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**PRINCIPLES OF  
NEWSPAPER MANAGEMENT**



# PRINCIPLES OF NEWSPAPER MANAGEMENT

BY

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FIRST EDITION

McGRAW-HILL BOOK COMPANY, INC.

NEW YORK AND LONDON

1937

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THE MAPLE PRESS COMPANY, YORK, PA.



TO  
M. P. P.



## PREFACE

The years have multiplied the problems of American newspaper management and placed a growing premium upon its basic soundness. Lately there has been a marked acceleration in both directions with new problems and with a still greater need for sound management. This was particularly true after the onset of the depression in the United States.

Some newspapermen even were not fully aware of all that transpired, or, if they knew what had occurred, they were sometimes at a loss to account for it or to understand it. It is not strange that the layman should lack an appreciation of the importance of the business side of publishing or an understanding of its problems. Indeed, to the lay mind, journalism invariably means only the editorial side of publishing. Many readers, in fact, have too limited a conception of even the editorial department. As a rule, the business aspects of publishing are beyond their ken, except in a vague and general way.

For newspapermen and public alike, it is important that the newspaper should be viewed as a whole. The day is past when the editorial department is sufficient unto itself, or when the advertising department can be conducted without regard for the circulation or production departments. There are no longer separate watertight compartments in the scheme of newspaper organization and management, if, indeed, there ever really were.

What has been attempted here is an analysis and appraisal of the functions and workings of the *daily* newspaper other than editorial. Special effort has been made to note and to evaluate the changes that came about during or as a result of the depression. How permanent they will be can only be guessed, but there appears to be no question but that many of the effects will be lasting.

This is not intended as a technical treatise on any of the subject matter covered, nor is it presumed that all the answers are here. This is designed, rather, to present the rounded picture of *daily* newspaper publishing from the standpoint of manage-

ment. In controversial matters, such as, for example, the questions relating to advertising rates, every effort has been made to give both sides fairly. Unless otherwise indicated, the author must be responsible for such opinions and conclusions as are expressed, as well as for any errors or misstatements.

No book of this sort would be possible without advice and help from many sources. Grateful acknowledgment is therefore made here to Mr. Robert E. Segal, associate publisher, the Chillicothe, Ohio, *Scioto Gazette*; to Mr. Paul Bellamy, editor, Cleveland *Plain Dealer*; to Mr. Charles H. Phinney, formerly composing-room superintendent, Boston *Transcript*; to Mr. O. C. Harn, managing director, Audit Bureau of Circulations; to Mr. Nelson P. Poynter, former editor and publisher, Columbus *Citizen*; to Mr. John F. Meyer, of the *Inland Daily Press Association*; to Professor Jacob B. Taylor, chairman of the department of accounting, The Ohio State University; to Dr. Felix E. Held, secretary of the College of Commerce and Administration, The Ohio State University; to Mr. Henry R. Burchfield, of the Columbus Post Office; to Miss Gertrude Hettinger, secretary of the School of Journalism, The Ohio State University, for valued and painstaking help in the preparation of the manuscript; to the *Chicago Tribune*, the *New York Times*, the *New York Sun*, the *Washington Star*, the *Cleveland Plain Dealer*, the *Detroit News*, the *Chicago Herald and Examiner*, the *Christian Science Monitor*, and other newspapers for their courtesy in supplying material or information and for permission to use it; and to *Editor & Publisher* and to *Circulation Management* for generous permission to quote from their files.

JAMES E. POLLARD.

COLUMBUS, OHIO,  
June, 1937.

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# PRINCIPLES OF NEWSPAPER MANAGEMENT

## CHAPTER I

### THE NEWSPAPER INDUSTRY

Newspaper making in the United States is in its third phase. In its first stage, it was carried on by journeymen printers like James and Benjamin Franklin who operated general printing establishments. Next, it became a profession in which editors exercised varying degrees of public influence and power, depending upon their abilities and opportunities. Few of the printer-journalists profited financially from their publications, and the editor-journalist who made money from his venture was, undoubtedly, the exception rather than the rule. As a matter of fact, many of these editors regarded money matters or counting-room affairs, as they called them, as being somehow beneath their dignity.

Greeley made the New York *Tribune* profitable, but chiefly for others. Raymond and Jones nursed the New York *Times* into a valuable property, but under their immediate successors its value greatly diminished. The classic example, of course, is that of the elder Bennett who in 40 years ran the aggressive if uncertain *Herald* from an initial outlay of \$500 into a property worth a fortune. In a way, it was not until Pulitzer, Hearst, and Scripps showed what could be done that the business possibilities of newspaper management were widely realized and publishers began to put newspaper properties generally upon a sounder business basis.

