The Role of Advertising Agencies in Radio's Evolution as a Commercial Medium: Comparing the U.S. and U.K.

Randy D. Jacobs, University of Hartford, USA

When radio broadcasting arrived in the United States and United Kingdom in the 1920s, advertising agencies were full-service organizations planning complete advertising campaigns, producing advertising messages, and placing them in various media. In the U.S., advertising agencies were initially reluctant to recommend radio advertising to their clients. In time, advertising agencies became staunch supporters of radio advertising and became key players in building the radio networks until the arrival of television. In the U.K. where, until 1972, non-commercial radio broadcasting by the British Broadcasting Corporation (BBC) was the rule, advertising agencies lobbied for commercial radio and worked with foreign and pirate radio stations on behalf of clients. Yet, once commercial radio arrived in the U.K., agencies were slow to embrace it.

Radio advertising is an accepted part of the marketing landscape in the United States (U.S.) and the United Kingdom (U.K.). However, that was not always the case. Over time in both nations economic, political, and social forces worked to varying degrees to hinder or facilitate the acceptance and furtherance of radio as an advertising medium. Perhaps more important to radio's commercial development was the role played by advertising agencies. The historical record reveals that in the U.S. and U.K. advertising agencies played a significant, albeit different, role in the development of commercial radio. This paper reveals the nature of advertising agencies' involvement in the creation of commercial radio as discerned from research collected through the Internet and extensive library research in the U.S. and U.K.

RADIO IN THE UNITED STATES

American Agencies Resist Radio Advertising

The rise of radio advertising in the U.S. was tentative and slow. Originally, radio broadcasters expected to sustain themselves financially from the sale of radio receivers. When the flaws of this economic model became apparent many in the industry considered other sources of revenue such as selling advertising time. It was not until the creation of the first national radio networks in late 1926 that the commercialization of radio became a certainty (Hettinger 1933).

Advertising first appeared in 1922 on AT&T-owned station WEAF in the form of sponsored time. Other stations gradually accepted sponsored programs, but many broadcasters viewed advertising agencies as competitors and were hesitant to sell them time or allow sponsorships (Barnouw 1966). Anti-advertising rhetoric from critics, legislators, regulators, and listeners fueled opposition as well (Smulyan 1994).

Surprisingly, advertisers and agencies distrusted the notion of radio advertising. Agencies doubted that radio advertisements would work, a sentiment shared by many advertisers (Smulyan 1994). The advertising industry also believed listeners might resent radio sponsorship and, consequently, reject all types of advertising. This was of particular concern to print advertisers and their agencies.

Through the mid-1920s, agencies warned their clients against using radio advertising (Douglas 1987). Advertisers interested in using radio had to produce programs themselves with assistance from station personnel (McDonough 1995). For example, in 1925 Clicquot, a soda manufacturer, worked directly with WEAF to create the *Clicquot Club Eskimos* music program because their agency did not believe in radio (Smulyan 1994). There were, however, exceptions.

William H. Rankin of the Rankin advertising agency decided to test radio advertising before recommending it to clients (Barnouw 1966). Rankin bought time on WEAF for a talk about advertising, but received only a small number of letters and phone calls in response. One, from beauty products maker Mineralava, led to a contract and more radio advertising. Rankin began recommending radio and another client, the Goodrich Company, sponsored a radio series (Barnouw 1978).

Another early exception to advertising agencies' reticence was the N.W. Ayer agency which supervised *The Eveready Hour* in 1923 (Barnouw 1966). Ayer ensured the show was professional and identified the sponsor in the title. The favorable attention it received attracted other sponsors to radio with shows such as the *Bakelite Hour, The Victor Hour,* and *The Ray-O-Vac*

Twins. These shows became models for later network programs (McDonough 1995).

