

The Kentucky Press

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A Discussion Of Advertising Rates

When I was asked to lead a round table discussion of advertising rates my first thought was to decline, because it had come to my attention that a fellow Kentuckian in presiding over a meeting of his trade association undertook to counsel the members regarding charges for the wares they sold and his address was construed by his customers back home as connivance at unwarranted profits. The very natural result was resentment against the firm this speaker conducted that manifested itself in painful realities. However, I concluded that it would only be necessary for me to make my views clear regarding advertising rates to escape any suspicion of inciting collusion or profiteering in an industry that has so long parted company with profits as to have almost forgotten that they ever existed.

There is no parallel between the promotion of price agreements and that resistance which is necessarily being offered by many newspaper publishers today to efforts to cause them to reduce their advertising rates. In their plight newspapers, because of the singularity of their respective situations have no choice but to act, each according to its own lights, in dealing with their problems. To any who have studied newspapers and their markets, it is not necessary to point out that newspaper associations are not seeking to commit their members to concerted action in dealing with their advertisers. No association could in fact, formulate a workable plan of rate regulation or adjustment to apply to any considerable portion of the industry because the making of a newspaper is entirely too individualistic an enterprise to admit of such treatment. This is just as true of its business procedure as of its editorial and public service policies. Some newspapers have high rates, some low, some intermediate and there are circumstances that justify such variations. Some may have been too high and capable of reduction. Some are too low and could be reduced only at great sacrifice to the property of the newspaper or its owners.

Rates are found to differ in many cities of equal population because spendable income, trade from near-by communities, standards of living, progressiveness of merchants and vol-

A talk delivered by Lawrence W. Hager, publisher of the Owensboro Messenger and Inquirer, at the mid-summer meeting of the Kentucky Press association at Middlesboro, Ky., June 18, 1932.

ume of available advertising, all show wide variations according to localities and are factors in determining costs of advertising production.

We are be sought to reduce advertising rates today by gentlemen who sincerely believe that the lowering of commodity prices, labor and some other expense items have so reduced our costs of production that we could pass these savings along to those who do business with us. They know that paper costs less and that wages have been reduced or feel they should have been. They do not realize the major positions occupied on our balance sheets by items that have either remained stationary or increased in cost such as postage, power, gas, lighting, rent, transportation, interest, repairs, insurance, taxes, etc.

Their own experiences and problems are such that one readily understands the requests of our merchant friends for lower advertising rates. They think of rates in terms of space instead of number of copies distributed. That accounts for some failures to appreciate the fact that while page costs have advanced some rates have not, the true rate being cost per inch per thousand of circulation.

They do not know, until we show them, that the increased mortality rate among newspaper's small advertisers and the lowered rate of development of new business when retrenchment becomes the popular procedure in commerce and trade, increase our unit costs of production. Neither do they see, until it is pointed out to them, that an increase in our unit cost is occasioned by the reduction of schedules by some of our larger regular advertisers.

Before turning their attention to rates, many advertisers forced newspaper advertising production costs up by reducing their advertising schedules. One process of determining advertising production cost is very simple. Deduct from the total cost of production the income from circulation and you have that part which must be borne by advertising revenues. This remainder divided by the number of inches pro-

duced, gives the cost per inch. A survey made of several newspapers of approximately equal circulation and rates shows that in 1931 they obtained reductions averaging \$20,000 each in operating costs, yet their cost of production per inch increased from 70 cents to 72 cents per inch, because their income declined \$30,000 and in the face of continued declines in 1932 and despite further savings effected, the cost of production during the first three months of the year was more than 77 cents per inch.

Advertisers predicating their requests for rate reductions on the decline in commodity prices during the last two and a half years, forget that advertising rates generally did not keep pace with commodity prices during the period of inflation beginning some 15 years ago. Had they done so, newspaper reserves would be in a position to stand the losses that would be entailed by reducing rates today in conformity with changes that have occurred in merchandise prices.

During the period of general inflation, newspaper expenses rose in proportion to those of other industries, while their advertising charges showed proportionately a much lower rate of advance and their rates per 1,000 of homes served, virtually no advance at all. The charges per page have followed the upward trend of newspaper circulations instead of commodity prices, which means that an advertisement in the average newspaper costs little if any more per 1,000 families to which it is delivered than in the pre-war days. In the case of our own publications it costs less.

While increases in newspaper operating expenses in the last 15 years were borne partly by rate increases, they were more largely borne by gains in advertising volume. It is due to this fact that the shrinkage in volume in recent months has pressed upon newspapers the necessity of retrenching and at the same time exerting every effort to hold rates at their 1930 levels.