In its present phase, newspaper making in America is a billion-dollar industry. As Colonel Frank Knox, publisher of the Chicago *Daily News*, expressed it, the newspaper has ceased to be literary and has become commercial. This does not mean that it has surrendered or abandoned its editorial function or possi-

bilities. On the contrary, the greater independence made possible by this transition has strengthened the newspaper editorially and made possible the production of better newspapers. This has enhanced the newspaper's influence and enabled it to serve its readers, its advertisers, and the community at large better than ever before.

**Big Business.** In a very real sense, newspaper making, as it is now conducted, is a manufacturing process. It is, moreover, a complicated one. The raw material consists of two, and frequently three, things: news, including editorial opinion; features; and advertising. The news is gathered and processed by the editorial department. Features are usually bought from syndicates and are intended to build and hold circulation. The advertising, both display and classified, is collected and serviced by the advertising department. The actual production is completed by the mechanical department, and the finished product is the printed newspaper. Its distribution or marketing is handled by the circulation department.

Newspaper making has become an industry requiring a high degree of technical skill as well as a business that calls for a large outlay of capital. News itself is one of the most perishable commodities in the world. Nothing is more stale than yesterday's news, whether it be intelligence or advertising. In few other lines of activity do the minutes count for so much. Few other kinds of enterprise equal the newspaper business in intensity of competition or in the directness of its dependence upon public acceptance. Good will is vital to its success, yet is so fragile and intangible, that bad judgment or unsound or unpopular policies can ruin it almost overnight.

As a result of such conditions, newspaper publishing is a hazardous undertaking. This fact has been recognized by the United States government in its definition of what constitutes a fair return upon capital invested in the industry. As a further result, the newspaper industry in the United States is fairly well stabilized as regards the number of newspapers in operation. In recent years there has been relatively little change in the number of newspapers, and the tendency has been in the direction of fewer and better newspapers. This has been especially marked in the case of mergers and in the development of chain or group newspapers.



**Newspapers in Transition.** No other nation has witnessed such a swift and startling transition in its newspapers. This may be illustrated in various ways. One hundred twenty-five years ago, for example, not one daily newspaper in the United States had attained a circulation of 1000, and, in fact, few of them exceeded 600. About the time of the outbreak of the Civil War, there were fewer than 400 daily newspapers for a nation of approximately 31,500,000 people.<sup>1</sup> Yet their combined circulation, despite the current activity, influence, and following of men like Greeley, Bennett, Raymond, and Dana, was less than that of the *New York News* alone in 1934.

Another phase of the transition is exemplified in the case of Chicago. In 1890, when the city had a population of about 1,100,000 it had 11 newspapers, or one for each 100,000 population. Today, with more than 3,000,000 population, it supports five newspapers of general circulation, two of them morning and three of them afternoon publications, or an average of one for each 600,000 population. Chicago is much better served today by far better newspapers than it was then. Examples of this sort of change can be found in all parts of the country.

As a business medium as well as a social force, the newspaper has outlasted every kind of competition and has strengthened its position in so doing. In point of both circulation and advertising lineage, the newspaper has more than held its own against magazines. Under the stress of economic depression, the newspaper, like practically all other media, lost some ground in both directions but not nearly to the extent that magazines did, as will be shown. The newspaper has likewise held its ground against the radio both as an advertising medium and as an agency for the dissemination of news. The growth of the radio as an advertising medium, measured in terms of national advertising, has been chiefly at the expense of media other than the newspaper, such as magazines, car cards, and outdoor forms of advertising.

Americans probably read more newspapers per capita than do the people of any other nationality. Newspaper reading is both a necessity and a habit and as such can be cultivated. The 25 years following 1900 witnessed extensive cultivation of the field with the result that circulations of American newspapers soared.

<sup>1</sup> Cf. W. S. Dill, *Growth of Newspapers in the United States*, University of Kansas, pp. 11, 28.

Between 1900 and 1931, the net change in the number of daily newspapers published in the United States was less than 10 per cent, but the total newspaper circulation tripled. The statistics follow:<sup>1</sup>

Year	Number of dailies	Total circulation	Population
1900	2,235	15,102,156	75,995,575
1910	2,470	23,000,000 (est.)	91,972,266
1931	2,392	45,000,000 (est.)	122,000,000

Since the increase shown was far out of proportion to the change in population, the conclusion is inescapable that it was due to cultivation of the newspaper habit, which in turn was partly the result of promotion and partly a natural growth. This is supported by the fact, reported by Dr. Alfred McClung Lee in the Golden Jubilee number of *Editor & Publisher* in 1934, that "while 9.7 per cent of persons 10 years of age and older bought daily papers in 1880, the average has hovered for 10 years well above 40 per cent." This means, in effect, that American consumption of newspapers in terms of the potential number of readers has quadrupled.

