ELEVEN CASE STUDIES IN BROADCASTING SALES BASED ON ACTUAL STATION PROBLEMS

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ABSTRACT

ELEVEN CASE STUDIES IN BROADCASTING SALES
BASED ON ACTUAL STATION PROBLEMS

By

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The thesis, utilizing the case study method developed at the Harvard Business School, presents eleven original cases in broadcasting sales. The cases were generated through personal interviews between the author and a number of broadcasting sales managers. The cases are presented for either individual or classroom use.

The case studies have been divided into five areas of interest: Sales and Personnel, Sales and Sales Service Functions, Rate Card Structure, Sales and Continuity Acceptance, and Sales and News/Public Affairs.

Sales and Personnel contains three cases. The first deals with a salesman's inability to maintain a workable relationship with other members of a broadcasting station. The second and third discover ways to increase sales performance.

The one case in the area of Sales and Sales Service Functions illustrates the problems which result when a salesman fails to recognize the responsibilities which he has to his client as well as his station.

Two cases deal with problems related to Rate Card Structure. The first concerns the problem of setting rate card prices under depressed market conditions. The second investigates the problems of setting an initial rate card for a cable television system.

Two case studies appear in the area of Sales and Continuity Acceptance. The first deals with the problems of accepting questionable advertising. The second investigates the problems of accepting a particular client for sponsorship of the evening news.

Sales and News/Public Affairs, the last division, contains three cases. The first concerns the problems of selling a controversial documentary without adequate advance notice. The second dramatizes the dilemma of attempting to sell a documentary to a particular client who has been criticized in station editorials. The third case analyses the problems of deciding how to sell an expanded news program.

Also included in the thesis are descriptions of the case method, the methodology used in generating cases in the thesis, and a discussion of how the case study method of instruction is used in the Department of Television and Radio at Michigan State University.

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CHAPTER I

THE CASE METHOD

The historical development of the case study method in the United States was first initiated by the Medical Society of New Haven, Connecticut, which published in 1788 a volume entitled, Cases and Observations by the Medical Society of New Haven. The book eventually became a reference source of recorded cases upon which physicians could study and draw guidance in treating similar medical situations.[1]

Since its early beginnings in the field of medicine, the case study method has spread into areas of law, sociology, and psychology.[2]

The case study method was introduced into the field of business by Edwin F. Gay, the first Dean of the Harvard Business School. In the business school's first catalog,

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[1]D. Henryetta Sperle, The Case Method Technique in Professional Training (New York: Bureau of Publications, Teachers College, Columbia University, 1933), p. 7.

[2]For a more detailed history of the case study technique see Robert Prescott Carson, "Twelve Case Studies in Radio Station Management Based on Actual Station Problems" (unpublished Master's thesis, Department of Television and Radio, Michigan State University, 1967).

published in the summer of 1908, Dean Gay outlined the method of instruction that would prevail in business administration.

> In the courses on Commercial Law the case system will be used. In other courses an analogous method, emphasizing classroom discussion in connection with lectures and frequent reports on assigned topics--what may be called the "problem method"--will be introduced as far as practicable.[3]

However, it was not until the mid-1930's that the case study method at the Harvard Business School became the predominant method of instruction.[4]

The case study method has also been employed in broadcast training in the NAB-sponsored summer management seminar programs at Harvard University, and in the teaching of broadcasting at the college level, particularly in the areas of management, programming, promotion, and engineering.

This writer has had experience in the case method of teaching, and can describe the system in terms of the way it is presently handled in the Department of Television and Radio at Michigan State University.

Each student in a broadcast management class employing the case method receives a number of cases or written descriptions of actual broadcasting situations in which specific problems are outlined. For instance, a particular

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[3] Melvin T. Copeland, And Mark an Era: The Story of the Harvard Business School (Boston: Little, Brown and Company, 1958), p. 27.

[4] *Ibid.*, p. 259.

case might describe a broadcasting station which was faced with a personnel problem that affected the efficiency of the organization. Under the guidance of the instructor or an appointed leader from the class, the group discusses, analyzes, and seeks solutions to the problems presented in the cases.

The case itself comes as close to providing the class with actual experience in broadcasting as possible, given the inherent limitations of the classroom. The detailed exploration of the broadcast situation is written from the point of view of the individual who was originally responsible for solving the problem(s) in the recreated event. Students, by means of role playing, mentally project themselves into the case, and assume the positions of the individuals who initially had to cope with the situation.

There are no "answers" to be uncovered in the cases provided to the students. Each member of the broadcasting class must sift out a large number of considerations and factors, which may or may not, depending upon a student's own evaluation, be deemed relevent. And, as in real life, not all of the facts which might have affected the original problem(s), are presented in the cases.

The view and interpretation of the recreated case histories are a matter of the student's own judgment, attitudes, beliefs, and experiences.[5]

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[5]John Desmond Glover, and Ralph M. Hower, The Administrator: Cases on Human Relations in Business (Homewood, Illinois: Richard D. Irwin, Inc., 1963), p. xvi.

The organization of the broadcast management class which employs the case study method, appears unstructured in terms of specific outlines or conclusions to be reached. The instructor, or class leader, introduces the cases, and only partakes in the discussion when a specific point has to be clarified or if the class reaches an impasse. The students resolve the problems presented in the cases.

There are several advantages in using the case study technique as a method of classroom instruction. Firstly, the student is faced with a series of true-to-life situations. As he learns to project himself into these recreated descriptions, he becomes able to analyze the total situation in concrete terms rather than vague generalizations.[6] Secondly, each student in a classroom exchanges his views, opinions, attitudes, and interpretations with other members of the class. In doing so, he benefits from exposure to a wide variety of comments, and acquires a fuller understanding of his own manner of thinking.[7] Thirdly, the case study process provides a means of acquiring experience which will benefit the student in handling future similar situations.[8]

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[6]Allen A. Zoll, 3rd, <u>Dynamic Management Education</u> (2nd ed.; Reading, Massachusetts: Addison-Wesley Publishing Company, Inc., 1969), p. 30.

[7]<u>Ibid</u>.

[8]John Desmond Glover, and Ralph M. Hower, <u>The Administrator: Cases on Human Relations in Business</u> (Homewood, Illinois: Richard D. Irwin, Inc., 1963), p. xvi.

However the case study method is not without its limitations.

One of the inherent problems of the case study method is that the time during which a group can work together on a case is often too short for a thorough case analysis.[9] Another difficulty is that the participant is limited in his understanding of the cases to the information provided in them. He can not explore other related areas of interest.[10] In spite of its problems, the case study method is still of significant value in business education.

> There is no teacher like experience, and, in the long run, even the most advanced computer simulation of a managerial problem can not always provide the one "right" human answer. Thus it is that the venerable "case study" method of examining managerial decision-making still has unique value, particularly in the field of media management, where the human dynamics of situations seldom repeat themselves.[11]

At Michigan State University, four case study thesis in broadcasting management have preceded this one.

Richard A. Egli, "Eleven Case Studies in Broadcasting Management Based on Actual Station Problems," 1965.

Robert Baker, "Fourteen Case Studies in Radio Station Management Based on Actual Station Problems," 1966.

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[9]Paul Pigors, and Faith Pigors, Case Method in Human Relations: The Incident Process (New York: McGraw-Hill Book Company, Inc., 1961), p. 38.

[10]Allen A. Zoll, 3rd, Dynamic Management Education (2nd ed.; Reading, Massachusetts: Additon-Wesley Publishing Company, Inc., 1969), p. 30.

[11]Howard W. Coleman, Case Studies in Broadcast Management (New York: Hastings House, Publishers, 1970), p. 7.

Robert Carson, "Twelve Case Studies in Radio Station Management Based on Actual Station Problems," 1967.

David Schmeling, "Twelve Broadcast Management Case Studies Drawn from Actual Television and Radio Station Situations," 1967.

