

There are 395 AM and FM radio stations in Canada, 45 of them owned by the CBC and 119 others affiliated with the CBC. There are 77 primary TV stations in Canada. Four are independent, 18 are owned by the CBC and 43 affiliated with the CBC, and 12 are affiliated with the CTV network. In 1968, Canada's TV and radio stations attracted a total of \$210 million in advertising revenue.

These revenues have increased enormously in the past decade or so. Net advertising revenues in the TV industry have grown from \$8.6 million in 1954 to about \$118 million in 1968 – an increase of 1,272 per cent! Radio revenues almost tripled between 1954 and 1968.

The major reason for this spectacular growth, of course, is the fact that TV started from scratch. The other reason is that the *supply* of broadcasting time is limited by federal regulation, and by the nature of the medium, while the *demand* has been constantly increasing. (A newspaper will print as many ads as it can sell; but broadcasting stations are limited by the fact that there are only so many minutes in the day, and most of them have to be devoted to programming.) With more and more dollars chasing a fairly fixed amount of available advertising slots, the inevitable has occurred: TV stations and networks have substantially increased their rates in recent years.

An examination of these rates reveals that, in general, broadcasting works the way publishing does: the bigger your audience, the lower your unit cost of reaching that audience. As in publishing, substantial economies of scale exist. Table 17 indicates how great those economies can be. By dividing the amount of money the station charges for a minute of advertising by the average number of viewers who tune in during night-time hours (6 p.m. to 1 a.m.), you get a figure that corresponds to the advertiser's cost-per-viewer. As the table shows, this cost declines sharply as the audience size increases.

TABLE 17. AVERAGE TELEVISION ADVERTISING RATES-PER-THOUSAND BY STATION SIZE

Size Category (Number of viewers)	Average Size of Stations	Number of Stations in Sample	Rate-Per- Thousand ¢
Under 75,000.....	55,140	10	89.8
100,000–200,000.....	135,820	10	76.8
300,000–500,000.....	383,790	10	62.4
Over 500,000.....	1,017,000	7	43.7

The reason is pretty obvious. It costs a certain amount of money to put a programme on the air, and to attract viewers. But it costs you very little extra if your audience is twice as large. As we have seen in our study of