Media Industries

History, Theory, and Method

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From Sponsorship to Spots

Advertising and the Development of Electronic Media

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Advertising has been analyzed as an ideological vehicle for hegemonic values (Ewen 1976; Williamson 1978), a mediating text (Browne 1987), an economic function of a free press (Potter 1954), a discourse intersecting with myriad cultural discourses (Wicke 1988; Lears 1994), a mirror of American culture (Marchand 1985), and a social force (Leiss et al. 2005). Advertising can be considered all of these, and more. What might be a media industry studies approach to advertising? To begin with, we should resist conventional categories, since media industries are inevitably interrelated, interactive, and interdependent. Broadcasting in particular cannot be understood separately from the advertising industry which, throughout most of its history, has provided all its revenue.

The interrelation of television and advertising is complex and reciprocal; we must avoid the temptation either to reduce the texts of programming and advertisements to economic determinants, or to infer the industry only from textual evidence. Furthermore, the media institutions themselves are not unified, singular mechanisms but complex, conflicted, dynamic, and changing formations with active agents working inside and outside constraining structures. To understand these institutions we must therefore examine internal conflicts and intra-institutional debates about strategy, practice, and business models (Gledhill 1988). By sifting differences among individuals, agencies, institutions, and fields, we will come to recognize the historical contingency of industry practice, avoiding simple teleological conclusions. For example, for the past hundred years in advertising, strategists have debated the efficacy of the "hard sell," the direct, hard-hitting, repetitive, product-centered approach, versus the "soft sell," the indirect, subtle, humorous, user-centered approach. These debates have had specific and lasting impact not only on advertising texts but on radio and television program genre development, sponsorship forms, and relationships between program and advertising texts.

My first aim in this chapter is to survey key developments in advertising and sponsorship on radio and television from the 1920s to the present, analyzing the inter-institutional relations among broadcasters, networks, advertisers, and agencies. Such a project involves integrating previously discrete categories of media studies while differentiating among the conflicting agents. Although the importance of media integration today is well known – conglomerates own film, television, and publishing companies – the participation of the advertising industry in most of those media over the past century is not nearly as well known as it should be. Through this brief survey I hope to demonstrate how deeply integrated the advertising industry is in the structures and practices of other media.

My second aim in this chapter is to challenge simplistic models of the relations among economic and cultural spheres. Advertising, driven by the profit motive, also produces cultural meanings and cultural artifacts; while its economic imperative may be its structuring force, effective advertising must also articulate contemporary cultural tensions in order to communicate with its audiences. As anthropologist Marshall Sahlins (1976) notes, advertisers must "be sensitive to the latent correspondences in the cultural order ... whose conjunction in a product-symbol may spell mercantile success" (117). By considering how and why advertisers have used electronic media, I hope to improve our understanding of the dynamic relationship between the cultural and commercial.

The Rise and Fall of Radio as a National Advertising Medium, 1920s–1940s

Long before there was television, there was radio. Although scholars have debated the point at which radio was permanently established as a commercial medium (Barnouw 1978; Douglas 1987; McChesney 1993; Smulyan 1994), Michele Hilmes (1995) argues persuasively that there was no one single moment of decline into commercialism: radio was commercial from its "very earliest moments" (2). Although the earliest commercial radio stations were founded for publicity purposes, businesses such as department stores found operating their own stations too expensive, and some began to wonder how else radio might be used commercially. In 1921 AT&T, anxious to have a hand in radio in case it replaced telephones, took an important step by developing "toll broadcasting." Like a telephone booth of the air, AT&T's radio station WEAF sold time to businesses to present promotional "selling talks," but unable to attract many listeners to these, advertisers stayed away (Banning 1946, 152). Because it viewed toll broadcasting as a type of public service, in 1923 AT&T prohibited "direct advertising," or the mention of specific product and price information, and "confined" advertising to the mention of the advertiser's name and product (Banning 1946, 90). Instead, AT&T encouraged "indirect advertising," which was designed to generate "good will" and to "bring about a feeling of gratitude and pleasant obligation" toward the advertiser (Arnold 1927). To accomplish this, AT&T began to allow advertisers to provide entertainment to attract listeners. Program sponsors would therefore promote themselves through the program title and a brief message. For example, *The Gold Dust Twins* featured two performers, Goldy and Dusty, based on the brand's trademark image of two young African Americans, who incorporated Gold Dust cleaning powder into their act; the slogan, "Let the Gold Dust Twins do your work," was also the program concept (NBC 1926).

