CAPSULE HISTORY OF RADIO

1895–2012

1895–1909	Guglielmo Marconi sends and receives the first wireless signals in Italy (1895); he later sends signals across the English Channel (1899). The first transatlantic signal—a single letter (s)—is transmitted from England to Newfoundland.
	Dr. Lee de Forest invents the Audion in 1906. The device uses a vacuum tube with a filament, plate and grid (1906). Enrico Caruso broadcasts over de Forest's radiophone. The signal is picked up by ships at sea and by wireless amateurs in Connecticut.
	Charles David Herrold sets up the first "broadcasting station" in San José California in 1909.
1910–1919	Wireless sets save lives by signaling for help during the Titanic disaster in 1912. David Sarnoff is an early experimenter.
1920–1925	Detroit news station WWJ begins broadcasting in August 1920. Westinghouse's KDKA in Pittsburgh airs election returns several months later. Many other stations spring up throughout the country.
	Problems quickly develop. Stations are unable to provide quality programming, advertisers are skeptical, listeners disappointed. Although more than three million homes buy radio receivers between 1922 and 1925, many stations fail financially and go off the air.
1926–1929	The Federal Radio Commission is set up in 1926 to regulate radio and end the chaos permeating the new industry. (The Federal Communications Commission is formed in the 1930s to continue this function.)
	Encouraged by the government, the Radio Corporation of America (RCA) establishes the NBC network in 1926. Networks are seen as the only way to offer superior programs and news coverage, which are essential ingredients for listener and advertiser support.
	William S. Paley acquires Columbia Phonograph Network, then forms the Columbia Broadcasting System in 1927 and launches a competitive drive against NBC.
1930–1940	Radio's penetration rises from 40% in U.S. households in 1930 to more than 80% by 1940.

The medium attracts a huge national audience that is served by 600-700 stations locally, plus national and regional networks.

Advertisers invest heavily in radio. Billings exceed $100 million in 1935 and reach $215 million in 1940. Sponsors are actively involved in both national and local programming. Soap operas dominate the daytime scene; primetime comedies, quiz shows and dramas attract large "family" audiences. Newscasts are both popular early evening features and late night schedule "closers" at 9pm or 10pm.

President Roosevelt uses radio to great impact with his "fireside chats." Radio covers the developing crises in Europe and Asia, as well as a wide spectrum of events like sports, political conventions and operas.

Crossley and C.E. Hooper conduct radio "rating" surveys by telephone. Advertisers are skeptical but need a benchmark. Soon they are relying heavily on ratings and, to a lesser extent, "sponsor identification" data, despite the limitations of the research.

The Mutual Radio Network is formed in 1934. NBC operates two networks, the Red and Blue. Despite inroads by CBS, NBC is clearly the leader.

1941–1945 Radio covers World War II. Edward R. Murrow broadcasts from London during the Nazi blitz. Many of radio's top personalities join the war effort. Station construction is curtailed.

The FCC curbs the networks, limiting the amount of time they can option from their affiliates, thereby preventing "exclusive" network affiliations.

Under strong pressure from the government, which is concerned about its allegedly "monopolistic" position, NBC sells its Blue network to Edward J. Nobel for $8 million in 1943. The Blue network becomes The American Broadcasting Company in December 1944.

Radio's revenues double during the war years, passing $400 million in 1945—about evenly split between network and spot. Procter & Gamble is radio's top spender, investing $11 million in time and an equal amount in talent and production costs.

1946–1950 Nielsen develops a meterized method for measuring national radio tune-in levels using the Audimeter, which is based on a device created originally in the late-1930s by two MIT professors. Nielsen ratings quickly become the standard of the industry. Networks are pleased because the findings are stable and report more set usage than telephone surveys. Advertisers accept them readily.

Radio penetration rises to 91% in 1945 and 95% in 1950. Car radios become a major factor as automobile manufacturers add this feature to new cars produced after the war. The number of stations almost triples in a surge of post-war activity. Revenues increase, too, but at a more modest pace.