It is hoped that the cases included in this thesis will provide additional valuable materials for students interested in pursuing careers in broadcast management.

CHAPTER II

DISCUSSION OF METHODOLOGY

The purpose of this thesis is to present eleven case studies which reflect some of the major sales related management problems confronting broadcasters today.

Based on preliminary research derived from interviews with Mr. Ken Bankey, Salesman at WJBK-TV, Detroit, and Mr. Douglas Sinn, Local Sales Manager at WSPD-TV, Toledo; eleven problem areas were identified which were believed to have the greatest propensity for creating sales related management problems.

1. Rate card adjustment under depressed market conditions, where mass unemployment and poor economic signs prevail.
2. Rate card adjustments.
3. The selling of documentaries.
4. The relationship of Sales vs. Editorial Policy.
5. The acceptance of only certain sponsors for news, weather, and sports.
6. The decision to accept or reject particular kinds of materials, such as tapes, copy, film or slides, the client wants to use in its commercial announcements.
7. The decision and implications of selling news, weather, and sports on a block or participating basis.

8. Salesmen wear two hats. At the client's office they represent the station, and at the station they represent their client. Consequently conflicts arise between the client's demands, and the stations demands.

9. Maintaining a workable relationship between the Sales Department, Art Department, Copy Department, Promotion Department, and the Programming Department.

10. The sales management decision of lining up accounts that can be best served by particular salesmen.

11. The sales management decision of recalling and reshuffling all salesmen's account lists as a means of increasing sales performance.

Following the preliminary investigation, various broadcasting stations were surveyed in terms of the experience they might have had which would be of value. Then sales managers at several of these stations were contacted by telephone with the request for an interview of not less than an hour.

During the interviews, the author presented to the sales managers the list of problem areas relating to sales. The managers were asked to recall any situations in which they had been directly involved that would illustrate and provide examples of the eleven sales problem areas. All significant facts and details were recorded for later use in writing the cases. However there were several instances where particular data needed further clarification. In such cases, telephone calls were made to acquire the additional information.

Following each interview, the author generated a case, employing fictitious names to conceal the identity of the contributing broadcasting station. After critiques and final approval by the thesis advisor, each case was mailed to the sales manager who provided the original information. Release forms were enclosed. These were signed and returned for permanent filing in the offices of the Department of Television and Radio at Michigan State University.

Although each case presented in this thesis is an independent entity, and does not need to follow any particular sequential pattern, the author has divided the eleven cases into five areas of interest.

Sales and personnel

Sales and Sales Service Functions

Rate Card Structure

Sales and Continuity Acceptance

Sales and News/Public Affairs

Three cases illustrate the relationship of sales performance and sales personnel. One case deals with the relationship between sales and sales service functions. Two cases dramatize the importance of rate card structure. Two cases provide examples of sales and continuity acceptance. Three cases illustrate the relationship between sales and news/public affairs.

Each case mentioned in the above areas of interest represents only a portion of the sales related management problems occurring in broadcasting today. However it is hoped that this endeavor will provide a degree of insight into some important aspects of the field of broadcast management.

CHAPTER III

CASES

Sales and Personnel

The ultimate success of the Sales Department is dependent upon the abilities of each salesman. Three cases illustrates this significant relationship. The first deals with a salesman's inability to maintain a workable relationship with other members of a broadcasting station staff. The second and third discover ways to increase sales performance.

"Sand in the Grease"

Roy Ashland, Local Sales Manager of WDDD-TV, wondered what to do about one of his salesmen. Ever since Harold Marshall joined WDDD-TV as a salesman eighteen months earlier, Ashland has periodically been receiving complaints from various department heads regarding Marshall's conduct toward station personnel.

Harold Marshall was the kind of individual who could not tolerate mistakes. If he asked someone to do something for him, he expected it to be done right the first time.

If the assignment was not completed correctly the first time, Marshall would literally, "blow his stack." On one recent occasion Marshall had Tim Conley of the Art Department produce a special art card for one of his clients. When Marshall went to pick up the art card he noticed that Conley had misspelled his clients name. Marshall went into a rage. In a very loud and aggressive manner Marshall began criticising Conley for fouling up his art card. Marshall also attacked Conley's professional competence, calling him among other things, "stupid," "incompetent," and "worthless." Conley, being just eighteen years old, stood mute to Marshall's charges. Then in a dictorial fashion Marshall ordered Conley to make him another art card immediately and stomped out of the Art Department.

Despite the dislike of Marshall by several personnel in the station, particularly those individuals he most often had to work with in fulfilling contractual obligations, Marshall was tolerated in his own department. He kept to himself, and went about his own business without creating any friction among the rest of the sales force.

As a salesman, Marshall was one of the best at WDDD-TV. According to his sales performance record, he was the top producer for the previous year, grossing over $300,000 in billings. However, Ashland noted with interest, that nearly all of Marshall's billings had been for short flights. Rarely did Marshall negotiate a sales contract for longer than six weeks. And seldom were his orders renegotiated after the initial contract expired.

Television station WDDD-TV was located in Daily City, a community of 500,000. The annual sales volume at WDDD-TV had varied only slightly during the previous five years, averaging around $1,000,000. Local sales volume produced approximately seventy-five per cent of the station's revenue, with the remaining volume being provided by regional and national advertisers.

The WDDD-TV sales organization consisted of five salesmen. All of the sales force except for Marshall had been associated with WDDD-TV for over five years. Each salesman's compensation was determined solely on a 7.5 per cent commission of his sales.

Ashland realized that he must soon take some action regarding Marshall. Although no one had threatened to quit, Ashland believed that Marshall's behavior might eventually deteriorate the harmony within the station.

What action should Ashland take?

"Get Off Your Duff"

For the previous several months, Mr. Ralph Pearson, Station Manager of WAAA-TV had been periodically reviewing the station's monthly sales figures with his sales manager Wayne Dixon. Both Pearson and Dixon had been keeping close tabs on the Sales Department because of its unsatisfactory sales performance. According to the most recent monthly sales report, total sales were running twenty per cent below their projected goal for the year. Two months earlier, Dixon had raised each salesman's commission from six to ten per cent in an effort to stimulate sales. However, monthly figures indicated that the additional four per cent commission failed to generate any significant increase in sales.

In analyzing the present month's sales report, which again reflected that sales were below expectations, Pearson and Dixon agreed to employ an additional sales incentive in an effort to bolster total sales volume.

After discussing the advantages and disadvantages of various types of incentive devices, Pearson and Dixon reached a decision that all of the sales force's accounts should be reshuffled according to the following plan:

Dixon would recall each salesmen's account list. He would then pool all the accounts together, and re-distribute them, on as equitable a basis as possible, to different salesmen.

In Pearson's office Dixon believed that re-distributing each salesman's account list was an excellent incentive for increasing his salesmen's level of performance. He assured Pearson that he thought his salesmen had kept the same account lists too long and, as a result, had become complacent salesmen. "A switch," Dixon exclaimed, "would produce results." But now sitting in his own office, and facing the task of informing his salesmen that he was going to be re-distributing their accounts, Dixon wondered just what kind of situation he was getting himself into.

WAAA-TV, an XXX affiliated station was located along with two other network affiliated television stations in a market of 600,000. Total sales volume at WAAA-TV exceeded several million dollars annually. Local sales accounted for approximately eighty per cent of WAAA-TV's total revenue. The remaining portion of the station's revenue was provided by XXX, and national and regional advertisers.

The WAAA-TV sales organization consisted of five full-time salesmen. Each salesman was responsible for approximately forty to fifty accounts. In addition to calling on their own accounts, each salesman was also strongly encouraged to solicit new business. In fact, Mr. Dixon had expressed to his salesmen on previous occasions that in order to keep their present account list they had to generate new business.