The growing popularity of broadcast entertainment led some advertisers to link stations together by telephone line in "chains" for simultaneous broadcasts of programs. For example, Clicquot Club ginger ale distributed *The Clicquot Club Eskimos*, featuring a band of banjo players dressed in furry Eskimo outfits and named after the fictional Eskimo boy who served as the brand trademark, to multiple linked stations in New York, Providence, Philadelphia, and others by 1925 (Banning 1946, 264). The prospect of sharing program costs gave individual stations a strong incentive to join regional networks (Smulyan 1994) and eventually the national networks, NBC and CBS, founded in 1926 and 1927. These networks, touting radio as the "fourth dimension of advertising" (Arnold 1927), solicited large advertisers seeking national audiences. Radio, they claimed, might reach a national audience simultaneously through regularly scheduled weekly or daily broadcasts, with an impact impossible in print media.

Fears that direct advertising would alienate audiences began to fade during the Great Depression, when economic exigencies pressured advertisers into "hard sell" strategies (Angus 1931) and broadcasters, reluctant to bear the costs of programming, turned to advertisers to cover more programming costs through sponsorship. Thus, despite an overall drop in advertising spending, radio advertising spending grew from $18 million in 1929 to $165 million in 1937 (Dygert 1939, 7). For advertisers,

one significant difference between radio and other advertising media was its reliance on entertainment as the advertising vehicle; the task, as explained by one advertising executive, was to bring "the show world to the world of commerce" (Young 1949, 93). Just as Hollywood had discovered the power of named stars, radio sponsors recruited seasoned entertainers from the worlds of theater, vaudeville, and popular music to attract listeners (Angus 1932).

Sponsors, however, as manufacturers of soap or cereal or automobiles, tended to have little entertainment experience, and so sought help from their advertising agencies, whom they trusted to keep advertising goals at the forefront of any sponsored programs. Hence, during the "golden age" of radio, the 1930s and 1940s, advertising agencies became the de facto producers of most national network programming (Meyers 2005). For example, Benton & Bowles produced comedian Fred Allen's *Town Hall Tonight*; J. Walter Thompson produced the *Kraft Music Hall* hosted by Bing Crosby; Blackett-Sample-Hummert produced dozens of soap operas, including *Stella Dallas* and *Ma Perkins*; and Young & Rubicam produced *The Jack Benny Program*. Radio presented serious challenges to ad agencies accustomed to print media, including, as explained by one frustrated advertising executive, its "1. Lack of visual aids. 2. Fleeting impression. 3. The human voice in place of type as medium. 4. Censorship barriers. 5. Need for showmanship" (J. Walter Thompson 1930). Agencies approached these problems in various ways. Blackett-Sample-Hummert devised for advertisers such as Procter & Gamble serial dramas whose open-ended narratives could guarantee a high rate of audience return and whose plots mirrored the problem/solution paradigm employed in their hard sell advertising strategy. The term "soap opera" derives from the products of most radio serial sponsors. Young & Rubicam, proponents of soft sell advertising, focused on humor and gentle self-reflexivity in order to disarm audiences, as in comedian Jack Benny's product integrating line, "Jello again. This is Jack Benny."

During the radio era, the networks' main business was to sell air time to an advertiser, who bought it in a block of 15, 30, or 60 minutes, which became its "time franchise" to program as it and its advertising agency saw fit. A program was designed to support that advertiser's goals, and entertainment strategies were integrated with advertising strategies. The product's or advertiser's name was made part of the program title, as in *The Chase & Sanborn Hour, Palmolive Hour,* and *Lux Radio Theatre*. Often the product was named as sponsor, as in this introduction to a 1930 broadcast of the *Coca-Cola Top Notchers*: "Good evening, ladies and gentlemen of the radio audience ... We bring you a period of delightful entertainment sponsored by Coca-Cola, the pure drink of natural flavors, served nine million times a day." Sometimes the product was integrated directly into the program by its characters, as when Captain Henry, main character of the variety show *Show Boat*, asked Tiny Ruffner, the well-known radio announcer, about the "full value" of Maxwell House Coffee (Varencove 1935). Crooner Rudy Vallee pretended to eavesdrop on conversations in a nightclub to overhear a patron admit that "the secret of his success" was the use of Fleischmann's Yeast (J. Walter Thompson 1929). A 1946 episode of *Lux Radio Theatre*, which presented radio plays based on current films, included a description of how the stars of the film *To Have and Have Not*, Humphrey Bogart and Lauren Bacall, used Lux Soap in their new home.

