.
12. Beville interview.
13. "TV is at 86 Percent Saturation," *Broadcasting* (March 16, 1959), p. 116.
14. "Year End Report," *Sponsor* (December 28, 1957), pp. 70–71.
15. Castleman and Podrazik, pp. 48–49.
16. "It was a Rough Year," *Sponsor* (December 27, 1958), p. 4. Also, *Advertising Age* (August 2, 1954), p. 1.
17. Some have theorized that if patterns of sponsorship had remained the same as with radio, a more fertile environment would have been seeded for measures of audience satisfaction. Audience satisfaction with programming might now be modified by body count numbers if advertisers were convinced that it was related to advertising effectiveness. However, participatory buying by smaller units of program association did not allow for that kind of involvement.
18. "Network TV's Silent Revolution," *Sponsor* 12 (August 12, 1958), pp. 23–25.
19. Ibid.

20. Ibid. Also, "Television Sponsors Follow Multiple Buy Policy," *Printer's Ink* 267 (May 8, 1959), pp. 33–34.
21. "It Was A Rough Year," *Sponsor* (December 27, 1958), p. 24.
22. As a result of the Barrow report, NBC and CBS "voluntarily" eliminated this practice.
23. "1955: A Pivotal Year," *Sponsor* (December 26, 1955) p. 70.
24. "Farewell to 1959," *Sponsor* (December 26, 1959), p. 28. NBC and CBS added color to their schedules in 1955; however, most agencies waited for greater set counts before including color TV as a major part of their commercial efforts. The development of a new color TV camera in 1959 lowered production costs and NBC announced that same year a 30 percent step up in color production. By the latter fifties, Admiral had joined NBC in color set manufacturing.
25. Another important reason that the networks moved to take control of their schedules was the government and public censure incurred as a result of the quiz show scandals.
26. Sterling and Kittross, pp. 359–360.
27. Quiz shows worked particularly well for the pharmaceutical and cosmetic industries, as well as other makers of low-ticket items chararacterized by impulse buying.
28. "$64,000 Question TV Show Hit Sales Jackpot for Revlon," *Advertising Age* (August 1, 1955), p. 30.
29. This attention culminated in the 1963 Harris hearings detailed in the following chapter.
30. Erik Barnouw, *The Sponsor* (New York: Oxford University Press, 1978), p. 116.
31. Sterling and Kittross, p. 237. The effect of the TV freeze on the TV networks was tough competition for affiliates, since many one-station markets were sought by all four networks to air their programming.
32. Sterling and Kittross, p. 236.
33. Ibid.
34. "Twenty-Four Ways to Use Spot TV, and Why," *Printer's Ink* 258 (March 29, 1957), p. 32.
35. Ibid.
36. Castleman and Podrazik, p. 50.
37. "The 1956 Story," *Sponsor* (December 29, 1956), p. 26. Also, "1955: A Pivotal Year," Ibid., p. 2.

Notes for Chapter Four

1. The National Association of Broadcasters, *Standard Definitions of Broadcast Research Terms* (January 1967), p. 27.
2. Jack Hill, "TV's Audience Measurement—Coming of Age," speech presented at the Association of National Advertisers TV Workshop, New York City, February 15, 1983.
3. "Who Will Pick a Basic Measurement for Radio and Television," *Printer's Ink* 236 (September 14, 1951) p. 48.
4. "Behind the Ratings System," *Sponsor* (November 1, 1955), p. 38.
5. Ibid.
6. "Capitol Hill Gets Fill on Ratings," *Broadcasting* 54 (June 30, 1958), p. 78.
7. Nielsen eventually expanded his network sample to 1,200 homes, where it remained for years. By 1984, Nielsen increased his sample to 1,700 homes due to fractionalization of the TV audience, and by 1986, with the switch to the people meter, he planned to double this.
8. A. C. Nielsen, "Proposal for NTI Service," Mass Communication Ephemera Collection, State Historical Society, Madison, Wisc. (August 29, 1951).
9. Ibid.
10. "It's Official: Nielsen Absorbs Hooperatings," *Advertising Age* (March 6, 1950), p. 1.
11. Ibid.
12. A. C. Nielsen, "Proposal for NTI Service."
13. "Taking the Mystery Out of the Ratings," *Broadcasting* 54 (March 10, 1958), p. 44.
14. A. C. Nielsen, "Proposal for NTI Service."
15. *Advertising Age* (November 14, 1955), p. 66 and (February 28, 1955), p. 40.
16. *Advertising Age* (October 3, 1960), p. 55.
17. "ARF Finally Lays Its Rating Reports on the Line," *Advertising Age* (December 27, 1954), p. 1. Also, "ARF Takes Big Step Toward Ratings Standards," *Advertising Age* (February 1955), p. 50.
18. "Behind the Ratings Systems: Nielsen," *Sponsor* (November 1, 1958), p. 37–39.
19. David A. Traylor, vice president, Nielsen, Inc. Interview held in New York City, Spring, 1983.