The turnover rate among the sales force at WAAA-TV was moderately high. The average longevity was approximately two years. However, the high turnover rate was not due to personnel problems or conflicts in the station. On the contrary, WAAA-TV was considered an excellent broadcasting facility with a reputation for developing successful salesmen. Most salesmen after two years at WAAA-TV were offered sales positions in larger markets. However, there was one exception among WAAA-TV's sales force.

Salesman Ted Jones had been with WAAA-TV for the previous six years. He was close to forty, about ten years older than the rest of the salesmen, and did not desire to move on to any other broadcasting station. Jones was also WAAA-TV's top salesman. For the previous year Jones had written close to a quarter of a million dollars in billings. However, in spite of Jones' success at WAAA-TV, Pearson and Dixon were neither impressed nor satisfied with Jones' performance.

As WAAA-TV's senior salesman in terms of longevity, Jones had developed over the years an account list that generated a substantial number of billings. Jones' account list was so profitable that he spent most of his time at his desk taking orders, rather than soliciting new business. His daily sales call report indicated that he had not generated any new business for several months.

Jones' lack of interest was the primary reason why Pearson and Dixon decided to reshuffle all of the salesmen's accounts. Jones had become an order taker rather than a salesman, and the net effect was that the station had four salesmen instead of five. To increase sales, Pearson and Dixon believed they needed Jones out on the street soliciting business, rather than taking telephone orders which Dixon thought any ten year old could handle.

As Dixon began thinking about re-distributing each salesman's account list, he realized that he might be letting himself in for a lot of trouble. Foremost on his mind was how the sales force was going to react when notified that their accounts would be reassigned. Undoubtedly, he thought, his salesman, especially Jones, would express some criticism. Jones would lose a substantial amount of commission and probably complain bitterly. In fact, he might even threaten to leave WAAA-TV.

Dixon also wondered how he was going to re-distribute the accounts on a fair and impartial basis. Some of his salesmen might feel that they got an overly bad list, which might create conflicts between him and his staff, and maybe create conflicts among the salesmen.

In spite of the many problems account switching might produce, Dixon along with Pearson reasoned that it was their best hope for increasing sales. They had tried a four per cent commission increase, but it failed to yield a significant increase in sales.

Have Pearson and Dixon made a wise decision? What other possible alternatives could they have chosen?

"So Now He Tells Me"

Late one afternoon Ron Walsh, Vice President and General Sales Manager of radio station WZZZ, was sitting at his desk mulling over the conversation which had just occurred with one of his salesmen.

Mr. Walsh had called Salesman Smith into his office to explain to him why he was consistently neglecting to call on two of his accounts, Acme Trust & Savings, and the Monroe Food Corporation. In response to Walsh's inquiry, Smith at first claimed he was experiencing "personal difficulties" with the account executives of the Collins Advertising Agency who represented Acme Trust & Savings and Monroe Food. He went on to explain that he was not "hitting it off" with the agency so he had avoided calling on them. Walsh agreed with Smith that he was definitely not getting along with the Collins Advertising Agency, and pointed out to him that according to his daily sales call report, Smith had called on the Collins Agency only eight times during the last six months.

Intent on getting to the bottom of Smith's problem with the Collins Agency, Walsh pursued the questioning, and after a lengthy discussion, pieced together the following situation.

Smith did not know how to read or interpret a rating book. He admitted that when he called on the Collins Agency they would always raise questions relating to "cume audience," "ratings," "share," "CPM," and other terms which he neither understood nor could answer. Consequently, a conflict situation, centering around Smith's level of competence as a radio salesman, developed between him and the Collins Advertising Agency.

Smith had joined WZZZ as a salesman six months earlier. At that time Mr. Walsh was faced with an acute sales problem when one of his salesmen had quit unexpectedly. Without any prior notice or warning, Walsh suddenly had twenty-five active accounts on his hands, and had no salesman to handle them. Seeking a solution, he had pondered possible alternatives.

Walsh had first thought about splitting the active account list equally between his other two salesmen, but after careful thought rejected the idea. He reasoned that both salesmen were each maintaining twenty-five active accounts and making over ten sales calls a day, and that the additional load might reduce their efficiency and performance. The only solution seemed to be to hire another salesman.

Bob Smith had just happened to apply for a sales position at WZZZ at the right time. Immediately after he had filled out an application, he was interviewed by Walsh. During the course of the interview, Walsh took note of several characteristics which he considered favorable.

1. Smith was good looking, rather tall, and possessed a certain intangible smile which Walsh thought was essential for a salesman.

2. He had a positive attitude, and was very convincing and persuasive in referring to his ability to sell.

3. He had been a radio salesman before.

4. Smith was married with four children. He would probably settle down.

Although Walsh had not interviewed any other applicant for his open sales position, and did not check on the credibility of the responses which Smith made during the interview, he did believe that Smith was adequate for the job, and hired him immediately.

Acme Trust & Savings, and Monroe Food were at one time regular clients of WZZZ. Monroe Food, a large midwestern food chain with four stores in the WZZZ market, had purchased approximately two hundred dollars a week in advertising time. Acme Trust & Savings, a statewide savings and lending institution, often sponsored WZZZ's 8:00 am five minute newscast. However, since the assignment of Smith to the Acme and Monroe accounts, neither firm purchased time from WZZZ.

Walsh believed that as long as Acme Savings & Loan, and Monroe Food were on Smith's account list their commercials would probably never be heard over WZZZ. He also knew that he was going to have to take immediate action, because, while Smith had been sitting on the Acme and Monroe accounts for six months, both firms continued to advertise on the two other AM radio stations in the WZZZ market.

What steps should Walsh take to rectify his sales problem?

Sales and Sales Service Functions

Broadcasting salesmen have dual responsibilities. At the station they must represent their client, while at the client's office they represent the station. This case illustrates the effects which result when these responsibilities are not observed.

"The Case of the Broken Play"

On October 7th, Charles Baker, Sales Manager of WXXX-TV, received a telephone call from Mr. Robert Haywood, owner of Haywood Tire, a local tire distributor, and a frequent client of WXXX-TV. Mr. Haywood explained that he had watched WXXX-TV's college football game the previous Saturday, and did not see his twenty second Haywood Tire commercial during half-time intermission. Mr. Baker had no immediate explanation, but promised to investigate the problem.

A call to the Sales Service Department revealed that Salesman Dave Shepard handled the Haywood Tire account, and had negotiated the following contract.

DAY	PROGRAM	TIME	FLIGHT	TYPE	CLASS	COST	TOTAL COST
Sa	College game of week	First local break- ½	16/wk	20	A	$150.	$2400.
M-Sun	---	Sign on-Sign off	52/wk*	60	C	$ 50.	$5500.

*Ten class "C" spots every two weeks at six week intervals.

Another call to the Traffic Department confirmed Mr. Haywood's allegation. However, the severity of the problem was more than Mr. Baker had anticipated. The log disclosed that the Haywood Tire commercial had been omitted not only during the first local break at the half of the previous week's football game, but that it had also been omitted for all of the four weekly college football games played to date. And to further complicate the matter, the log revealed that all of the availabilities for the weekly college football game series were sold out, including the time which had been assigned originally to Mr. Haywood.

Mr. Haywood had traditionally advertised only on sports programs. During the winter months he would buy time on basketball games. From Spring to Summer Haywood bought time on baseball games, and during the Fall he would advertise on football games. Mr. Haywood's logic for preferring sport shows was quite simple. Past persuasive sales presentations had convinced him that a large percentage of males watched sports on television, and he was aware that approximately 95% of his customers were males. However, Haywood valued his football spots above all the other sports that he bought. Football was played during the Fall, exactly when he began promoting his winter tires. Haywood's strategy was to begin promoting his winter tires just a little before the weather turned cool, and the leaves changed color. From experience he knew that when Fall approached, car owners began thinking about winter preparation.