Each of these integration strategies was predicated on listener "gratitude" and "sponsor identification" with the entertainment. But advertisers and their agents worried about how well audiences associated programs with sponsors. In cases where star talent changed sponsors, the problem of identification was acute. Most notoriously, vaudeville and radio star Eddie Cantor performed in a number of programs including *The Chase & Sanborn Hour* and *The Eddie Cantor Radio Show*, with a variety of sponsors, including Old Gold cigarettes, Sunkist, Chase & Sanborn coffee, Camel cigarettes, and Texaco (Hughes 1939). Would audiences become confused and not know with which product Cantor should be associated? Would the Cantor fan smoke Old Golds or Camels? Was the association of a star entertainer effective for selling a product? By the 1940s, when most network programming had shifted to Hollywood and sponsors competed for film stars, programming costs surged, raising doubts about the strategy.

One advertising executive warned against advertisers' reliance on expensive entertainment and stars:

> A $20,000 all-star program on a coast-to-coast network may get fine press notices and win the sympathetic applause of those self-appointed advertising critics who are working for high cultural standards – but it's a dead loss to the advertiser if it's all showmanship and no salesmanship. (Brown 1932)

The advertisers' desire for a reasonable return against their investment in programming was in potential conflict with the audiences' desire for high-quality entertainment. Maneuvering between these desires was tricky. As Hubbell Robinson, then a Young & Rubicam executive and later a chief of CBS TV programming, noted in 1932, "On the horns of this dilemma the radio advertising men balance themselves as best they can" (48).

Radio reached its peak financial success in 1948. Network radio advertising revenues totaled $210 million and 94 percent of American households owned radios. After 1948, the dominance of network radio as a national advertising medium eroded rapidly. Its percentage of advertising revenues slid from 46 percent of all radio advertising revenues in 1945 to 25 percent in 1952 (Sterling & Kittross 1978). By the end of the 1950s, most radio stations had disaffiliated with networks, shifted to cheaper programming, primarily recorded music, and turned to local advertising. Radio, then, was transformed from a national to a local advertising medium, and its centrality in American popular culture was rapidly eclipsed by television, the rise of which resulted in radio's role as the foundational electronic medium being "thoroughly forgotten" (Hilmes 1997, xiv). Our consideration of television, then, as Hilmes argues, should begin with the understanding that it "grew directly out of three decades of radio broadcasting" (xiv).

The Transition to Television in the 1950s

The transition to television was complex, fraught, and risky for the radio and advertising industries. The radio business model suffered from weaknesses: no centralized editorial authority presided over programming decisions; advertiser "time franchises" prevented networks from building an effective broadcast schedule; program production was dispersed among dozens of agencies, beholden only to clients; and program innovation was constrained by the reliance on advertisers, whose aims are product sales. By the end of the 1950s, many of the institutional practices of the radio era – including single sponsorship, advertiser ownership of programming and control of a time franchise, and advertising agency program production – were being replaced by new practices: participating sponsorship, advertisements separable from programs, network program ownership, and network scheduling control.

Television, a visual medium, required elements unnecessary for radio production: sets, cameras, lights, blocking rehearsals, makeup, and costumes. A different actor had to be hired for each part. Advertisers had enjoyed a much lower cost per audience member on radio than in print media because of its lower production costs and more certain national reach. Television, on the other hand, had tenfold higher production costs and, in the early 1950s, no proven national reach (Mashon 1996, 84). Television's future success was not then obvious to advertisers or broadcasters. Some advertising executives dismissed television altogether, such as the JWT radio writer who assumed that "television will never be the world force radio is, because television will leave little or nothing to the imagination, and it is imagination that gives radio its power" (Carroll 1944). Michael Mashon (1996) argues that broadcasters, advertisers, and their agencies were all internally conflicted over the shift to television. Broadcasters sought greater programming control, yet still looked to sponsorship for financing; meanwhile, even as advertisers and their agencies expected to continue program control, they were reluctant to finance the greater expense. The commissions that agencies charged sponsors on talent and time costs could not cover television programming costs; according to one agency man, "When we get into television, we lose our shirt" (Harrington 1949).