**Chains and Mergers.** Mergers and the development of newspaper chains have been two of the marked trends in American newspaper ownership and operation in recent years. These have led in turn to fewer newspapers and to an increasing number of cities where one newspaper has a monopoly. Along with other developments these have helped to emphasize the business aspects of journalism. These tendencies have been much more marked in the case of daily than of weekly newspapers.

The 1936 *Editor & Publisher Yearbook* listed 59 newspaper chains in the United States and 4 in Canada. In the United States, about 350 daily newspapers were owned or operated by these chains.<sup>2</sup> Their numbers are less impressive than their circulation which accounts for about half of the total evening and

<sup>1</sup> Cf. Alfred McClung Lee, "Fifty Years of Daily Newspapers," *Editor & Publisher*, July 21, 1934, pp. 50ff.

<sup>2</sup> Cf. *ibid.*, p. 295; also, Arthur Robb, "Chain Journalism in Sixth Decade," *Editor & Publisher*, July 21, 1934, pp. 74ff.

Sunday newspaper circulation in this country and nearly as large a proportion of the morning circulation. The amazing growth of the chain idea and of the resultant groups is shown by the fact that at the turn of the century there were not more than 10 such groups in the United States, controlling a total of 31 newspapers. The largest were Hearst with 6 newspapers and the Scripps-McRae League with 4, besides 4 other Scripps papers on the West Coast. As late as 1923 there were only 30 chains, comprising some 150 dailies.

In point of the number of newspapers they contain, the present groups include Scripps-Howard with 24 newspapers; Hearst, 25; General Newspapers, Inc., 18; Ira C. Copley Newspapers, 13; and Frank E. Gannett Newspapers, 17. In order of total circulation, the Hearst papers are first; the Chicago *Tribune*-New York *News*, owned principally by the Medill heirs, second; and the Scripps-Howard papers, third. In policies and methods of operation these chains vary greatly, just as they do in size and in value. It would be difficult to estimate the combined value of these groups as going concerns, but just a glance at their combined circulation is enough to show that the total must run into several hundred million dollars. It is perhaps too early to forecast their ultimate total effect upon the American newspaper industry but they are already making their influence felt with respect to business policies and operating methods.

**Criticisms and Rebuttal.** Competitors and other critics have sought to attach a sort of stigma to the chain-newspaper idea. They argue that there is no essential difference between a chain newspaper and a chain grocery or drugstore or a filling station or any other retail business owned by outsiders and operated as a unit of a group. They contend that such a newspaper can never have local interest really at heart and that the primary motive behind its operation is to make more and still more profits for an absentee owner. They insist that the chain newspaper is inevitably less of a newspaper and more of a common business enterprise.

To all of these objections, the proponents of the chain-newspaper idea have an answer. They admit that occasional owners of groups of newspapers may operate them chiefly or even wholly for profit, but so do at least some individual newspaper owners. They hold that the chain ownership of a newspaper need make no

fundamental difference with the real function of the publication. They point out that the benefits of good management of one newspaper property can be extended to others in the interests of better as well as more profitable newspapers. They cite particularly the economic advantages of group ownership and operation.

The truth is that there is nothing inherently wrong in the chain idea itself. The faults, if any, lie with the human element which utilizes it. There are, unquestionably, good chains, beneficial from the standpoint of enlightened operation as well as profitable in the money sense. If the ownership is at fault, on the other hand, there is no question but that the evils of vicious or selfish individual operation can be compounded to the detriment of all the cities represented in the group. Sound and wise application of the principles of chain ownership, including large measures of local autonomy and deliberate cultivation of local interests, has been the rule rather than the exception. After more than 50 years, there is no question but that group ownership is a permanent part of the American newspaper picture.

The tendency to mergers has gone hand in hand with the trend toward chain ownership. In Pittsburgh, for example, there were seven dailies not so many years ago. Today there are only three, all of which, curiously, are chain newspapers. And yet there is no serious complaint that the community interests of Pittsburgh are improperly served, nor is there any indication of a movement to establish a home-owned paper.

**Newspaper Monopolies.** This tendency has left in its wake an increasing number of towns and cities where there is only one newspaper which thus enjoys a local monopoly for all practical purposes. If a newspaper with such a monopoly is operated wisely, more with an eye to the public interest than to maximum profits, it is not likely to be disturbed in the enjoyment of that monopoly. But if a paper loses sight of its primary function, neglects its responsibilities, ignores its opportunities, and squeezes the last dollar out of its customers, it is inviting both competition and disaster.

As in the case of chain ownership, there are two sides to the question of a newspaper monopoly. Again the ultimate answer depends upon how the newspaper is operated and how well it can not only maintain but increase its hold upon its community, particularly as to good will.