Radio Wins Over U.S. Agencies

Although opposition to radio advertising persisted in the mid-1920s, most advertising practitioners were beginning to consider its use. To win them over, the newly formed NBC and CBS radio networks hired promoters to personally sell the skeptical on radio and orchestrated promotional campaigns. The networks targeted leading advertisers and agencies with brochures highlighting radio success stories and emphasizing radio's ability to build brand awareness and stimulate dealer goodwill. The networks also offered financial incentives by paying agencies commissions, even if they were not directly involved in a client sponsored show (Smulyan 1994).

NBC loaned leading agencies their employees to help develop radio departments (McDonough 1995, Smulyan 1994). N.W. Ayer started the first full-scale radio department in 1928 and others soon followed, employing personnel who migrated from radio (The first advertisers 1995, Smulyan 1994). The promoters, recognizing that broadcasters would benefit from greater flexibility, urged the networks to allow agencies to sell broadcast time and produce programs. In turn, agencies recognized how lucrative program development and production could be (Barnouw 1968).

The promoters' efforts were successful. By the early 1930s agencies were selling time and handling nearly all sponsored network program development and production (Barnouw 1968). Agencies had gained control of prime-time radio listening, achieved great prosperity, and their radio departments became centers of power.

American Agencies Revolutionize Radio

American advertising agencies greatly influenced radio advertising and programming practices. Sponsored radio shows of the 1920s employed "indirect advertising," simple mentions of the program's underwriter with no product description or sales pitch (Barnouw 1966). The networks supported this practice with policies against direct advertising. George Washington Hill, President of the American Tobacco Company and Albert Lasker, head of the Lord & Thomas agency, pressured the networks to allow explicit advertising messages (Barnouw 1966).

When Lasker and Hill launched the *Lucky Strike Dance Orchestra* in 1928 they largely conformed to the indirect advertising requirements. Hill, who believed strongly in intrusive radio advertising with explicit product claims, aggressively pursued this goal by forcing the issue with network executives and supporting Lucky Strike with extravagant budgets (Barnouw 1968). Lord & Thomas controlled a large share of NBC's radio network business, so Lasker had leverage as well. By 1931 women were being sold Lucky Strikes with mildness claims by opera and film stars and "slimming" messages suggesting listeners smoke a Lucky Strike instead of eating something sweet (Barnouw 1968).

Advertising agencies crafted selling environments for their clients in the form of elaborate comedy, variety, and dramatic series (Barnouw 1966). Vaudeville came to radio as agencies began to use star talent (Smulyan 1994). By 1932 radio shows were featuring such personalities as Eddie Cantor, comedy team Burns and Allen, and George Jessel. A few years later Young & Rubicam created *The Jack Benny Program* for General Foods's Jell-O (McDonough 1998). Lord & Thomas produced Bob Hope. J. Walter Thompson produced the *Kraft Music Hall* with Bing Crosby and *The Chase and Sanborn Hour* with Edgar Bergen and Charlie McCarthy.

After commercializing prime-time radio the networks, with agency help, developed a daytime audience of women listeners (Barnouw 1968). Before the networks' formation, stations targeted women with morning instructional talks hosted by "expert" home economists such as General Mills' fictional Betty Crocker and cookbook author Ida Allen Bailey (Smulyan 1993). The networks developed similar 15-minute sponsored talks with recurring characters and continuing stories. Soap operas—melodramatic serials typically sponsored by manufacturers of household detergents and cleaners—were born (Smulyan 1993).

Most network soap operas were produced by advertising agencies. One agency in particular, Blackett, Sample & Hummert, built a reputation for soap opera programming (Barnouw 1968, McDonough 1995). Glen Sample adapted a 1920s newspaper serial into a radio show, *Betty & Bob,* sponsored by Gold Medal Flour and also developed the long running *Ma Perkins* for Procter & Gamble's Oxydol (David and Costa 1976). In 1932 Frank and Anne Hummert created a daily NBC serial, *Just Plain Bill* for Kolynos toothpaste. The Hummerts became highly prolific soap opera creators, developing nearly half the network soap operas introduced between 1932-37. Soap operas were so successful that daytime radio advertising revenues doubled between 1935-39.

