

under receipts from the sale of time on the air. He said that in 1938-39 gross business without commissions had amounted to \$1,129,000, of which \$660,000 had been obtained from the United States and \$468,000 from Canada. This represented a net of \$506,702. His estimate for 1939-40 was \$1,326,000, with a net of approximately \$600,000.

At the same meeting the General Manager added that sponsored programs to the extent of \$250,000 had been rejected in order that certain hours might be kept clear for sustaining programs. His policy had been to reject local business and national spot announcements and to concentrate on national accounts in Canada and the U.S.A. He also expressed the belief that it would be impossible to increase the existing licence fee at that time.

#### *Radio and Press Rates Not Delivered by Financial Needs But by Competition*

The press contends that if the C.B.C.'s revenues were taxable and if the C.B.C. were a privately operated enterprise, its network rates would have to be substantially advanced probably to the point where such business would be lost and conceivably find its way to the press, but neither radio nor press rates are determined primarily by the financial needs of the medium. They are determined mainly by the coverage of the radio station or the audited circulation of the magazine as compared with rates in competing stations or media. No radio station or magazine which disregards this basic principle could exist for very long. It is the number of radio homes within a certain signal strength, the population, and the purchasing power of that population which determine station rates. Conditions in Canada are unusual. There are many factors to be considered. Most of the stations on the CBC network (52 out of 62) are privately owned and though their network rates do not always coincide with their spot or published station rates, there is never any great divergence. Hence, the rates of these privately owned stations, together with the few CBC stations, are major factors in determining network rate. In some sections of Canada, notably the Maritimes, rates are higher than in others. Speaking generally, however, network rates are substantially higher in Canada per thousand homes than in the United States, but competition except in the larger cities is also less. It is not taxation, nor public or private ownership that decides rates but population, wealth and service.

#### *Radio Now Integral Part of Appropriation*

Radio is now recognized as an integral part of most advertising appropriations. The percentage spent on radio varies, but broadly speaking generally falls somewhere between 20 per cent to 30 per cent of an appropriation and usually, I believe, closer to 20 per cent than to 30 per cent. The development of listener surveys on a scientific basis has given the advertiser specific information on radio coverage and this combined with known sales results has made radio a medium of the utmost importance. The press itself has made some exhaustive surveys in this respect but the results usually have been pigeon-holed.

The truth is that press and radio as advertising media are complementary to each other. Radio cannot do the same job in the same way as the press. Neither can the press do the same job as radio. Each appeals to different senses. Each contributes its part towards making an advertising appropriation more effective than if either were used alone. Different advertisers use them in different ways. Very few use radio exclusively or nearly so, though I can think of a prominent Canadian garment manufacturer who virtually built his business by aggressive radio advertising over local stations. He is now buying page space in colours in some of the magazines through money he made by radio. He has never been a network advertiser.