Reluctant to lower costs by producing television programs on the cheap and thus alienating audiences, some advertisers tried alternating weekly

with others. Nonetheless, sponsors worried that alternate sponsorship would confuse viewers. A third sponsorship model, "participating" sponsorship, in which no advertiser owned the program but bought slots of time within it for advertising, offered an even more radical solution. Notably, this model eventually prevailed. Participating sponsorship's earlier success on a number of daytime radio programs (e.g., *Breakfast Club, The Marjorie Mills Hour*) reassured many advertisers that audiences could distinguish among different advertised products and that a program and a product did not require tight association for the advertising strategy to be successful.

One of the most vocal proponents of participating sponsorship was Sylvester "Pat" Weaver, NBC Television president from 1949 to 1956, who played an important role developing the *Today* and *Tonight* shows. Weaver argued that television could not follow the radio "pattern" because "[t]here is not enough money to put on full programs for a single product (as generally the case in radio)" (Weaver 1949). His experiences in advertising at Young & Rubicam, where he produced Fred Allen's *Town Hall Tonight* (1935–8), had already convinced him that sponsor control was detrimental. Networks could take a "broader" view of programming, unlike an individual advertiser, "whose chief aim was to sell his commodity" (Weaver 1994, 164). Furthermore, advertiser ownership of programs left networks vulnerable to losing the program to another network if the advertiser chose; thus networks were motivated to take ownership stakes in programs themselves (N. W. Ayer ca. 1956). Weaver used the term "magazine plan" to suggest that participating sponsorship was like buying interstitial "pages" of time within a program and leaving the editorial content, or program, to the network, an idea that had floated around the advertising industry for years (*Advertising & Selling* 1931). Eventually sponsors and their agencies were forced to concede: "One sacred cow that we all believed in was ground to hamburger. That was 'sponsor identification'" (Brower 1974, 213).

Networks sought to impose more control over the broadcast schedule by removing lower-rated programs from their time franchise. *Voice of Firestone*, on the air since 1927, was moved by NBC to a less desirable time slot in 1954 over Firestone's protests (Baughman 2007, 270). Like other sponsors such as US Steel, Alcoa, and DuPont, Firestone practiced "institutional" or corporate image advertising; their broadcasting strategy was to provide culturally uplifting programs, such as *Theatre Guild of the Air, Cavalcade of America, US Steel Hour*, and *Alcoa-Goodyear Playhouse*. While these anthology dramas – with their different weekly stories often emphasizing social issues or historical figures – might succeed in increasing the prestige of their sponsors, they could not build consistent viewership in the manner of episodic series with continuing characters, plot lines, and situations. So the networks, in their eagerness to attract the largest audiences possible and thereby raise their time prices, turned instead to the series format, sponsored by the makers of toiletries and food, to whom unit sales were more important than corporate prestige, and who often spent more on advertising than manufacturing.

By 1956, toiletry and food advertisers accounted for about half of all television advertising (Baughman 2007, 217). Procter & Gamble sought large and loyal audiences; by the mid-1950s, their television investment included 13 daytime soap operas, including the former radio soap *Guiding Light*, programs whose open-ended narratives almost guaranteed repeated viewership. Hard sell strategies dominated commercials, such as the Listerine commercial featuring Marge, whose prospects for marriage improve after using Listerine because "[i]n actual scientific tests, Listerine antiseptic stopped bad breath four times better than toothpaste."[1]

To meet the relatively high costs of television programming, the networks reorganized the sites of production. Rather than sponsors and agencies, they turned to in-house producers or specialized program packagers, which could reap economies of scale by producing several programs in the same genre (e.g., quiz shows). By the end of the 1950s, the film studios had become key program suppliers, especially of filmed episodic series (Anderson 1994). To enforce network program control, networks demanded that program producers license programs to them rather than to sponsors. In 1957, a third of programs were licensed to sponsors; by 1964, the proportion had dropped to 8 percent (Boddy 1990, 171).

Additionally, live programming was gradually replaced by film and, after 1956, videotape. The networks, which demanded profit participation from producers in exchange for scheduling their programs, had found that recorded programs could be rerun, syndicated, and sold overseas, opening more opportunities for profit; by 1960 networks enjoyed profit participation in about two-thirds of programs (Boddy 1990, 181).