Salesman Shepard had been assigned to the Haywood Tire account for quite some time, and therefore was not at all surprised when Haywood called him in mid-September about buying some football spots. But when Haywood indicated that he also wanted to advertise on "other programs" besides sports, Shepard was almost speechless. Shepard, although finding it hard to believe, figured that Haywood must have finally realized that all sorts of people buy tires, and do not necessarily watch sports on television.

Salesman Shepard wrote up two parts for the Haywood Tire account: Part One: Sixteen twenty-second fixed spots for the Saturday College Football Game, one spot per week during the first local break at the half, and Part Two: a 52/week package running ten 60 second, sign-on to sign-off, Class C spots (immediately pre-emptible without notice), every two weeks at six week intervals.

The contractual agreement between Mr. Haywood and WXXX-TV was negotiated according to standardized procedures. Salesman Shepard first drew up a hand-written contract which specified exactly the particular availabilities agreeed to by Mr. Haywood. Haywood then sent the hand-written contract to the Sales Service Department for clearance. Sales Service checked with the Traffic Department to determine if the availabilities by Shepard were available, but for some unknown reason, the Traffic Department did not log-in Haywood's sixteen Saturday College Football Spots. The cleared contract was then typed on a multi-carboned contract form by Sales Service, and copies were distributed to Salesman Shepard, Mr. Haywood, and to Traffic, Programming, Continuity, and Accounting.

Four Departments, including the Traffic Department which made the recording error, and Shepard were aware of the Haywood contract. However, no one, not even Salesman Shepard, Mr. Haywood's representative, checked to see if the contract was properly recorded in the log. Consequently Mr. Haywood's football spots were sold to another client.

Mr. Baker pondered how he was going to go about rectifying the Haywood Tire account problem. He could not offer Mr. Haywood any other football spots because they were all sold out.

Whatever alternatives Baker came up with, he knew he was going to have to make them fast. A month had already passed beyond Mr. Haywood's winter tire television promotion date. Mr. Baker also had to face the possibility that Mr. Haywood might go to the other television station in WXXX-TV's market. Mr. Baker needed a solution immediately.

Rate Card Structure

The success of a commercial broadcasting station, in terms of profits, is predominantly determined by the station's rate card. The prices which are re-evaluated annually are contigent upon several factors. Two cases are provided which deal with the problems of setting rate card prices under specific influences. The first concerns the problem of setting rate card prices under depressed market conditions. The second investigates the problems of setting an initial rate card for a cable television system.

"It Has Been a Lean Year"

Bill Gordon, Sales Manager of WBBB-TV, glanced at his desk calendar, and noted with dismay that it was the first of June. He suddenly realized that it was time to begin revising the station's rate card for the Fall.

On June 1st of every year, Gordon traditionally reviewed and re-adjusted WBBB-TV's rate card. Although the task always proved to be difficult and time consuming, Gordon had enjoyed the undertaking because it reflected and confirmed the success which he had developed and maintained for WBBB-TV. For the previous eight years he had annually instituted an approximate three to five per cent "across the board" increase in the station's rate card. However, as Gordon inspected his present rate card, he knew that this year's revision would not be as pleasant or as rewarding a task.

WBBB-TV's rate card consists of three sections.

1. Classification of Prime Time Spot Announcements.
2. Participating Announcement Programs.
3. Program Rates.

The cost of prime time spots are determined by a grid system.[1] WBBB-TV subscribes to a national television rating service which periodically provides the station with information that enables it to assess a grid value for every prime time television show. Although demographic data is a factor in determining a grid value, the primary consideration is the size of audience for a given program. The rationale for this approach is to develop a price structure based upon viewership. For instance, a highly rated program will result in a grid value of "one" being placed in that time period. A less highly rated program would receive a grid value of "two." Programs receiving a value of four would indicate that they have a very low rating.

The price of spot announcements during particular prime time television shows depends on the program's grid value. The lower the grid value the higher the price for a spot commercial. Therefore, spots running in programs with a value of "one" are sold at premium rates. Commercial announcements aired during programs with higher grid numbers are sold at lower prices.

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[1]Sample grid system illustrated in Exhibit A, page 31.

Participating announcement programs refer to commercial spots which are bought during shows originating from WBBB-TV. This includes local newscasts, syndicated packages such as "off network" programs originally carried on network schedules, and feature films which were produced originally for showing in movie theaters. Spots for participating announcement programs at WBBB-TV are sold on a fixed position basis. For instance, once spots are scheduled they are "fixed" and cannot be moved. Although a client pays a premium rate for a fixed position spot, he is assured that his commercial will be aired as originally planned.

Many television stations, in addition to selling fixed position spots, offer pre-emptible and immediate pre-emptible spots during their participating announcement programs. However both pre-emptible and immediate pre-emptible spots have their limitations.

Pre-emptible spots are subject to pre-emption by fixed position spots under the following conditions.

1. The fixed position order duplicates or requests the same program, day, and time as the pre-emptible order.
2. The duplicate fixed order is made before the pre-emptible protection takes effect. Pre-emptible spots are not subject to pre-emption within one week of their scheduled run.

A client whose pre-emptible spot has been bought by a fixed position spot will be notified in writing by the station that his spot has been pre-empted, and that the station will reschedule the commercial announcement as near to the original order specifications as possible.

Immediate pre-emptible spots are scheduled at the station's discretion, and can be moved at any time without notice. The only assurance a client has with an immediate pre-emptible arrangement is that his spot will eventually run somewhere during the program he requested.

Program rates indicates shows which are available for sponsorship. The rate structure of programs is determined by the time of day, the length of the program, and the number of times or frequency that a client sponsors a program.

WBBB-TV is located in a mid-western community of 527,000 which had experienced within the previous year depressed market conditions similar to the economic conditions existing in the remainder of the nation. The symptoms of the depression were as follows:

1. Large cutbacks in Federal spending to curb inflation.
2. An increase in the Federal prime lending rate as a move to control corporate growth.
3. A prolonged nation-wide strike by a large automobile manufacturer which affected other interdependent industries.
4. Wide-spread unemployment, rising to over five per cent.
5. Reduced consumer spending.

As a result of the depressed market conditions in the WBBB-TV market, the station's clients lowered their advertising expenditures.

Mr. Gordon had first became aware of the sluggish economy approximately seven months ago. At first, the station's retail accounts, such as clothing, began cutting back on their advertising. Then as time progressed Gordon noticed decreased spending by prepared food, necessity products, and service accounts, such as banks and insurance agencies. And just recently, Gordon observed that the utilities accounts were also buying less time.

Under "tight money" conditions, total sales revenue for WBBB-TV was off nine per cent from last year's total of $13,667,100, and during the last quarter, sales volume had decreased thirteen per cent from the same quarter one year ago.

Before the economy slumped, Gordon was in the fortunate position of having more clients who wanted to buy time than spaces available. Gordon had been able to effect his annual rate card increase. However, under present conditions, Gordon has more availabilities than clients.

Having reviewed WBBB-TV's total sales figures for the previous year, and evaluating the economic conditions under which the station had been operating, Gordon considered four possible courses of action for next Fall's rate card.

1. Institute an "across the board" decrease to attract a greater volume of business.

2. Maintain the present rate card, without making any adjustments, hoping that economic conditions will turn more favorable before the Fall.

3. Maintain the present card, and also institute package plans, offering a lower price for volume buying.

4. Offer pre-emptible and immediate pre-emptible spots.

Which of the above alternatives would best serve the interest of WBBB-TV? What are the consequences?

EXHIBIT A

SAMPLE GRID

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
7:30	2	3	3	3	2	2	2
8:00	1	2	3	3	3	3	1
8:30	1	1	3	3	3	2	1
9:00	1	2	3	4	4	2	1
9-11	2	2	-	-	-	2	-
9:30	-	-	1	4	4	-	1
10:00	-	-	1	4	4	-	1
10:30	-	-	1	4	4	-	2
11:00	3	3	1	4	4	3	2

"A New Twist in Cable"

On January 15th, Alex Reed, Manager of Micro-Cablevision, was reviewing the station's financial report with a great deal of interest. His figures indicated that Micro-Cablevision was finally beginning to register a profit. Reed was pleased with himself; he had brought the cable system a long way. In two years Reed had turned a money losing venture into a profitable enterprise.