Radio and Advertising Agencies in the Depression and WWII

Agencies and radio networks were determined to protect their financial success during the Depression. Thus, their program decisions uniformly ignored economic and social problems. With the exception of *The March of Time,* produced for *Time Magazine* by Batten, Barton, Durstine & Osborn, news was all but missing from sponsored programs (Barnouw 1968). Radio's skilled entertainers kept Americans' minds off their despair.

The radio and advertising industries experienced continued prosperity during World War II (WWII). Agencies encouraged clients to maintain brand awareness, even if they had no products to sell, and radio benefited from such prestigious sponsorships as *General Motors' NBC Symphony Orchestra* (Barnouw 1968). Both industries assisted the Office of War Information with insertions of war effort announcements, earning them favorable government treatment when their wartime revenues came under close scrutiny (Barnouw 1968).

Agencies and Advertisers Depart Radio for Television

The radio networks were still broadcasting 108 pre-war and 12 pre-depression shows in 1950 (McDonough 1995). But the "Golden Age" of radio was nearing an end.

Envious of the power held by advertising agencies, the radio networks decided to retake control of programming. The agencies lost ground to independent producers, but the real threat to radio was from television. Advertisers and their agencies shifted to television the system of star-studded sponsored programs. For example, Young & Rubicam found its programs moved so easily that in 1949-50 half of the top ten television shows were its productions (McDonough 1998).

Within a decade, network radio serials and soap operas had all but disappeared, taking with them substantial ad revenue. While in 1931 network advertising comprised 51 percent of total radio advertising revenues, by 1960 that percentage had fallen to just 7 percent (Hettinger 1933, General dimensions of radio 2003). Radio survived by serving local listeners with format programming and attracting local advertising.

In the decades to follow U.S. agencies became producers of commercials and buyers of spot radio time. Still, advertisers and their agencies periodically expressed renewed interest in radio, often due to escalating television and print media costs. In the mid-1970s to the 1980s major advertisers such as McDonald's and Chevrolet fuelled the growth of new satellite-delivered radio networks (Byrne 1982). In the late 1980s, New York agency Backer Spielvogel Bates established a separate creative department for radio and, developing radio campaigns for Xerox and other clients, doubled its radio production spending in 1989 (Walley 1990). The late 1990s saw further interest in radio as Internet businesses used the medium as part of their national brand-building efforts.

Radio advertising revenues reached $18.4 billion in 2001 (General dimensions of radio 2003). Of that nearly 79% was spent on local advertising, just 5% on network advertising. For national advertisers and their agencies radio has largely been relegated to the role of support medium.

RADIO IN THE UNITED KINGDOM

In 1922, Parliament authorized the creation of the British Broadcasting Company, a privately held broadcasting monopoly. By 1927 that entity became the public British Broadcasting Corporation (BBC) supported by receiver license fees and charged with operating as a public service to meet society's cultural, educational, and entertainment needs (Encyclopaedia Britannica 2001).

The BBC's Licence and Agreement (1936) forbids it from broadcasting advertising or sponsored programs (Briggs 1965). Other than English language radio broadcasts from foreign and pirate stations, commercial radio did not officially exist in the U.K. until 1972.

U.K. Agencies' Lobbying Efforts

From the start of British radio, advertising agencies lobbied for commercial broadcasting which held out the possibility of more advertising business (O'Malley 1994). Advertising on the BBC and creation of a parallel commercial radio system were repeatedly ruled out by successive government inquiries. In 1923 the Sykes Committee on Broadcasting heard advertising agencies' arguments yet found that radio advertising would unfairly benefit large advertisers, negatively affect the advertising revenues of the press, and lower broadcast program standards (The Institute of Incorporated Practitioners in Advertising 1946). Over a decade later the Ullswater Committee (1935) reaffirmed the Sykes Committee's conclusions (Seymoure-Ure 1996).