By separating program and advertisement, networks had more flexibility to develop programming strategies that would attract the largest possible audiences. These audiences, in turn, enabled networks to sell interstitial minutes at the highest possible prices to advertisers seeking access to audiences aggregated around programs. Once advertisements were unlinked from programs, advertisers no longer had to look for a *program* to fit the commercial message; advertisers and their agencies looked for *audiences* and were now free to follow them to whichever program they viewed. No longer closely tied to a program or star, advertisers could benefit from the mobility of their commercials and lower the risk of disastrous associations, such as with politically suspect performers or writers. The fear that such associations would cause audience alienation drove the blacklisting phenomenon in the early television era. Furthermore, advertisers grew less likely to impose self-serving constraints on programming, such as the time when writer Rod Serling was asked by a tobacco manufacturer to change the word "American" to "United States" so that competitor American Tobacco would not be inadvertently promoted (Fox 1984, 212). Separable and mobile commercials put an end to most such practices.

The single sponsorship model was finally finished off by the quiz show scandals of 1958–9, during which producers of programs such as Geritol's *Twenty-One* admitted rigging contests for dramatic crowd-pleasing effects. But already single sponsorship had fallen victim to the cumulative effects of high production costs, the increasing need for advertising mobility, the full entry of the Hollywood film studios into series production, and the networks' realization of the advantages of central editorial control over content and scheduling. The shift to the network television business model was beneficial to advertisers and broadcasters alike, as evidenced by the increase in television advertising spending from $454 million in 1952 to $1.6 billion in 1960 (Sterling & Kittross 1978). The shift to network control in the late 1950s is usually represented by scholars as a triumph over advertisers. The advertisers who may have felt harmed ceding their prerogatives as programmers to networks were likely the corporate image advertisers – the sponsors of anthology dramas – for whom product sales were a secondary consideration. However, most advertisers saw the advantage in being relieved of the burden and expense of programming in return for a more effective advertising medium.

The Tripartite Network Oligopoly, 1960s–1970s

During the 1960s and 1970s, three networks, NBC, CBS, and ABC, consolidated bottleneck control over programming and advertiser access to audiences (Litman 1990). While radio at its peak in 1948 accounted for 12 percent of all advertising spending, by 1976 television accounted for 20 percent of all advertising spending, becoming the single most important national advertising medium. Advertisers, once able to create or destroy programs at will, could only either buy in or cancel out of a program determined entirely by the network; as one advertising executive lamented, "An advertiser's power to control or affect programming is reaction rather than action" (Shanks 1979, 96). The limited inventory of air time, enforced through a trade association code that capped the number of minutes available during prime time, helped propel air time prices upward, from an average of $30,000 per minute in the early 1960s to over $100,000 in the late 1970s (Sterling & Kittross 1978).

Assuming a captive audience (roughly 90 percent of viewers) with few options, and seeking only to maintain a marginal advantage against its two competitors, each network tended toward "least objectionable programming." *The Beverly Hillbillies* (1962–71), *The Andy Griffith Show* (1960–8), and *Green Acres* (1965–71) continued in their folksy,

inoffensive way, unconscious of the social and cultural upheavals around them, whether racial politics or protests against the Vietnam War. As one television executive explained, networks sought programs "that will attract mass audiences without unduly offending these audiences or too deeply moving them emotionally. Such ruffling, it is thought, will interfere with their ability to receive, recall, and respond to commercial messages" (Shanks 1979, 94). The advertisers no longer needed the programming to reflect their corporate image, only to package their commercials. As one adman philosophized, making the best of it, "Bad television is better than no television" (Shanks 1979, 97). Former adman and NBC TV president Pat Weaver had believed that dislodging sponsor control would allow television to develop into a high-quality culturally uplifting medium (Weaver thought television's future lay in live "spectaculars"), but Weaver did not anticipate that the networks, facing enormous pressure to increase ratings and retain large audiences, would seek the lowest common denominator rather than cultural uplift (Baughman 2007, 301).

The 60-second commercial spot rapidly evolved into a significant cultural form in its own right, as advertisers and their agencies shifted their resources into capturing audience attention in this brief moment. As Jonathan Price (1978) notes, commercials adapted a variety of cultural forms: "In an hour of TV we are likely to see all these aftertraces from several generations of myths – the primitive, the print, the modern film, and the postmodern scene, all jumbled up. Commercials move in fast; tightly edited, quickly paced, their style fits TV better … than the programs" (165). Rising costs led to an eventual shift to 30-second spots by the end of the 1960s. However, some advertisers and agencies first resisted the briefer format not only because it allowed them less time for their sales message, but also because they worried about "clutter," or viewers distracted by competing commercials (Brown 1971, 67). Doubling the number of commercial slots meant more advertisers competed for viewers' attention, which affected advertisers' commercial and narrative strategies as they each sought to break through the "clutter" (Arlen 1980).