Before joining Micro-Cablevision, Reed had been a successful salesman at WSSS-TV, a moderate sized mid-western community of 525,000. He had enjoyed his job, but after six years as a salesman in the same market, Reed wanted something which he thought would be more challenging. Consequently, when he was offered the managerial position at Micro-Cablevision, Reed took it immediately.

As Reed evaluated Micro-Cablevision's financial statement he knew that his principle task of increasing subscribers to the television cable system was rapidly being realized. Based on his calculations, Reed estimated that only 500 additional households could profitably be connected to the cable system. Now he thought that he would have time to tackle other cable problems besides increasing subscribers.

Micro-Cablevision was located in Midville, a community of 45,000. The cable system provided 10,500 subscribers with eight television signals from major markets within the state, five network affiliated stations, two educational stations, and one independent station. The cable system also provided two automated channels of local origination. Local weather was furnished on one channel, and news and commercial announcements on another.

The local weather channel consisted of an automated vidicon camera continuously panning over temperature, wind direction, wind speed, humidity, and barometer meters. News and commercial announcements consisted of two synchronized vidicon cameras, one teletype machine, and a rotating drum. One vidicon camera was placed in front of the teletype machine, adjusted to show the typed message. The second vidicon camera was focused on a rotating drum containing 3" x 5" commercial announcement cards from various business organizations. The system was designed so that when the teletype machine began operating the drum focused camera would cut out, and the teletype camera would cut in. When the teletype machine stopped the drum camera would automatically cut in again.

The rotating commercial announcement drum idea was Reed's first attempt at turning the cable system's local origination programming into a commercially competitive broadcasting system. The drum was leased to a supermarket in Midville for $125.00 a week. The supermarket sold space on the rotating drum, and provided Micro-Cablevision with the 3" x 5" announcements cards.

Reed, once he had time available, believed that with a modest investment of approximately $50,000, he could put together saleable programming, and compete with the other broadcasting media in the Midville market.

Midville contains three AM radio stations, WTTT, a 5,000 watt middle-of-the-road station, WEEE, a 1,000 watt top-forty station, and WRRR, a 500 watt country western and religious station. In addition to the radio stations originating from Midville, the community also has four, 24 hour FM stations, three of which are middle-of-the-road stations, and one rock. Only one television signal penetrates the Midville market.

One of the first things Reed wants to put together is a competitive rate card. However he has a problem. Rate cards have always been based upon cost-per-thousand estimates. In Reed's situation he has only 10,500 subscribers, which have the option of selecting a channel from ten different signals. Consequently, if Reed attempts to develop a rate card similar to his competition, his projected cost-per-thousand figures would be much higher than any of his competition. And if Reed adjusted his rate card so that it approximated the cost-per-thousand figures of his competition, it would be so low as to prove impractical.

What strategy should Reed undertake in an effort to compete commercially with the other broadcasting media?

What sort of selling philosophy will Reed have to develop which will attract advertisers to his CATV system?

In determining his rate card, what indicators should Reed use, and how will he be able to justify them to potential clients?

Sales and Continuity Acceptance

The image of a broadcasting station is generally reflected in the type of advertising and programming the facility provides. Two cases pertain to this situation. The first one deals with the problems of accepting questionable advertising. The second case investigates the problems of accepting a particular client for sponsorship of the evening news.

"Myra Breckenridge"

A few minutes earlier in a telephone conversation with the Harrison Advertising Agency, Vance Johnson, Sales Manager of WGGG-TV, had been very firm in his refusal to accept one of the nine movie theater promotion films the agency had sent to the station on behalf of Harold Anderson, a movie distributor.

Johnson had called the Harrison Agency 48 hours before the movie promotion contract became binding. He informed the agency that WGGG-TV had screened all nine commercial announcements, and considered one for an X rated film entitled Myra Breckenridge, unacceptable. Johnson charged that although Myra Breckenridge was produced by a major Hollywood film studio, and employed nationally recognized talent, it was nothing more than a pornographic display of sexual perversion, and could not be advertised over WGGG-TV.

The Harrison Agency had not taken Johnson's decision lightly. In an effort to reverse his decision, the agency attempted to reason with him by claiming that over 25 markets had accepted the <u>Myra Breckenridge</u> spot announcement. Johnson was unmoved; he did not care nor would be swayed by what happened in other areas. When the reasoning approach failed to impress Johnson, the agency then resorted to pressure. In a non-specific, round-about manner, the Harrison Agency indicated that if Johnson did not accept all nine commercial spots he might lose the entire $20,000 movie promotion contract, and the $500,000 business the Harrison Agency did annually with WGGG-TV. However, the threat of losing both the $20,000 contract, and Harrison's annual business, failed to move Johnson. He held his position and would not accept the X rated spot announcement.

But now sitting in silence Johnson began thinking of the possible consequences of his action and wondered if his decision to reject one of nine movie spot announcements was worth losing over $500,000 of business.

Two weeks before Tom Kono, Salesman at WGGG-TV, received a telephone call from one of his accounts, the Harrison Advertising Agency. The agency informed Kono that they wanted a list of open or available spot announcements for ten consecutive days, commencing in sixteen days, when women 18-34, the entire spectrum of males, all children, and teenagers were each the primary television audience. The Harrison Agency explained that they were buying time for a movie distributor representing fifteen local theaters with a budget of $20,000. The movie distributor was promoting nine movies which would soon be seen in the WGGG-TV coverage area. Kono promised an immediate response to the inquiry.

Kono reviewed the schedule for the days requested by the Harrison Agency, and noted several availabilities which had the lowest cost per thousand estimates for the demographics the advertising agency was seeking. Among the list of programs which had open spots were morning children shows with a low CPM estimate for children. Afternoon soap operas were also noted because of their low CPM estimate for young adult women. In addition Kono listed several other programs, such as the early evening news, and prime time shows.

After completing his list of availabilities, Kono called the agency. Shortly afterwards they placed an order.

The Harrison Agency order consisted of a ten day package with three 60 second spots shown daily, commencing in sixteen days. The agency bought mainly prime time spots. However they did purchase a number of early evening news spots, and a few morning and afternoon childrens program spots. The total cost of the order was approximately $20,000. The contract also specified that the Harrison Agency was responsible for submitting Anderson's nine movie promotion films and copy 72 hours before the spots were scheduled to run.

WGGG-TV maintained a strict policy which stated that all clients providing materials for their commercial announcements (tape, film, copy, etc.) must have them checked into the station 72 hours in advance of their first scheduled run for previewing and clearance. The WGGG-TV sales policy also went on to specify that if commercial material was previewed by the sales manager, and deemed unacceptable, or arrived at the station too late to be previewed before its scheduled air time, the station's contractual obligations to those clients were dissolved.

Three days before the Harrison Agency movie promotion contract was to go into effect, the nine commercial announcements films were checked into WGGG-TV, and sent to the Continuity Department for screening and approval.

Miss Gale Summers, head of the Continuity Department, previewed and cleared all but one of the nine spots, Myra Breckenridge. Miss Summers disapproved of the film for two reasons. Firstly, she believed too much feminine anatomy was exposed, and secondly, it contained too many suggestive phrases.

Mr. Johnson was called in to preview the Myra Breckenridge spot, and he agreed with Miss Summers. He further felt that the promotion piece was obscene, and unacceptable by WGGG-TV's standards. Running the commercial he thought would eventually do more harm than good. Secondly, Johnson felt certain that WGGG-TV was financially large enough not to have to accept advertising which it believed to be unacceptable. WGGG-TV was a network affiliated station, located in one of the ten largest markets.