The most alluring argument we hear for a rate reduction is that it will restore lost advertising volume and increase income. Some publishers are experimenting with this theory now but, so far no report has come to our attention that they have met with success. For one, I concede that if a
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Victor R. Portmann, Editor-in-Chief

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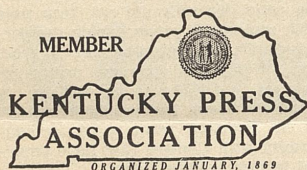
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NEWS BUILDS CIRCULATION

One of the big problems of the country publisher is that of maintaining subscription lists at a high level.

The country weekly's circulation may be increased by devoting more attention to agricultural or farm news—news about farmers and their activities, believes E. E. Howard of the Wheaton (Minn.) Gazette.

This type of news has also been found to be a circulation builder by E. E. Smith, formerly a farmer, who for several years has been giving farm news and subscription-soliciting service to Minnesota papers. He travels among the farms in a paper's trade territory, gathering news items about farmers and their families, and, as the way opens, soliciting subscriptions.—County Newspaper Advertising.

THE LOCAL NEWSPAPER

For, after all, it is the home news which is most important to most of us. We have the greatest interest in the community in which we live, and in the people who are our neighbors and friends. And it is the local newspaper which records the happenings of the folks at home, and, in addition, fosters the civic pride and progressive spirit of the community.

We frequently hear it said that the old-time independent spirit of the newspaper is gone; that its editorial policy is now subservient to the business office. Yet this is not true. There is more unselfish idealism in the average local newspaper than in any other business enterprise. It frequently speaks out in the way which it believes will be for the good of the nation and of the community, regardless of what the consequences may be from a business standpoint. This is more than the average business man will do or could do.

Of course, the local newspaper is now on a firm business basis. This is why it is improving from year to year, why it is given its readers a constantly better newspaper and why it is increasing its influence for good in the community, and it does its boosting often without any hope of material reward.—Covington (Va.) Virginia.

NEWSPAPER JUDGE MAKES SOME COMMENTS

(From the Washington Newspaper)

There are three judges in the Better Newspaper campaign. One of these wrote, in part, these comments, in the hope they might assist in clearing some of the points in doubt and allay the suspicion of those who feel that the judges have been just a little too severe in their scoring.

"Have you finished judging fifty newspapers and this time scored them on typography—make-up, balance and type combinations. Adverse criticism is the easiest thing under the sun, but these are some items which might be of interest to the publisher who wants to get out a better paper:

"1. Washington newspapers are using type that was used in 1898—and some are using type older than that. In the intervening years there have been hundreds of modern faces designed, but many publishers are still offering their advertisers the same old type faces. If your druggist or clothier were offering the same style display as at the time of the Spanish-American war he would be open to criticism—he would have been driven out of business by more modern methods.

"2. The majority of papers are still setting 8 on 10, when 8 on 9 is a better combination in that it gives better reader attention, more space for news—a thing badly needed in every paper. With 8 on 9 and more elbow room, your paper serves the advertiser and reader more effectively.

"3. A head schedule is adopted and followed issue after issue, without variety of make-up, or combinations. A formal 4-deck head appears exactly at the same spot on page one week after week. Interest results from variety in make-up. Fifty-two papers

as alike as beads on a string cannot stimulate the interest that a varied make-up can achieve. Feature heads, various ways of balancing the page, spotting cuts to give interest to the page, and the use of sufficiently large variety of heads to give proper emphasis to news stories of different interest is worth while.

"4. Nothing stands out in the advertising. All the advertisements are set in virtually the same style. The advertiser is paying for attention value and he is not getting it, typographically. He does not know how to get it himself. You ought to give it to him.

"5. Headings that do not tell the news, mere straightway label heads that leave the reader in the third paragraph of the story cannot be passed without mention.

"The average country paper today is hidebound, is set up the way it was ten years ago, lacks the newer type faces, is a routine and spiritless piece of display. The average newspaper, has risen steadily, and the newspaper is better than five years ago, or ten years ago, but it is possible to produce far better and more interesting newspapers that will be commensurately more valuable to the reader and more profitable to the publisher."

WHAT DOES THE TOWN THINK?

Time, 1950. Scene, government inspector examining printer before issuing 1951 license to do business.

"Do buyers know you're in existence? Do they know why? What justification do you have for taking up space on a business street or in a building devoted to business? Can you do anything for the people whom you invite to deal with you? Are you one of the reasons why buyers come into your town to get good printing? Would you be willing to undergo an examination by a commission of business experts to see whether you are fit to be in business, and have your score placarded in 72 point Horse Gothic in front of your place of business? Fine! More power to you!"—Spinal Colyums.