During the radio era advertisers bought air time; after the network era began, however, they bought audience attention. Naturally, advertisers have demanded to know how much of it they get for their money. Networks and advertisers require metrics they can agree on; the Nielsen Company ultimately persuaded the industry to make it the sole supplier of viewing data, drawn from a tiny sample (of about .001 percent) of the national audience designed to be demographically representative by age and sex. The Nielsen ratings, acknowledged by buyers and sellers to be imperfect, only provide a starting point for price negotiation. During the "upfront" period, the spring before a new fall season, advertisers and networks negotiate prices for future broadcasts and their ratings points. If that broadcast does not deliver the ratings points promised for it, a network often "makes good" by providing the advertiser with enough free time to make up the difference in numbers of viewers reached. Advertisers buy gross ratings points (GRPs), each point representing a number of people undifferentiated by age or sex, or targeted ratings points (TRPs), each point representing audiences defined by age and sex, such as women aged 18–35. Advertisers bid prices up or down depending on competition and the elusiveness and desirability of the targeted demographic. Although particular advertiser targets vary, broadcast networks target adults aged 18–49 and schedule programming to attract them. In the late 1960s, ABC, long the third-ranked network, convinced advertisers that its programs attracted a predominantly younger audience, a demographic that advertisers should value more highly due to their putative willingness to experiment with new brands (Brown 1971, 285). Thus despite CBS's higher gross ratings, ABC charged a higher cost per thousand (CPM) viewers; although CBS countered that older viewers had more spending power, by 1971 CBS drastically shifted its programming strategies in an effort to attract those younger viewers with controversial programs such as *All in the Family*.

The 1970s shift away from "least objectionable programming" and toward programming that addressed contemporary social tensions, such as *All in the Family* (1971–9), *Maude* (1972–8), *The Jeffersons* (1975–85), *Sanford & Son* (1972–7), *M*A*S*H* (1972–83), and others, came well after the advertising industry had shifted strategies to address changing

social conditions.[2] While the 1950s were characterized by treating consumers as an undifferentiated mass, by the 1960s advertisers realized that multiple product brand extensions marketed to different consumer "segments" would improve sales. So, for example, Procter & Gamble's toothpastes included Crest, for those fighting cavities; Gleem, for those seeking white teeth; and Denquel, for those with sensitive teeth. Furthermore, after decades of spelling it out and saying it twice, as hard sell strategy dictated, in the 1960s advertising agencies shifted decisively toward a soft sell approach to reach those segmented markets. This shift, called the "Creative Revolution" within the industry, was evident in high concept, user-centered campaigns that often used humor to disarm audiences (Fox 1984). Well-known television advertising agency Wells Rich Greene devised Alka-Seltzer campaigns ("I can't believe I ate the whole thing" and "Try it – you'll like it") and Benson & Hedges cigarette commercials, featuring the perils of their extra-long cigarettes (lighting a beard on fire, exploding a balloon, getting caught in a door), which were admired within the industry for addressing realistic situations with light humor (Fox 1984, 269). Advertising agencies outdid each other in their efforts to tap into the cultural zeitgeist, adopting countercultural dress and engaging in behaviors such as using marijuana, taking LSD, and having encounter group therapy. With these strategies, advertising executives hoped to generate advertising that communicated more effectively with their audiences (Meyers 2000).

Cable Television and the Fragmenting of the Audience, 1980s–2000s

The three networks' success reached its peak during the 1970s. CPMs for network television more than doubled from an average of $1.81 in 1971 to an average of $4.12 in 1981 (TVB 2008). But network success bred anxiety in advertisers that clutter undermined their commercials' effectiveness. One study claimed that viewer recall of specific commercials declined from 18 percent in 1965 to only 7 percent in 1981 (Schudson 1984). However, a greater threat was the rise of alternative program services delivered by cable operators. Regulatory policies had for decades protected broadcasters from competition from wired and "pay" television services, but regulators' increasing concerns about network hegemony at last led them to curb network power. When cable operators were allowed to import distant signals after 1977, they could finally provide competition for broadcast network programming. Cable "penetration" into households rose from about 10 percent in 1973 to 34 percent in 1983, to about 70 percent in 2000 (TVB 2008).