Was Johnson's reasoning for refusing to run the Myra Breckenridge sound? Is one questionable commercial announcement worth over $500,000?

"The Case of the Questionable Sponsor"

Late one Thursday afternoon Gary Butterfield, General Sales Manager of WYYY-TV, was reviewing the sales orders his salesmen had obtained from various clients that day. As he analyzed the contents of the orders, Butterfield detected one which he thought might be unacceptable.

Clifton's Discount Drugs, a regional drug chain with four retail outlets in the WYYY-TV market, had contracted to sponsor the first ten minutes of the 6:00 p.m. Saturday newscast, beginning in two weeks. The flight, or length of the sales order, was for thirteen weeks, and the cost of the package was $18,200.00.

Butterfield was skeptical of Clifton's Discount Drugs as a sponsor of the Saturday evening newscast because he had been involved in previous dealings with the organization and knew the way they operated. The discount drug firm had often bought a number of early afternoon and late evening spot announcements to promote many of its retail stores. Butterfield recalled that a typical Clifton's Discount Drugs commercial would advertise at least four, and sometimes six products during a one minute spot.

Although Butterfield had accepted the retail drug firm's commercials for various times during the broadcast day of WYYY-TV, he was not certain that accepting their type of advertising for the Saturday evening newscast would be a wise decision.

Over the years as General Sales Manager of WYYY-TV Butterfield had developed a number of personal convictions regarding acceptable advertising during the evening newscast. Butterfield was aware that the 6:00 p.m. daily news show was viewed by a number of individuals who were having their evening meal. He reasoned that hard sell announcements, and commercials promoting some kinds of products, were inappropriate for the 6:00 p.m. report and, therefore, not acceptable advertising.

Butterfield also believed that the overall quality and image of the evening news program was attributable in part to the types of commercial announcements inserted in the program. He maintained that particular accounts such as banks and large manufacturers, were prestigious organizations which enhanced the quality and image of the news show, while other accounts, promoting such things as baby diapers and tiolet tissue, had a detrimental effect.

WYYY-TV's daily half hour 6:00 p.m. news program was organized along the following lines: The first ten minute segment was devoted to local and regional news. Following the news was approximately five minutes of sports. Five minutes of weather completed the thirty minute block. Ten minutes was devoted to non-program material or commercial announcements. The first ten minute local and regional news segment was sold as a block to a single sponsor, in multiples of thirteen week packages. Therefore, a client had to contract to sponsor the news segment for thirteen, twenty-six, thirty-nine, or fifty-two weeks. Included in the news sponsorship package were ten second opening and closing billboards, and two sixty second spots. As a result of this sponsorship policy, the local and regional news portion of the program was sometimes unsponsored. The most difficult days in which to sell the package were the Saturday and Sunday 6:00 p.m. reports. Due to reduced viewership during the weekend, which increased the cost per thousand estimate for the news package, many clients did not perceive it as an attractive buy. Consequently, when the local and regional news package went unsold, the two sixty second spots were made available to sell on a participating basis.

The remaining portion of the news program, consisting of sports and weather, was normally sold on a participating spot basis with eight minutes of spot announcements available in sixty, thirty, twenty, and ten second units. The price ranged from $1,200.00 for one sixty second spot to $350.00 for one ten second spot.

Although Butterfield realized that the 6:00 p.m. daily newscast had the potential for generating more revenue when the entire program was sold on a participating spot basis, he preferred to continue selling the first ten minutes as a sponsored package. Butterfield's rationale for electing to sell eight minutes rather than ten minutes on a participating spot basis were: First, the amount of inventory or commercial minutes available to clients for advertising was reduced. Therefore, with a greater demand than supply, the price of participating spots could be maintained at premium rates. Secondly, clients buying the sponsored portion of the evening newscast contracted for a minimum of thirteen weeks, and in many instances negotiated contracts for the entire fifty-two week period. Contracts for participating spots were very short term affairs, and had to be constantly re-sold to existing or new accounts. Butterfield knew that selling a portion of the evening news reduced some of the confusion, and paper work created by selling short term participating spots.

Butterfield realized that he had a problem on his hands. The sponsored portion of the Saturday evening news report had not been sold for a number of weeks. And although Butterfield preferred selling the ten minute local and regional news segment as a sponsored package rather than adding two additional minutes for participating spots, he believed that Clifton's Discount Drugs might not be an appropriate sponsor for the Saturday evening news program.

What action should Butterfield take to resolve his problem?

Sales and News/Public Affairs

Sales and News/Public Affairs functions are normally kept separate at most broadcasting stations. However, in doing so, there are often problems created for the Sales Department. The first of these three cases concerns the problems of selling a controversial documentary without adequate advance notice. The second dramatizes the dilemma of attempting to sell a documentary to a particular client who had been criticized in the station's editorials. The third case analyses the problems of deciding how to sell an expanded news program.

"Too Hot to Handle"

Mr. Jim Bates, Local Sales Manager of WQQQ-TV, had a problem. A thirty minute WQQQ-TV produced documentary entitled, Prostitution in Middleville, scheduled for telecast the following evening, remained unsold.

Prostitution in Middleville, was considered a daring exposé of a very sensitive subject. For several years syndicate-controlled prostitution had openly flourished in Middleville. Cars containing two or three girls would cruise the streets in the center portions of Middleville soliciting male passers-by, without harrassment from the Police Department.

Included in the half hour special, which was designed to arouse public concern over the unlawful activity were interviews with a number of Middleville's prostitutes who willingly agreed to cooperate on the condition that their identities remain masked. Scenes fearlessly shot in the prostitution areas of Middleville, showed girls propositioning males from passing automobiles. And editorial opinions questioned the integrity of Middleville's Police Department.

In addition to the controversial nature of the documentary, the sales staff was at another disadvantage.

Three days earlier Bates was informed during the course of a weekly sales meeting that Prostitution in Middleville, would pre-empt regular network programming on Friday at 8:00 p.m. Upon hearing the news, Bates had immediately expressed dissatisfaction over receiving such short notice. Bates had complained that five days was not a reasonable length of time in which to sell a controversial documentary. However, in spite of his argument, Prostitution in Middleville remained scheduled as previously planned.

At the conclusion of the sales meeting, Bates met informally with his five salesmen to discuss how the documentary was going to be sold. Bates made two suggestions to his salesmen.

1. Attempt to sell the thirty minute program to banks, insurance firms or large manufacturers. Past experience indicated that service organizations, large manufacturers were the most likely commercial interests to sponsor documentaries.

2. Try to sell the entire package to one client. However, if by Wednesday there are no takers, split the package, and offer to two clients.

Bates had hoped that Prostitution in Middleville, would be sold to one client. With one sponsor, the number of commercial spots during the two program interruptions would be minimal. Bates also reasoned that too many consecutively run commercials of an unrelated nature took something away from the quality of a documentary.

Included in the single sponsorship documentary package were ten second opening and closing billboards, and three sixty second spots. However, Bates believed that Prostitution in Middleville, because of its controversial nature, might not be bought by one client. Therefore, he had devised an alternate plan if his salesmen could not find one client willing to sponsor the entire show. The documentary would be sold to two accounts. Each client would receive two sixty second spots, running back-to-back during the program's two interruptions, plus brief mentions in the opening and closing billboards.

Although Bates realized that selling the prostitution documentary to two accounts would both increase the number and diversity of the commercials, he assumed that it would not greatly affect the overall quality of the show.

The cost of putting together a documentary averaged approximately $700, and running it during prime time, which was the accepted practice at WQQQ-TV, resulted in a net loss of $700 from the network. Consequently, producing and putting a documentary on the air, cost WQQQ-TV approximately $1,400.

Since documentaries at WQQQ-TV were generally more difficult to sell than other programs, the rate structures for them were designed to break even, not produce a profit. Documentaries were sold to accounts for an estimated $1,700. A single sponsor would pay the entire price while two sponsors would divide the cost equally.