In 1946 the Institute of Incorporated Practitioners in Advertising (IPA), an advertising industry association, published *"Broadcasting: A study of the case for and against commercial broadcasting under State Control in the United Kingdom."* This monograph claimed that commercial broadcasting has value to advertisers and the public. It also presented arguments contradicting the objections to and sentiments against radio advertising set forth by the Sykes Committee and expressed in the Ullswater Report. The IPA suggested that underlying the prohibition of advertising is a general dislike of commerce and that commercial programming would be far more popular than BBC programming intended to uplift viewers. The IPA's recommendation was not to dissolve or create competition for the BBC, but allow commercial broadcasting within its existing structure.

The IPA monograph became an important piece of evidence examined by the Beveridge Committee (1949), which considered the introduction of commercial broadcasting (Briggs 1979). The advertising lobby was active in giving and scrutinizing the evidence of others with J. Walter Thompson, for instance, helping to prepare materials presented by major advertisers including Horlicks, Unilever, and Rowntree (Briggs 1979). Beveridge decided against commercial broadcasting but a minority report disagreed, proposing a system of national and local commercial radio that would later become a reality.

Advertising agencies continued to lobby for commercial radio, supported pirate radio stations in the 1960s, and helped to win Conservative Party support for the 1972 introduction of commercial local radio. Even after commercial radio became a reality agencies worked to influence BBC policy (O'Malley 1994).

The IPA joined others in 1984 to question the non-commercial future of the BBC. Two large agencies, D'Arcy MacManus Masius and Saatchi and Saatchi, issued reports indicating advertising would allow the BBC to meet its revenue needs without raising the license fee. Polls indicated the public was willing to accept this arrangement but the Peacock Committee, which was considering the issue, rejected this option (O'Malley 1994).

In the U.K. today the BBC remains non-commercial, dependent on receiver license fees. Ironically, BBC Radio has established a commercial arm, Radio International, that allows sponsorship and advertising on the programming it markets for overseas consumption (BBC gears up for commercial future 1997, Hellen 1997).

U.K. Agencies Support Commercial Alternatives

In the1930s, long before commercial radio arrived in the U.K., a well-organized radio advertising industry was promoting products to a large British audience through English language programming on foreign stations (Street 1999). These broadcasts emanated from many stations, the most well known of which were Radio Luxembourg and Radio Normandie.

English language broadcasting experiments in continental Europe during the 1920s attracted British listeners and sponsors. In 1929 Radio Publicity Ltd. started organizing English language programs for record, food, toothpaste, and cigarette manufacturers (Briggs 1965). A year later the entrepreneurial Captain Leonard Plugge founded the International Broadcasting Company (IBC) to also arrange commercial programs (Nevett 1982).

Sponsored shows were usually produced and recorded in Britain and shipped to Continental stations for transmission (Street 1999). The IBC established itself as a production facility; leading U.K. advertising agencies such as J. Walter Thompson and the London Press Exchange handled their own program production (Street 1999).

By 1936 radio advertising expenditures exceeded £1 million and dozens of major advertisers such as Lever Bros., MacLeans, Carters Liver Pills, and Cadbury Bros. were on Radio Luxembourg and Radio Normandie (Street 1999). J. Walter Thompson's major clients, including Rowntree, Horlicks, Ponds, and Kraft were also substantially engaged in radio advertising. Between 1936-39, Ponds and Horlicks spent on radio 20 percent and 33 percent of their total advertising budgets, respectively (Street 1999).

Radio advertising was well established before WWII ended commercial radio transmissions to the U.K. By 1938 British manufacturers spent over £1,500,000 on radio, agency Mather and Crowther Ltd. compiled data for an informative booklet, *Facts and Figures of Commercial Broadcasting,* and J. Walter Thompson provided prospective clients with a promotional recording showcasing their radio expertise (Street 1999).

After WWII Radio Luxembourg resumed its service to British advertising agencies and their clients (Nevett 1982). However, television lured listeners and advertisers away from radio.

In the mid-1960s pirate radio stations, broadcasting from old forts and ships anchored just outside U.K. territorial waters, afforded advertising agencies and their clients another opportunity to circumvent the U.K.'s no commercial radio policy (Nevett 1982). The success of these stations added further momentum to the movement towards officially sanctioned commercial radio.