Early cable audiences paid subscription fees to the cable operator, which selected cable networks and paid a portion of those subscription fees, ranging from a few cents to several dollars per subscriber, to each network in exchange for commercial-free programming. Advertisers worried that these audiences would forsake broadcast television for commercial-free paid services (Turow 1997). However, most cable networks soon began selling advertising time, establishing a "dual revenue stream" of both advertising and subscription fees that enabled them to offer specialized, niche programming designed for specific demographics. Theme networks offering nonstop programming in one area, such as news, music, children's programming, or sports, could make do with transient audiences tuning in briefly because the greater proportion of their revenues, up to 80 percent, came from subscribers, who paid a flat fee whether they watched the network or not (Vogel 2001). Cable networks, then, were not compelled to attract and retain large audiences in order to be profitable; they simply had to keep programming costs low while bringing in specific audiences attractive to cable operators seeking new subscribers, and to particular advertisers seeking more defined audiences at a lower price.

The three broadcast networks began to lose their share of the national audience; from a peak of about 90 percent in the 1970s, broadcast viewership gradually dropped to 40 percent of prime-time viewing in the 2000s. As cable networking expanded dramatically, viewer options increased to hundreds of cable networks. Broadcasters and advertisers worried about "audience fragmentation," the term for

the splintering of the mass audience that once gathered around three networks but now was spread across a multitude of cable and broadcast networks. By 1993, Coca-Cola chief Donald Keough noted, "We can no longer buy tonnage ... audiences are being carved up into smaller channels of communication ... You start asking yourself: What is media?" (*Advertising Age* 1993). Viewer mobility presented serious challenges to advertisers used to the ease of accessing national mass audiences with one air time buy at a network, as well as to the broadcasters who could no longer offer such access.

Unable to beat the cable system, broadcasters responded by joining it. The broadcast networks, freed from regulatory constraints, merged with film studios, cable networks, satellite operators, and cable operators. By the mid-1990s, each major broadcast network was part of a large media conglomerate heavily invested in cable programming.[3] In 2002, for example, CBS with its sister broadcast network UPN captured only 18 percent of viewers; however, when combined with its sister cable networks, MTV, BET, VH1, Nickelodeon, Comedy Central, and others owned by its then-corporate parent Viacom, they collectively captured nearly 26 percent of the viewing audience (*Broadcasting & Cable* 2002). Since gathering mass audiences around one network or on one medium was no longer viable, aggregating demographically specific audiences (such as youth at MTV) across a group of networks would allow Viacom to attract advertisers interested in "one-stop shopping" for audiences.[4] Other media conglomerates, such as Time Warner, have organized their divisions by how heavily they rely on advertising revenue (magazines, television networks, websites) or on unit sales or subscriptions (films, books, cable service).

Despite the relative affluence of early cable's audiences, advertisers paid lower prices for cable time, a price gap that continued through the early 2000s. In 2001, while broadcast networks charged about $15 per thousand viewers during prime time, cable networks charged between $6 and $10 (Higgins & Romano 2002). An oversupply of cable time, exacerbated by the increasing number of cable networks, helped keep prices down. More important, broadcast networks provided larger single audiences, averaging 5 to 10 million households, whereas the top cable networks averaged 1 million. Advertisers seeking "reach" were willing to pay the premium. Paradoxically, then, audience fragmentation has made broadcast network audiences even more valuable to advertisers. As individual program ratings decline, advertisers find themselves bidding up the price in competition with each other because they each must purchase more time in order to reach the same number of viewers as before. By 2007 the average broadcast network CPMs were nearly $23, the highest ever, despite falling audience shares (TVB 2008).

Television and New Media

Clearly television is no longer an appliance watched by the entire family in the living room. Viewers "placeshift" when viewing programs on mobile devices – laptops, cell phones, game consoles, iPods – and "timeshift" by using digital video recorders and online streaming. Younger viewers especially are becoming accustomed to watching "what I want, when I want, where I want" (Palmer 2007), a habit that threatens existing distribution channels, audience measurement systems, and scheduling strategies. The digitization and networking of digital media over the Internet "disintermediates" the relationships between broadcast networks and local station affiliates, between cable operators and cable networks, and undermines traditional business models, as viewers sidestep subscription fees by online file sharing and avoid advertising by timeshifting on digital video recorders.