CLIO HARPER SAYS:

Tell the truth and kiss your subscribers good-bye.

Hew to the line, but keep your powder dry.

It's a long lane that has no typographical errors.

There's many a slip between the Underwood and the Hoe.

When in doubt shut your eyes and step on the gas.

(Continued from Page One)

newspaper could reduce its charges, equitably distributing among its patrons the economies it has effected in the last two years and thereby regained lost lineage; temporarily, at least, it would be a good expedient. But who believes that a 10 percent reduction in all classifications of newspaper income would bring back 30 percent in volume, or 20 percent for that matter.

Let us examine the income of one newspaper. The example whose sources of revenue are as follows:

National Advertising	20%
Circulation	35%
Local Advertising	45%

Now in any consideration of reductions, do not think you could ignore national rates without injury to yourselves and the newspaper industry as a whole. It is not news to any of you that one great handicap under which newspapers labor today in cultivating national advertising accounts is the local-national rate differential. Any rate revision downward must give national at least its proportionate share. Unless a cut in national rates were general throughout the country there would be no recovery of lost national lineage. Individual action in isolated sections would avail publishers nothing. National advertising schedules are uniform for classes of cities and markets and until rate reductions reached proportions that would enable the national advertiser to increase the size of his schedules generally, they would not bring back any lost national volume. Thus, 20 percent of this paper's reduction in charges would be that much added to its present burden.

Circulation would represent virtually a total loss of its portion of any downward revision of charges. Lower subscription prices would create few new readers and no new net income.

Of the 45 percent represented by local advertising, one-third is in legal, amusement, transient, classified and contracts for \$25 per month or less. A reduction, if applied to these classifications, would not increase volume a single dollar. This leaves but 30 percent of the local advertising, out of all the newspaper's revenues, from which some gain in income might be procured by a rate reduction.

So far as the Owensboro newspapers are concerned they would like to be able to reduce rates and if they could do it without further complicating their problems and increasing their burdens, they would. They have shown to a group of the most loyal supporters their advertising columns have, what it would cost them to reduce rates and assured these advertisers they would reduce if they could be shown whence a compensating gain would come. This proposition is still open.

Fifteen years ago, I think our papers were at least an average for towns our size. Then we had no Sunday comics; today we have four popular Sunday comic pages. In those days we had one daily comic per paper and today each carries a comic page daily. Then we had 500 words of telegraph news daily for the afternoon paper and 1,000 for the morning. Today leased wire reports of 40,000 words are received for each. Then we ran 22 columns of news and features on week days including daily comics—today 52 columns. We had no Will Rogers, McIntyre, Brisbane, or other popular daily features such as we carry now. Our sports section was one column—today a page. Our stock markets were easily gotten in a column and a half—today they run more than two columns. Then we carried no New York stock exchange report. Then our rate for both Owensboro papers on 1,000-inch contracts was seven cents per inch for each 1,000 of homes reached. Today it is 4.8 cents. We could return to the quality of our papers of 1917 and the rates of 1917 for circulation of 1917, never miss a pay roll and possibly again earn a dividend. Our position is doubtless not unique. Other towns the size of Owensboro could probably paint the same picture and others in proportion to size cite the same things recounted here.

But the subscribers would not long endure such a change and advertisers would lose by it and wish for a speedy return to more circulation and better papers. It is to the best interests of the public, of business that the press that the press keep up its standards, and maintain rate structures that will, in times of stress, enable it to withstand currents that would determine its economic foundation.

That community is poor indeed which does not have a free and independent press, one whose public policies may not be influenced by financial considerations, and unless its position be economically independent, supported by inexorable rules of social science and commercial service, the press of any community may fall into the hands of exploiters whose avarice would make it a menace to instead of a bulwark of our public institutions and legitimate business enterprises.

"Country correspondence is too important a matter to be allowed to go by default," is the closing sentence of an editorial written by Ole Buck.

The Farmville Herald, J. Barrye Wall, publisher, Farmville, Va., is not letting its country correspondence go by default, but conducted an educational campaign for its correspondence in three counties—Prince Edward, Cumberland and Buckingham. The Farmville Herald carries a special page for Cumberland county, which has no newspaper within its

borders, and is doing the same thing for Buckingham county, which has one which, however, is published outside the county, being one of a chain printed by a publisher in an adjoining county.