Competition between CBS and NBC intensifies. CBS lures superstars Jack Benny and Edgar Bergen away from NBC, purchases *Amos 'n Andy* for $2 million, then signs Bing Crosby and Red Skelton. NBC counterattacks, signing Fred Allen, Groucho Marx, Bob Hope and others to long term contracts. CBS makes strong inroads, leading in the primetime ratings and scoring well with its serials and Arthur Godfrey's talk-variety show in the daytime. ABC lags behind, despite strong showings by *The Lone Ranger* and Don McNeil's *Breakfast Club*.

The specter of TV looms ominously, but harking back to its own relatively slow development in the 1920s, most radio executives expect television to grow just as slowly. Many dismiss TV as a short term threat.

1951–1955 Television's impact staggers radio. Nielsen reports a steady decline in radio listening as more and more homes buy their first TV sets.

Sponsors begin to simulcast shows on TV and radio. Others switch completely to TV, taking their stars with them. Radio networks react by lowering ad rates; stations follow suit. But advertisers insist on steeper reductions, threatening to desert the medium entirely.

Radio revenues drop steadily between 1953 and 1955, totaling only $545 million in 1955, compared to almost $625 million in 1952.

1956–1959 The hard-pressed radio networks continue to reduce their programming efforts, especially in the nighttime hours. Radio attempts to sell time on an audience tonnage basis. Low ratings are a problem for Nielsen, which has trouble measuring the network's declining audiences with a 1,000-household sample. Out-of-home audiences are another problem. Nielsen's home-bound meters cannot measure this increasingly important segment of radio's audience.

As the 1960s approach, radio begins to recover from the economic blows of TV. Local stations assert themselves as the dominant force as the networks decline to less than 10% of the medium's ad billings. Many stations turn to formats such as Top 40 hits, good music and talk, augmented by frequent news and weather reports. Listeners respond positively. Advertising revenues rise steadily after 1956. The biggest gains are scored among retail accounts; national ad spending grows more slowly.

1960–1970 Nielsen drops out of the radio ratings business in the early-1960s. After much controversy about methods and procedures, the networks accept the RADAR telephone recall method to measure their audiences and provide cumulative listening estimates, while the stations turn to Arbitron's personal diary as their primary sales tool. Rival Pulse continues to compete for a time, using personal interviews, while Hooper's influence as a rating service declines because it doesn't measure out-of-home listening.

Radio station formats become more specialized. Some broadcasters turn to talk and interview shows, with controversial personalities accepting phone calls from listeners and engaging in heated debates with their guests. WINS New York and other stations shift to the all-news concept, breaking new ground for radio programming.

Car radio listening becomes a major factor, accounting for 25–30% of all listening.

1971–1976 Radio develops new ways to sell itself. Leading sales representative firms offer reach and frequency tabulations to buyers to help plan their purchases more realistically. FM stations become important contenders for audiences and ad revenues, mostly with rock and "good music" formats catering to selective young adult, teen and upscale audiences. FM stations show collective profits for the first time in 1976, and audience studies show them with over a 40% share of the national listening audience.

Radio networks reorganize. ABC offers four networks—each catering to selective audiences. Advertisers respond well to the new approach. Blair, Katz, McGavren Guild and others offer "unwired" networks. The Mutual Black Network and The National Black Network service the black community.

Despite increasing selectivity and an impressive statistical story, radio's merits are not appreciated by many national advertisers. The medium is unsuccessful in its efforts to educate marketers wedded to network TV, despite the latter's huge rate increases after 1975.

1977–1978 FM radio stations continue to make important revenue and audience gains. Overall, the medium (including national networks) scores significant gains in revenues and profits.

Radio stations resist the introduction of 30-second commercials, now dominant on TV. Most price :30s at 80-90% of the cost of :60s to inhibit their use, or refuse to air them except on highly preemptable terms.

Encouraged by stations' objections to Arbitron's major rate hikes, Audits & Surveys and Burke offer syndicated radio audience measurements, competing with Arbitron in the local rating field.

1979–1980 Audits & Surveys folds its TRAC-7 surveys after issuing only one set of reports, citing waning station support. Ever cautious, the agencies adopt a wait-and-see attitude as Burke suspends its activities and eventually quits the field, citing significant dollar losses.