Of the $1,700 WQQQ-TV receives for selling a documentary, twenty-five per cent of it would go to the advertising agency and the salesman. As a result, the station lost approximately $400 every time it ran a documentary, even though it was fully sponsored.

After meeting with Bates to discuss sales strategy for selling Prostitution in Middleville, WQQQ-TV's sales force began making calls to prospective clients.

On Monday and Tuesday the documentary package was offered for single sponsorship. Numerous sales calls were placed, but there had been no takers.

Beginning Wednesday, on directions from Bates, the half hour special was split, and offered to two clients as a participating sponsorship package. Again several calls were made, but no buyers had been found.

Bates knew that time in which to sell Prostitution in Middleville, was running out. It was now late Thursday afternoon, and the program would be aired tomorrow evening.

If the prostitution documentary went on the air unsold, the station would lose an estimated $1,400.

Based on the information provided in this case, do you believe that Bates should continue selling _Prostitution in Middleville_, on a participating sponsorship basis, or seek an alternate solution?

How else might Bates be able to sell the documentary special? How would it reflect on the quality of the program?

"Eleventh Hour Decision"

On Friday afternoon, Mike Jackson, Local Sales Manager of WJJJ-TV, was sitting in the station's conference room with Mr. Amos Blake, President of Pearl City Bank & Trust, for the purpose of previewing a thirty minute documentary entitled, College Campus Report, produced by WJJJ-TV. Mr. Blake, who made all final advertising decisions for the bank, was screening the documentary, which the bank's advertising agency, and Mr. Larry Barns, Vice President and Advertising Manager of Pearl City Bank & Trust, had recommended sponsoring.

Although Jackson had been assured by Pearl City Bank & Trust, and their advertising agency that the bank would sponsor College Campus Report, he could not overcome his skepticism that the contract would not be finalized.

As the lights were dimmed in the conference room, and the projectionist started the documentary film, Jackson began recalling the events that led up to his present concern over Blake's sponsorship decision.

Earlier that week during a Monday morning sales meeting, Jackson was informed that a thirty minute documentary entitled, College Campus Report, would pre-empt regular network programming the following Monday at 8:00 p.m. With only five days in which to sell the documentary, Jackson had employed a strategy which he believed would best utilize the selling efforts of his five salesmen. The sales force would concentrate their sales presentations of the documentary availability on large manufacturers, banks, insurance firms, and public utility companies in the WJJJ-TV market.

Immediately after the sales meeting, Salesman Andy Cooper went back to the sales office and, following Jackson's suggestion, began making telephone calls.

Cooper's first call was to the Dawson Advertising Agency, who represented Pearl City Bank & Trust. Cooper informed the agency of the documentary availability for the following Monday, and briefly sketched the nature of the show. Cooper explained that College Campus Report was a straight forward news report of campus happenings at various college campuses throughout the state. Cooper went on to elaborate that the program would have wide appeal among adult viewers. He reasoned that college students and their parents would watch College Campus Report to find out how the college campus situation appeared to be shaping up for the new academic year. Concerned tax payers would be watching to get an indication of how their tax funds were being spent. Cooper concluded his presentation claiming that College Campus Report would be an excellent buy for Pearl City Bank & Trust because of its low cost-per-thousand estimate among adult viewers. The Dawson Agency was interested in Cooper's presentation and made an appointment to preview the documentary that afternoon.

Representatives from the Dawson Agency expressed a great deal of interest after viewing College Campus Report. They thought that the documentary was an excellent production, done in good taste, and not slanted or controversial. The agency felt positive that Pearl City Bank & Trust would sponsor the program, and asked Cooper for first refusal rights.

Salesman Cooper notified Jackson that the Dawson Advertising Agency was interested in buying College Campus Report on behalf of Pearl City Bank & Trust and wanted first refusal rights on the documentary program.

Jackson was at first skeptical of granting the Dawson Agency first refusal rights to College Campus Report for two reasons. Firstly, in granting first refusal rights, it meant that the program would be removed from the list of programs available for sponsorship and could not be offered to any other accounts until the Dawson Agency notified the Sales Department that it would not buy the program. Secondly, Jackson who kept abreast of the editorial opinions aired over WJJJ-TV, knew that Mr. Blake was also chairman of Pearl City's Civic Center Committee, which recently had been under fire from WJJJ-TV's editorial board.

A number of years ago leaders of Pearl City organized a Civic Center Committee to study the feasibility of creating a civic center complex. In their efforts, the Commission drew up plans for a fifteen million dollar structure which would house parking facilities, office spaces, convention facilities, and a sports arena. The rationale for deciding on such a comprehensive structure was that it would attract convention business into the city, draw revenue from office leases, parking, and sports events, and improve the downtown area. However the Civic Center Committee could not get their proposed structure beyond the drawing boards. Consequently, Mr. Blake was appointed Chairman of the Civic Center Committee in an effort to get the structure built.

Mr. Blake's first problem was discovering a way to fund the fifteen million dollar complex. A law in the city charter stated that neither the mayor nor the city council could appropriate more than six million dollars out of city coffers for capital improvement projects unless voter approval was obtained from the citizens of Pearl City. However, Mr. Blake felt certain that if the fifteen million dollar civic center proposal was put before the voters, it would be soundly defeated. As a banker, Blake knew that Pearl City was already feeling the pinch of a depressed economy. Layoffs and unemployment were high, and consumer spending was down. He reasoned that proposing to increase city taxes for a civic center bond levy would not be a wise move under present economic conditions.

Seeking a solution to their civic center funding problem, the Committee developed an alternate plan. The Civic Center Committee favored constructing the complex in stages.

Each stage would be built under the ceiling limit of six million dollars, and the entire project could be completed without voter approval.

WJJJ-TV's editorial board got wind of the Civic Center Committee's plan to construct the fifteen million dollar center without voter approval and began broadcasting editorials against the means the committee sought in getting the complex built.

Editorial statements expressed the concern that the Civic Center Committee was trying to bounce something past the citizens of Pearl City. Other editorial comments suggested that the Civic Center Committee's proposal of funding the center was unethical, and a slippery maneuver not in the public's best interest. Editorial opinion insisted that the entire project be put before the voters of Pearl City.

The editorial board was not against the project itself. On the contrary, they believed that the civic center was something that the citizens of Pearl City needed. What the editorial board disapproved of was the manner in which the complex was to be financed, without public consent.

Jackson knew that the controversy between the Civic Center Committee, and WJJJ-TV's editorial board was still raging. The Commission insisted that the complex would be built in stages, and WJJJ-TV editorials were still voicing strong opposition to the Committee's means.

In spite of the problems created by granting the Dawson Advertising Agency first refusal rights, and Blake's involvement with the WJJJ-TV editorial board, Jackson agreed to give the Dawson Agency first refusal rights to the documentary program.

Under these circumstances, should Jackson have given Dawson Advertising Agency first refusal to the program?

On Tuesday afternoon, Mr. Larry Barns, Vice President and Advertising Manager of Pearl City Bank & Trust, came into the station to preview College Campus Report. After viewing the documentary, Mr. Barns informed Jackson that the bank would definitely sponsor, but Mr. Blake would have to see the film.

Jackson suddenly realized that the film was over. As the lights were turned on, he looked at Mr. Blake for an indication of how he liked the program. Blake got up, looked directly at Jackson, and said, "I'm sorry Mr. Jackson I don't want my bank associated with that film."

Given the evidence presented in this case, was Pearl City Bank & Trust committed to sponsoring the documentary program?

Should Jackson insist that the bank was obligated to purchase the documentary, or should he let Mr. Blake back out of the deal?

"The Case of the Expanded Newscast"

Harold Anderson, News Director of WCCC-TV, felt a great sense of satisfaction when he was informed that Mr. Goodwin, Station Manager, and Mr. Mathis, Program Director, were following his suggestion, and expanding the 6:00 p.m. newscast from one-half hour to an hour.