Correspondents in Cumberland and Buckingham counties are under one field agent, while the correspondents in each of the counties have selected their own county chairman. These chairmen, or the field agent, calls frequent meetings of the correspondents at which the various points of correspondence and newspaper making is discussed.

There is the social side at each gathering—watermelon feasts by moonlight; weenie roasts and a program of music and literary effort.

W. Y. Morgan, editor of the Northern Neck News, Warsaw, Va., who has been connected with the one newspaper for 52 years, was recently a guest of the Herald management at correspondent meetings held in Cumberland and Buckingham counties, and at each he gave an inspirational talk on the real worth of the country correspondent as a community builder. His observations and experiences of 52 years brought many humorous incidents, but he emphasized that the weekly newspaper, or the semi-weekly, is dependent upon the high type of men and women who represent it in the rural sections.

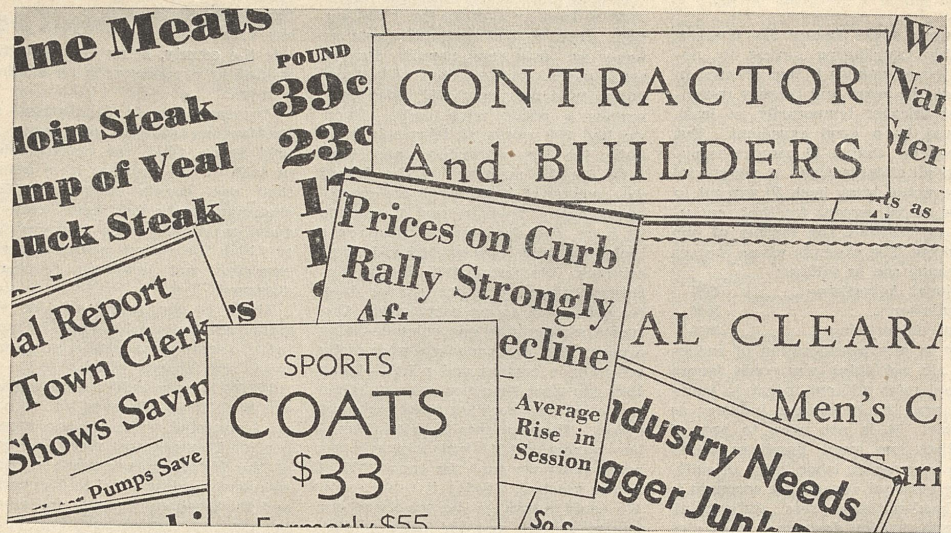
That the efforts of the Herald in acquainting its correspondents with the importance of their work is appreciated is shown by the fact that two correspondents from Buckingham county drove a distance of 58 miles to attend a meeting of the Cumberland group, the night after a similar meeting was held in Buckingham county.

Better cross-country roads and improved highways reaching the main arteries of travel make such inter-county meetings possible, and also make possible the transmission of news from place of occurrence to the newspaper office. In some sections telephone connection is not good, hence the mail is relied upon, and in meeting the emergency, abetted by the good roads.

The more than fifty correspondents in the three counties, at times double and some times triple the same news item, requiring close editing so as not to duplicate, but it is better to receive the same item three times than not get it at all. Recently one correspondent sent in one lone item, but it represented the real news of that particular locality for that week, and it was given space.

Plans are now under way to bring the correspondents of the Herald from the three counties into Farmville for a day at the movies and a general conference at which several of the outstanding weekly newspaper editors of the state will make talks.

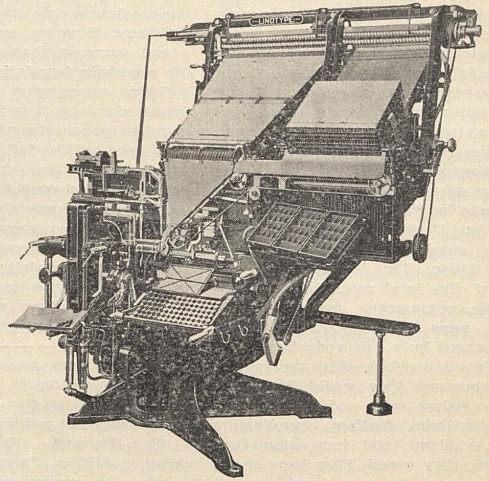
TRADE **LINOTYPE** MARK



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TWO-in-ONE LINOTYPE will save you money

If you are still setting 24, 30 and 36 point by hand, you should investigate the Two-in-One Linotype. It will set these display lines for heads and ads with keyboard speed and economy and the rest of the time it will turn out body-matter as well as any machine on the floor.



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