RKO launches a new network that offers programs by satellite; NBC starts a service called "The Source." Both feature primarily news, and offer programs that reflect the concerns and lifestyles of 18–34-year-olds.

FM stations become dominant over AM in 1979-80.

1981–1982 Networks score impressive revenue gains and expand as new contenders are fielded. Examples are CBS RadioRadio, RKO Two and the ABC Rock networks, all catering to young adult listeners.

Arbitron conducts a multi-week diary study and finds that many stations' 4-week reach levels were twice that of their one-week levels.

FM stations account for 63% of all listening by 1982. AM stations retrench and change formats to woo back younger and middle aged listeners who have defected to FM. Many contemplate personality-driven talk formats; even major pop music outlets like WABC in New York turn in this direction.

1983–1985 Radio networks' revenue growth slows somewhat due to the impact of competition from TV's cable networks and barter syndication.

New wired networks merge in cooperative efforts. McGavren Guild forms Internet; Selcom, Torbert and Masla combine to create Super-Net.

FM continues to increase its share of radio listening. RADAR's spring-fall 1984 study credits FM stations with 69% of all radio listening.

Birch rises briefly to challenge Arbitron in the local market radio rating field. The focus switches to include product usage as well as demographic data in defining station audiences. Arbitron still holds a dominant position, however.

1986–1989 Once again, efforts by "outsiders" to enter the local market radio audience measurement arena in direct competition to Arbitron fail to obtain station support.

Complementing Arbitron, however, various researchers continue to develop local market "qualitative" studies, focusing on more detailed demos and product usage tallies of past week station listeners.

Radio ad revenues continue their rapid rise, but national advertisers still lag well behind their local counterparts in using this medium. National marketers devote only 6% of their five-media ad dollars to radio; in contrast, magazines get 20% and TV attracts 60%.

1990–1999 Station owners in various markets create so-called "duopolies" that oblige buyers to buy spots on two stations, often with different formats and demographic slants, in "package" deals. Buyers object vehemently to this practice.

Radio formats continue to evolve, with some (middle-of-the-road) gradually phasing out, while others (sports, religious, urban, ethnic) increase in numbers. Numerically, country is the leader with 2,600 stations; however, news/talk is becoming a potent force and by 1994 has over 1,000 outlets.

The FCC abolishes its long standing rule limiting the number of radio stations a single owner or owner group can operate. This spurs a tremendous acquisition spree, led by Clear Channel, which ultimately will own more than a thousand outlets throughout the country.

Arbitron develops its portable peoplemeter (PPM) concept for radio (and TV) audience measurement. PPMs record encoded audio signals transmitted by broadcast radio or TV outlets and are worn or carried by "respondents" wherever they go to pick up out-of-home as well as in-home "exposures."

Feeling that they haven't gotten a fair price for their spots, stations begin to raise ad rates aggressively, exploiting the sloppy radio buying practices at many ad agencies.

2000–2004 Arbitron's PPMs, in test market, reveals about the same amount of listening as its diary studies; however, there are significant demographic differences and the reach/frequency patterns of many stations look very different. Typically, Arbitron's diaries show an average person aged 12+ listens to about 2.5-3.0 stations weekly and devotes 7-8 hours to each outlet. In contrast, the PPMs show an average of 6-7 stations listened to weekly with a commensurate and dramatic reduction in frequency.

New players compete for attention. Among those are satellite radio (Sirius, XMRadio, etc.) and Internet radio (streaming media).

2005 Radio seeks new ways to improve its competitive position and appeal to national advertisers who still allocate only 6% of their media dollars to the medium. Clear Channel explores new scheduling concepts, including a reduction in per-break clutter, coupled with more fair pricing for shorter units, notably 30-second messages.

In an effort to boost listening among 25–54s and increase revenues, a few stations across the country begin to replace less profitable formats (such as oldies) with the "jack" format, a mix of current hits and hits of the 1970s, 1980s and 1990s. Its lengthier and more eclectic playlists, often without commentary by a DJ, garner comparisons to listening to an iPod on shuffle. Changeovers spark controversy in some areas, notably in New York City, where oldies station WCBS-FM is switched to jack format without warning, inciting listener protests (the oldies format is reinstated several years later.)