20. "Behind the Ratings System: Nielsen," p. 38.
21. The BMB was a cooperative attempt among advertisers, agencies, and broadcasters to provide coverage information.
22. "Nielsen Launches Comprehensive New Broadcast Ratings," *Advertising Age* (March 3, 1952), p. 1.
23. Ibid. This is an extremely high figure by anyone's count, because if the average county population is assumed to be 50,000, then this equals 1.25 billion people.
24. TV Bureau of Advertising, "The Rating Services" Broadcast Pioneers Library, NAB, Washington, D.C. (1960), p. 17.
25. By 1960, the bulk of Pulse information dealt with the correlation of individual listeners with their product consumption. *Advertising Age* (July 1954), p. 69.
26. "Agencies Minimize 'Splinterization' Theory," *Advertising Age* (February 1, 1957), p. 9.
27. "ARB, Pulse Offer More Comprehensive TV Audience Data," *Advertising Age* (December 12, 1960), p. 52.
28. "C. E. Hooper Starts New Program Popularity TV Rating Service," *Sales Management* 65 (October 1, 1950), p. 133.
29. TV Bureau of Advertising, "The TV Rating Services."
30. "Behind the Ratings Systems: Arbitron," *Sponsor* (September 27, 1958), pp. 36–38.
31. Roger Cooper, president, Cooper Associates, formerly with Arbitron. Interview conducted by Ted Shaker in ARB history tapes, New York City, Spring 1983.
32. "ARB Had New Service for Advertiser—TV Ratings in 140 Small Markets," *Advertising Age* (March 7, 1955), p. 3.
33. Ibid.
34. Ibid.
35. "ARB Offers Instantaneous TV Program Ratings," *Business Week* (September 6, 1958), p. 129. Also, "New System of Instantaneous Ratings to Bow Next Month," *Business Week* (December 21, 1957), p. 45.
36. Bill Harvey, chairman, New Electronic Media Science, formerly with ARB. Interview conducted in New York City, May 9, 1983.
37. "Behind the Rating System: Arbitron," *Sponsor* (September 27, 1958), pp. 37–38. Also, "ARB Set To Catch All TV Viewing," *Sponsor* (September 19, 1959), pp. 42–43.
38. Ted Shaker, then president of ARB. Taped interview in New York City conducted in May 1983.

39. Trendex surveyed 15 cities by 1955, 20 by 1957, and 25 by 1960. *Advertising Age* (January 3, 1950), p. 1; "Trouble Ahead for Rating Services," *Broadcasting* (March 11, 1963), pp. 62–63.
40. "Behind the Rating Systems: Trendex," (October 4, 1958), p. 37. Also, "Taking the Mystery Out of Ratings," p. 40.
41. "The Ratings Services: How They Look, How They Work, What They Mean," *Advertising Age* (November 14, 1955), p. 68.
42. "Ratings Don't Mean Brand Recall: Trendex Sponsor Identification Index," *Advertising Age* (April 13, 1959), p. 1.
43. "Behind the Rating Systems: Trendex," p. 36.

Notes for Chapter Five

1. "NBC and ABC Take Eight Out of Top Ten Spots in Latest Nielsen Demo," *Advertising Age* 40 (October 27, 1969), p. 1.
2. "Goldenson Asks Dodd Not to Blame ABC," *Broadcasting* 62 (June 4, 1962), p. 42.
3. "NBC and ABC Take Eight Out of Top Ten Spots in Latest Nielsen Demo," p. 1.
4. NBC's Paul Klein, a leading apostle for the demographic movement, termed total homes irrelevant compared to more detailed breaks. Ibid.
5. Another factor in the decline may have been a Nielsen meter sample readjustment following the Harris hearings, detailed later in the chapter. Nielsen's meter sample had favored CBS affiliates in its distribution. "Lone Wolf Attitude and Rating Woes Seen as Causes of Aubrey's Exit," *Advertising Age* 36 (March 8, 1965), p. 1.
6. "CBS Reshuffles: Emphasis on Youth," *Broadcasting* 72 (February 27, 1967), pp. 25–26.
7. "Gunsmoke is '67–68 Casualty," *Advertising Age* 38 (February 27, 1967), p. 38.
8. "Spot Carriers Caught in Squeeze," *Broadcasting* (May 7, 1962), p. 30.

Notes for Chapter Six

1. *Sponsor* (September 11, 1961), p. 7.
2. Christopher H. Sterling and John M. Kittross, *Stay Tuned: A Concise History of American Broadcasting* (Belmont, California: Wadsworth Publishing Company, 1978), p. 38.