Consequently, television networks and advertisers are returning to some of the strategies of the radio era, such as product placement and single sponsorship, which integrate program and advertisement. For example, NBC's *Heroes* features its sponsor Nissan's automobiles; Fox's *24* features Ford automobiles; and CBS's *Survivor* includes products such as Doritos and Mountain Dew. Advertising agencies have raced to serve their clients accordingly; J. Walter Thompson plans to "migrate entertainment to the core of our thinking" in an effort to solve "this equation of marrying the advertiser and

their enterprise and interfacing efficiently with what Hollywood does on a daily basis" (Goldsmith 2005). However, integrating products into entertainment reintroduces the problems evident in the radio era: advertisers risk negative associations (say, if a star misbehaves) and they lose the mobility of advertising that is separable from the program. Furthermore, product integration may be effective only for some products, such as automobiles and packaged goods; for other advertisers it may not solve the problem of how to reach increasingly mobile audiences.

As television networks and advertisers scramble to reorganize the way they reach, measure, value, buy, and sell audiences, they face an even greater challenge than audiences' increased mobility. Media industries have been built on revenue from advertisers purchasing access to time and space adjacent to exclusive content in which they enjoyed guaranteed access to that content's audience. In a digital networked environment, not only are audiences more mobile, but so is *content*. Just as audiences are no longer captive, content is no longer exclusive. Digital copies are instant, perfect, and easy to transmit on computer networks. Controlling content in order to organize and buy and sell audiences is thus becoming more difficult.

Meanwhile, Google has become one of the single largest advertising companies, bringing in $16 billion in revenues in 2007 (Google 2008), not by controlling advertiser access to audiences or audience access to programming, but by directing users *away* from its site toward content they seek. Through its YouTube subsidiary, Google applies search principles to short video clips; in one month of 2007, YouTube claimed 71 million viewers scattered across millions of videos varying from homemade "user-generated content" to professionally produced programming (Donohue 2007). If search and other yet undeveloped Internet applications prove more effective than traditional advertising media, advertisers will need to reevaluate not only the way they find audiences but the way they conceive the very practice of advertising. As one observer notes, "Marketers are in a slow, denial-laden shift from buying content-attached audiences, like those of television shows, to buying intent-attached audiences, like those of search engines and personal video recorders" (Battelle 2003, 68).

This brief survey of electronic media from early radio to online media should suggest how deeply advertisers and the advertising industry have been involved not only in its financial underpinnings but in its key cultural forms. But involvement does not imply identity; I am not suggesting that we should collapse all distinctions between advertising and the electronic media it enables. Instead, I have tried to show more clearly how conflicting agendas, goals, and strategies play out across different institutions, such as networks, advertisers, and agencies, shifting the balance of power among and within those institutions and changing their very structure. These shifts and changes have complex causes – economic, technological, regulatory, and cultural – but too often the role of advertisers in these changes has been oversimplified. Both advertisers and the advertising industry are diverse; different advertisers and agencies may pursue competing ideas, strategies, and goals. As scholars consider the current drastic changes in media industries, they cannot afford to ignore past eras of technological and cultural transition. As programming control, financial models, and cultural forms evolve in new media, the best analyses of these changes must incorporate discussion of the complex, conflicted, variable, and changing field of advertising.

Notes

1 For more on 1950s television commercials, see Samuel (2001).

2 The Financial Interest and Syndication Rules (1971–95), preventing networks from owning or participating in the syndication profits of programs, and the Prime Time Access Rules (1971–95), which effectively forced the networks to give up an hour of prime time to local stations, also affected network programming strategies.

3 In 2008, the Disney conglomerate includes broadcast network ABC; cable networks ESPN, Disney, ABC Family; film studios Disney and Pixar. General Electric

owns NBC; Universal Studios; Bravo, CNBC, Sci-Fi; and Telemundo. News Corp owns Fox; FX, Fox News, Fox Sports; and 20th Century Fox.

4 Unfortunately for Viacom, most advertisers resisted the "one-stop" concept, preferring to retain flexibility. Owner Sumner Redstone spun off CBS in late 2005 to ensure that its predicted decline would not jeopardize the cable networks' continued success.

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