Commercial Radio in the U.K.

The 1972 Broadcasting Act established commercial Independent Local Radio (ILR) in the U.K., opening the door for agencies to offer radio copywriting and time buying services (Carter 1998). National advertisers and their agencies, however, were slow to embrace commercial radio due to several factors including incomplete geographic coverage which prohibited national reach, a lack of credible audience measurement, and restrictive advertising regulations (Carter 1998, Making new waves 1990.)

In the nearly two decades these barriers were being addressed, commercial radio developed a reputation as a "2 percent medium," unable to attract more than 2 percent of U.K. advertising revenues (Carter 1998). By the early 1990s advertising time and sponsorship restrictions were lifted, coverage was essentially complete with over 130 local broadcasters on air plus a new national station, and a new audience measurement system was in place (British broadcasting; Metamorphosis 1993). Nevertheless, agencies continued to ignore the medium or simply use it as a campaign extension.

A Radio Advertising Bureau marketing campaign targeting agencies and advertisers helped to sell advertisers and their agencies on radio (Carter 1998). Commercial radio started to shake its reputation in the mid-1990s when a number of blue-chip advertisers first used radio. FCB and Ogilvy & Mather directed Lever Brothers' brands Surf and Radion, respectively to the medium; J. Walter Thompson guided Kellogg to test radio in London and Jaguar to a launch promotion for its XJ models (Advertisers opt for radio 1995). Seagrams also employed radio to support its Martell Cognac sponsorship of the Grand National horse race (Radio watch 1995).

In 1994 commercial radio listenership exceeded the BBC's and the medium attracted about 4 percent of total U.K. advertising revenue (Clark-Meads and Duffy 1994).

As the 1990s closed Abbott Mead Vickers BBDO, BMP DDB, Radioville, M&C Saatchi, J. Walter Thompson and other leading agencies were making buys on behalf of clients such as British Telecom, Vodaphone, Dixons, Renault, and Procter & Gamble (Top advertisers 2000, Top creative agencies 2000).

Between 1992-2002 commercial radio revenue increased 395 percent. Presently, with over 250 local and three national stations on air, national radio buys account for over 60 percent of radio advertising revenue. Radio remains the U.K.'s fastest growing medium and its share of advertising revenues exceeds 6 percent (Commercial radio revenues 2003). U.K. advertising agencies had finally accepted the medium for which they had fought so hard.

CONCLUSIONS

Under widely divergent circumstances in the U.S. and U.K. advertising agencies made important contributions to developing radio broadcasting's potential as a promotional medium. Advertising agencies in the U.S. first played the part of shy student, fearful of jeopardizing their relationships with clients and consumers. Once several agencies and clients took the first steps to experiment with radio as a promotional tool, and found the outcome favourable, others were emboldened to learn how to best utilize radio. In just a short time advertising agencies grew to dominate the industry, programming the national radio networks with daytime and evening shows designed to engender for their clients positive associations among listeners.

Agencies in the U.K. faced a different set of circumstances that led to a decades-long effort to create a commercial radio broadcasting system. Through persistent lobbying and novel efforts to circumvent the BBC's monopoly on radio, advertising agencies made clear that advertising was acceptable to their clients and radio listeners in the U.K. Yet, with the introduction of officially sanctioned commercial radio, agencies displayed a high degree of uncertainty regarding how and when to use radio advertising on their clients' behalf. Ultimately, agencies found their footing and in recent years have made radio a part of clients' media mix.

REFERENCES

Advertisers opt for radio debut. 1995 (January 6). *Marketing Week: 14.*

Arnold, F. A. 1931. *Broadcast Advertising: The Fourth Dimension,* New York: John Wiley & Sons.

Barnouw, E. 1966. *A Tower in Babel: A History of Broadcasting in the United States to 1933.* New York: Oxford Press.

Barnouw, E. 1968. *The Golden Web: A History of Broadcasting in the United States 1933-1953.* New York: Oxford University Press.