3. In particular, the turn to instantaneous ratings meant networks gave series less chance to succeed, and the development of miniseries and made-for-TV movies meant the displacement of series during sweeps periods to help increase ratings.
4. Ed Papazian, columnist, *Media Decisions.* Interview held in New York City, March 31, 1983.
5. "Creators Turn on Created," *Broadcasting* 59 (January 26, 1961), pp. 27–29.
6. In fact, the issue of network activity in the spot field was one of the prime reasons for the development of the SRA in 1947. Then the SRA was worried about networks representing radio affiliates. This concern was transferred to television.
7. *Broadcasting* (August 27, 1962), p. 67.
8. *Broadcasting* (August 22, 1963,). p. 31.
9. Today the Financial Interest and Syndication Rule prevents the networks from maintaining a financial interest in off-network programming, although this rule is currently under threat of repeal.
10. The practice of buying concurrent programs dates back to 1953, when the United States purchased shows from Great Britain, Canada, and Australia. By the sixties, the foreign market expanded to include Japan and Latin America.
11. "New TV Shows Seen Overseas Too," *Broadcasting* (March 25, 1963), p. 27.

Notes for Chapter Seven

1. *Advertising Age* (January 12, 1961), p. 2.
2. "American Statistics Society to Probe Ratings for Harris Committee," *Advertising Age* (April 4, 1960), p. 31. Also, "Fresh Minds to Prevail," *Broadcasting* 58 (April 4, 1960), p. 82.
3. "Ratings Methods Study Urged," *Broadcasting* (March 27, 1961), p. 31.
4. "Harris Set For Another Round on Ratings," *Broadcasting* 64 May 6, 1963), p. 34.
5. "Ratings Control," *Printer's Ink* (June 28, 1963), p. 8.
6. Ibid.
7. "Broadcast Ratings Lose Spell," *Business Week* (April 13, 1963), pp. 30–31.
8. Ibid.

9. "Ratings Mess: No.1 NAB Topic," *Broadcasting* (April 8, 1963), p. 27.

10. "Nielsen Master Plan Charged," *Broadcasting* 64 (April 15, 1963), p. 48.

11. "Trouble Ahead for Rating Services," *Broadcasting* (May 11, 1963), p. 68.

12. "Can't Understand Acceptance of Ratings, Says Harris," *Advertising Age* 34 (April 15, 1963), p. 1. Also, "Harris Suggests More Competition for Nielsen," *Advertising Age* (May 20, 1963), p. 99.

13. "RAB's Plan For Better Ratings," *Broadcasting* (May 20, 1963), p. 47.

14. "Can't Understand Acceptance of Ratings," p. 99.

15. "Ratings Mess: No. 1 NAB Topic," p. 27.

16. "Nielsen: No. 1 Rater Now No. 1 Target," *Broadcasting* (April 1, 1963), p. 30.

17. "FTC Order Means More Explaining in TV Ratings," *Advertising Age* 34 (January 7, 1963), p. 1.

18. "Ratings Majors to Sign Consent Order," *Broadcasting* (January 7, 1963), p. 66.

19. "FTC, Nielsen Each Claim Victory," *Broadcasting* 65 (November 4, 1963), pp. 33–34.

20. Ibid.

21. Ibid.

22. Ibid.

23. "Nielsen, Pulse To Get Their Chances," *Broadcasting* (March 18, 1963), pp. 44–54.

24. Ibid.

25. Ibid.

26. Ibid.

27. Ibid.

28. Ibid.

29. Ibid.

30. Ibid.

31. "Quality Audiences, Potential of Elite Programming Measured by Pulse," *Broadcasting* (October 23, 1963), p. 72.

32. "Is Pulse Running a Con Game?" *Broadcasting* (October 23, 1961), p. 71.

Notes for Chapter Eight

1. "Ratings Majors to Sign Consent Order," *Broadcasting* (January 7, 1963), p. 66.
2. "Trouble Ahead for Ratings Services," *Broadcasting* 64 (March 11, 1963), pp. 62–64.
3. "ARB Sticks with Plans to Double its Samples," *Broadcasting* (April 15, 1963), p. 48. Also, "ARB, Nielsen Offer New Rating Plans in Struggle for Network Business," *Advertising Age* (November 2, 1959), p. 8. Also, "Arbitron Ratings Expand," *Broadcasting* 61 (August 21, 1961), p. 32.
4. BRC Begins Audits of Three Rating Services," *Advertising Age* 35 (April 6, 1964), p. 2.
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16. "Two Nuked in Ratings War," *The Media Report* (July 31-August 30, 1988), pp. 1–8.
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    The Arbitron-Burke system, ScanAmerica, differs from its competitor in several ways. Arbitron's TV viewing panel is equipped with people meters rather than household meters, although Nielsen may switch in the future. It also creates a new consumer—the advertiser. Forty percent of the revenue is to come from advertisers (minor customers for Nielsen), 25 percent from agencies, 65 percent from broadcast/cable networks. Both systems ask the consumer to record shopping information by passing a wand over UPC codes to provide a continuous record of purchasing data. Both shopping and viewing data are emptied into central computers. See "Ad Agencies Vary Widely on ERIM Competitor," *TV Radio Age* (October 1, 1984), p. 48. Also, "Viewer/Purchase Meter Opens Up New Ballgame for ARB, Nie, AGB," *TV Radio Age* (September 3, 1984), pp. 57–58; and "ARB Prepared to Lose $125 million on ScanAmerica People Meter Service," *TV Radio Age* (June 27), 1988, p. 17.

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