2006 Radio ad revenue growth continues to be spotty, particularly among national advertisers.

Arbitron's launch of its PPM electronic audience measurement system hits snags due to lack of full MRC accreditation and continued foot-dragging by some major station groups. Alternative methodologies—primarily cell phone-based—are scheduled for testing, however, agency/advertiser support for PPMs remains strong.

Conventional radio continues to face competition from satellite and Internet radio, as well as podcasts. Clearly these new venues are attracting listeners from over-the-air AM/FM outlets, but these stations seem oblivious to the danger or clueless about ways to cope with the problem. New formats and synergistic intermedia interactions are obvious avenues to explore, but little has been done to develop innovative ways to rekindle the listeners' ardor or spark advertiser interest.

2007–2008 Arbitron begins market-by-market rollout of its PPM rating system, and station groups that had withheld support begin to sign up for the service. MRC accreditation issues cause a delay, but then Arbitron continues to roll out its PPM ratings in major markets.

Radio's ad revenue prospects continue to be disappointing, particularly for national advertisers, and remain stagnant, causing mounting concerns among station group owners and sales reps. Political spending may beef up spot sales as the 2008 presidential campaign local ad spending begins.

Listening levels for alternative forms of radio, notably satellite and online, continue to show gains, some of which may be at the expense of traditional broadcast outlets. Automobile manufacturers are starting to install satellite radio service in new car packages, further increasing its coverage and audience attainment.

2009 Radio ad revenues continue to decline due to worsened economic conditions and advertiser cutbacks. Revenues are reportedly off by 25% in the first quarter of 2009.

With the demise of Interep, only one major national rep conglomerate—Katz—remains.

Arbitron's PPMs are operational in 14 major markets, and the company expects to have all 50 planned markets in place by 2010.

Spurred on by several major station groups, Nielsen plans to launch a once-a-year diary rating service in a large number of markets. Ad agencies are mostly skeptical, believing this to be a ploy by stations to counter the high costs (and lower ratings) of Arbitron's PPM initiative.

2010 Arbitron adds 10 new PPM markets by the summer of 2010, making a total of 43 so far. If all goes as planned, five more cities are scheduled to be added before the end of the year.

Spot radio ad revenues, particularly from national advertisers, begin to rise from the sorry depths of 2009. National ad spending on radio is reportedly up by about 15%, and local ad dollars are also higher, albeit by a smaller margin. One explanation is that radio stations are beginning to raise ad rates in many large markets, therefore garnering larger ad dollar yields for every spot sold. The expected influx of political ad spending for the midterm congressional elections is also expected to help fuel radio's ad revenue recovery.

Radio still lags well behind TV in using research to position itself more realistically to advertisers. Carrying over the practice from the old diary rating days, radio stations and reps continue to use the one-week time frame to define the reach of stations and spot schedules, perpetuating the myth that radio can't compete with TV in terms of mass coverage. Using Arbitron's PPMs to implement 4-week reach models would go a long way in countering this kind of thinking. In addition, "qualitative" studies of radio listener attentiveness and ad impact have not been updated in 20 years, creating a void in radio's research that needs to be filled.

2011 Arbitron's PPMs now extend to the top 50 U.S. markets. Eleven additional markets (Atlanta; Cincinnati; Cleveland; Kansas City; Milwaukee-Racine; Philadelphia; Phoenix; Portland, OR; Salt Lake City-Ogden-Provo; St. Louis and Tampa-St. Petersburg-Clearwater) received MRC accreditation in March 2011.

Radio ad revenue continues to rebound, with increases of 5-7% for network and spot radio. Off-air and digital radio shows the strongest growth, at about 12% higher returns compared to 2009, thanks mainly to the increasing popularity of online sites like Pandora, and the rising use of such sites through mobile devices.

2012 Political spending spurs radio's modest ad revenue gains, but marketers in major categories such as national packaged goods continue to be very light spenders.

Terrestrial AM/FM outlets continue to lose listener shares to newer forms of radio, notably Internet options such as Pandora.

Radio stations move cautiously into the digital era, as more and more explore ways to lure listeners to their websites, offer advertisers interactive tie-ins, etc.