Barnouw, E. 1978. *The Sponsor.* New York: Oxford University Press.

BBC gears up for commercial future. 1997 (September 11). *Marketing Week: 21-22.*

Briggs, A. 1965. *The History of Broadcasting in the United Kingdom: The Golden Age of Wireless.* London: Oxford University Press.

Briggs, A. 1979. *The History of Broadcasting in the United Kingdom: Sound and Vision.* Oxford: Oxford University Press.

British Broadcasting Corporation. 2000. *Britannica Online.* Available at www.britannica.com.

British broadcasting: Metamorphosis. 1993 (May 1). *The Economist: 62.*

Byrne, J. 1982 (February 1). Remember the Green Hornet? Lowell Thomas? *Forbes, 72.*

Carter, M. 1994. Tune In, Tune On, Sold Out. Marketing Week (October 28): 43-44.

Carter, M. 1995. On the crest of a wavelength. Marketing Week.

Carter, M. 1998. *Independent Radio: the first 25 years.* London: The Radio Authority.

Clark-Meads, J. and Duffy, T. 1994. U.K. commercial stations keep growing, at BBC's expense. *Billboard. 106: 33.*

Commercial radio revenues. 2003. *Radio Advertising Bureau.* Available at www.rab.co.uk.

David, M. and Costa, K. 1976. Since 1895, radio finds its niche in media world. *How it Was in Advertising, 1776-1976.* Chicago: Crain Books.

Douglas, G. H. 1987. *The Early Days of Radio Broadcasting.* London: McFarland & Company.

General dimensions of radio. 2003. *Radio Advertising Bureau.* Available at www.rab.com.

Hellen, N. 1997. (November 9). BBC seeks sponsors for its radio abroad. *Sunday Times.*

Hettinger, H. S. 1933. *A Decade of Radio Advertising.* Chicago: University of Chicago Press.

MacDonald, J. F. 1986 (April 14). Special Report: 60th Anniversary of Network Radio. *Advertising Age: S-1.*

Making news waves. 1990 (July 7). The Economist: 55.

McDonough, J. 1995. Radio: A 75-Year Roller-Coaster Ride. *Advertising Age: 22.*

McDonough, J. 1998 (November 2). "Y&R At 75." *Advertising Age: 8.*

Nevett, T. 1982. *Advertising in Britain.* London: Heinemann.

O'Malley, T. 1994. *Closedown?: The BBC and Government Broadcasting Policy 1972-92.* London: Pluto Press.

Radio Marketing Guide and Factbook. 2003. Radio Advertising Bureau. Available at www.rab.com.

Radio watch. 1995 (May 19). *Marketing Week: 16.*

Scannel, P. and Cardiff, D. 1991. *Social History of British Broadcasting 1922-39.* Oxford: Blackwell.

Seymoure-Ure, C. 1996. *The British Press and Broadcasting Since 1945,* 2nd ed. Oxford: Blackwell.

Smulyan, S. 1993. Radio Advertising to Women in Twenties America: "A Latchkey to Every Home." *Historical Journal of Film, Radio & Television.* 13:3.

Smulyan, S. 1994. *Selling Radio: The Commercialization of American Broadcasting 1920-1934.* Washington: Smithsonian Institution Press.

Street, S. 1999. Radio For Sale: Sponsored Programming in British Radio during the 1930's. *Sound Journal.* Available at

The first advertisers: Using radio to build America. 1995 (September 4). *MediaWeek 5:33.*

The Institute of Incorporated Practitioners in Advertising. (1946). *Broadcasting: A study of the case for and against commercial broadcasting under State Control in the United Kingdom.* London: Author.

Top advertisers. 2000. *Radio Advertising Bureau.* Available at www.rab.co.uk.

Top creative agencies. 2000. *Radio Advertising Bureau.* Available at www.rab.co.uk.
www.ukc.ac.uk/sdfva/sound~journal/Street19991.html.

Walley, W. 1990 (September 10). Radio rebuilds its ad base. *Advertising Age: S-1.*