Anderson had petitioned Goodwin and Mathis for an enlargement of the 6:00 p.m. newscast. He claimed that the News Department was not adequately "doing its job" under the existing format (see Exhibit A, page 61), and sighted three specific problem areas in the News Department which appeared to confirm his allegation.

1. Due to the limited amount of time available for regional and local news, a significant quantity of newsworthy information never reached the public.

2. The limited amount of time available for regional and local news had created a situation where only the main points of particular news events were reported to the public. Little or no time existed for "in depth" probing.

3. Time and money had been inefficiently expended within the News Department. Only a portion of the events covered by the department's four newsmen, and frequently recorded on film, were included in a specific newscast.

While the Goodwin and Mathis news extension appeared to solve the problems plaguing Anderson and the News Department, the decision had unknowingly created a serious sales problem.

Duke Hampton, Sales Manager of WCCC-TV, attempted to figure out how he was going to sell the sixty minute newscast.

The half-hour evening news show was one of WCCC-TV's most popular programs. A recent independent television survey indicated that the 6:00 p.m. news show was first choice among eighty per cent of the respondents. And from a sales standpoint, current ARB figures estimated that the cost-per-thousand for the evening news was $3.47, $.66 lower than its nearest competitor in the three station market.

For the last eight years the 6:00 p.m. newscast had been sold on a block basis. The first ten minutes of the show was devoted to local and regional news. This was followed by five minute segments of sports and weather. Each segment was sold as a block to a single sponsor. Sponsors of the news block received opening and closing billboards, "logos," and two sixty second spots. Included in each five minute segment were billboards, "logos," and one sixty second spot. The remaining time was sold as participating spots which were placed between the blocks.

Although the block system had proved successful; it nevertheless had created many problems for Hampton. Viewers on numerous occasions had written letters to WCCC-TV, criticising the visual clutter generated by the almost continuous interruptions by commercial announcements, and constant display of sponsor "logos." The News Department periodically complained that the block format restricted the creativity of its staff. Sponsors frequently charged that their "logos" were either unattractive, poorly made, or not as large as others they had seen. And three or four times during a month, one or two blocks would go on the air unsold.

Despite the problems created by the half hour block-formated evening newscast, the program was successful from a sales point of view. However, Hampton was not convinced that he could handle the problems created by the proposed change.

Hampton was aware that many viewers might not tolerate the additional interruptions and visual clutter of a sixty minute block-formated newscast. He was also positive that the News Department would complain more fiercely than ever if the block-formated news show was extended through sixty minutes. Hampton recalled that Anderson had expressed criticism of the block arrangement because it set inflexible time and position limitations. The first ten minutes of the program was devoted to local and regional news, followed by five minute blocks of sports and weather. Anderson maintained that there had been numerous occasions where a particular segment of the program, such as sports, contained the most newsworthy information, and should have received expanded coverage beyond the block-imposed restriction.

Hampton was also aware of the fact that if the present block arrangement (ten minutes for local and regional news, five minutes for sports, and five minutes for weather) was expanded, the cost per block would increase proportionally.

This move might draw additional complaints from clients, but more importantly, it could create a serious revenue problem if the expanded blocks went unsold.

As an alternative to selling the sixty minute newscast in blocks, Hampton thought about the idea of selling it on a participating basis. The idea at first appealed to him, because Hampton knew it would eliminate many problems. Viewers would not be exposed to numerous interruptions and visual clutter. The News Department would be able to arrange their news program without conforming to the prescriptive blocks. And if not all of the spots were sold out for a particular newscast, it would not have as great an effect as if one or more blocks went unsold. There was still doubt about whether sponsors would accept the change.

The half hour news show had been sold on a block basis for the previous eight years, and proved to be a popular selling method. Many clients had favored the block-formated arrangement, because it provided a close association with the newscast. For instance, during specific segments or blocks of the program, the sponsor's "logos" were continually before the viewers. Hampton reasoned that his clients might resist purchasing commercial time during the newscast if it was sold only on a participating spot basis.

There appeared to be no easy solution to Hampton's sales dilemma. If he elected to expand the block-formated arrangement for the sixty minute newscast, he faced the possibility of irritating viewers to the extent that they switch to WCCC-TV's competition. However, if he decides to go with a participating spot format, many of WCCC-TV's clients might switch to the station's competition.

What alternative, a block or participating spot format, would be the most suitable method of selling the sixty minute news program?

EXHIBIT A

PROGRAM LOG OF THE 6:00 P.M. NEWS REPORT

6:00.............	Introduction into newscast Introduction into local and regional news Opening billboard for sponsor
6:01.............	Sixty second spot for sponsor
6:02.............	Body of local and regional news
6:06.............	Sixty second spot for sponsor
6:07.............	Continue local and regional news
6:10.............	Sixty second spot for sponsor
6:11.............	Wrap up local and regional news Closing billboard for sponsor
6:12.............	Two sixty second participating spots
6:14.............	Introduction into sports report Opening billboard for sports sponsor
6:15.............	Sixty second spot for sports sponsor
6:16.............	Body of sports report
6:20.............	Wrap up sports report Closing billboard for sports sponsor
6:21.............	Two sixty second participating spots
6:23.............	Introduction into weather report Opening billboard for weather sponsor
6:24.............	Sixty second spot for weather sponsor
6:25.............	Body of weather report
6:29.............	Closing billboard for weather sponsor Close out news program

CHAPTER IV

CONCLUSIONS

Sales, as one of four interdependent components of every commercial broadcasting station, is responsible for developing most operating revenue. Without a sufficient sales effort the other major divisions, Programming, Engineering, and Management could not operate.[1]

The sales department within every broadcasting station is organized according to both unique characteristics of its market, and the operating capabilities of the station. For example, market variables such as economic conditions, the number of competing media, and the type and number of business establishments will affect the structure of a station's sales department. Station variables which include the quality of the station's programming fare, network affiliation in the case of television, and signal strength or the number of homes reached in the market will also influence the organization of the sales department. Consequently, the success of the sales department at a particular broadcasting station will be determined in part

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[1]Ward L. Quaal, and Leo A. Martin, Broadcast Management: Radio and Television (New York: Hastings House, Publishers, 1968), p. 137.

by its ability to adjust to various types of variables. For instance, at one television station located in a moderate sized community, the market received a competing television signal from a major market station. As a result of the situation, national time buyers bought time predominately from the major market station, because they were getting more coverage for their money. The station in the moderate sized community, unable to compete for national business, had to rely heavily on local business. This is but one example of many types of situations which can affect the sales effort.

In the field of broadcast education, sales has been a difficult subject to document for use in classroom instruction. Due to its dependence upon the great number of influencing factors, statements and generalizations regarding sales functions have been restricted to the particular station from which the information was derived.

The traditional means of acquiring a practical understanding of sales in broadcasting appears to be through on-the-job training. This writer has talked with a number of sales managers in broadcasting, and the general consensus among them was that individuals learn about sales once they are hired into the station's sales department.

The author feels that neither traditional classroom teaching nor ignoring training until the individual is on the job is a satisfactory approach to broadcast sales education. It is hoped that this thesis will provide a realistic orientation which might not otherwise be available.

The values received by the author in compiling these cases were many. The process of interviewing and gathering information from a number of key sales personnel has proved to be an intensive educational experience. The project will be even more successful if the cases included in the thesis will also provide an educational experience for the individuals who utilize them.

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APPENDIX

SAMPLE RELEASE FORM

Mr. Howard C. Steinruck
1302-H University Village
East Lansing, Michigan

The case entitled____

has been read by me and checked for verification.

I hereby authorize the use of this material.

It is hereby understood that this material will be used for educational purposes only.

Signature of Executive___________________________________

Firm____

Date____