Ohio is one of a number of important newspaper states. It has a population in excess of 6,000,000, to serve which there are nearly 500 daily and weekly newspapers. Dailies are operated in 93 Ohio cities, but the surprising thing is that local daily newspaper monopolies are enjoyed in 81 of the 93 cities.<sup>1</sup> Only 12 Ohio cities have local newspaper competition—5 having three dailies each and the remaining 7 two each. In this respect Ohio is doubtless little different from other states of the union. The effect of such monopolies, if properly conserved and operated, has been to strengthen greatly the surviving papers, and to increase their opportunities for both service and profits.

**Effects of the Depression.** The depression that began in 1929 left its mark upon newspapers, just as it did upon other lines of business and industry. In some ways, however, the consequences were less severe. By way of summary it might be said that, with respect to newspapers, the depression:

1. Emphasized anew the necessity for sound business methods
2. Led to operating economies
3. Intensified competition
4. Diminished advertising revenue
5. Decreased circulation but not in proportion to advertising
6. Gave a new appreciation to the stability of circulation revenue
7. Resulted in slightly higher copy prices in many instances
8. Caused some adjustment of advertising rates
9. Stimulated the development and use of promotion
10. Weeded out the weakest papers, paving the way for more mergers
11. Stepped up mechanical production

Doubtless other results might be cited, and it is not claimed that those listed were felt universally in the newspaper world. It is a healthy commentary upon the fundamental soundness and importance of American newspapers that they weathered the economic storms as well as they did. By contrast with other forms of enterprise, very few of them went to the wall.

In the face of sharply declining revenues from advertising, many papers were compelled to economize as never before. Staffs were reduced in size, wages were trimmed, buying was curtailed, fewer editions were published, more work was exacted of men and of equipment, yet the reader continued to get as much

<sup>1</sup> Based on *Editor & Publisher Yearbook*, 1936.

or more for his money. In the heyday of advertising, circulation was looked upon as a sort of second cousin when it came to producing revenue. But when both national and local advertising dwindled steadily under the harsh stress of the times, many a newspaper fell back with gratitude upon the solid pillar of sure and stable income from circulation. The post of circulation manager took on a new importance. Many papers adjusted their copy prices upward with slight losses in circulation, most of which were ultimately regained, and with material increase in circulation income.

What doubtless happened in varying degrees with hundreds of newspapers is illustrated by the case of the *Chicago Tribune*.<sup>1</sup> In 1929 its income from advertising was reported to be \$32,700,000 and from circulation about \$10,400,000. By 1932 its advertising revenue, despite the best efforts of a superior staff, had fallen to \$11,900,000. Its income from circulation, meanwhile, was \$7,000,000, and the circulation itself at the same time had dropped from 880,995 in 1929 to 771,190 in 1933. Like many another circulation director, Louis Rose of the *Tribune* emerged from the depression years with far more authority, importance, and prestige than at the beginning. In this period the dollar

	Index of employment	
	1929	1933
Newspapers and periodicals.....	111.0	93.3
Book and job printing.....	113.0	79.4
	Payroll index	
	1929	1933
Newspapers and periodicals.....	121.8	80.0
Book and job printing.....	118.7	62.5
	1931	1933
Average rate of union wages per hour.	\$1.247	\$1.149

<sup>1</sup> Cf. "The Chicago Tribune," *Fortune*, May, 1934, pp. 101ff.

volume of a Florida daily shrank 80 per cent, yet it continued to serve its customers and showed a profit.

Data compiled and issued by the U. S. Department of Commerce tell better and more concretely than anything else what happened to the American newspaper industry during the onset of the depression. Neither the employment nor the payroll indexes fell off to anywhere near the extent that occurred in other lines of industry, while the average hourly rate of union labor declined only slightly. The figures are shown in the table on page 8.

The progress and effects of the depression, following the so-called Coolidge boom, can also be seen in another table prepared by the U. S. Department of Commerce. It analyzes the printing and publishing industry, including newspapers and periodicals as follows:<sup>1</sup>

Year	Number of establishments	Wage earners	Wages	Cost of materials, etc.	Value of products	Value added by manufacturer
1923	10,267	115,646	\$196,804,000	\$363,480,000	\$1,268,502,000	\$ 905,022,000
1925	10,625	117,001	217,541,000	379,541,000	1,447,661,000	1,068,121,000
1927	10,973	119,399	231,151,000	409,814,000	1,585,076,000	1,175,262,000
1929	11,524	129,660	253,399,000	391,738,000	1,738,299,000	1,346,561,000
1931	10,211	119,503	225,699,000	299,280,000	1,408,248,000	1,108,968,000
1933	7,633	109,087	163,490,000	184,700,000	1,004,999,000	820,299,000

The first effects of the depression are revealed by a comparison of the figures for the years 1929 and 1931. In the latter year as against two years before, there were 1313 fewer publishing establishments and 10,157 fewer employees, while wages were down some \$27,700,000. The cost of materials, fuel, and electric current had shrunk by some \$92,000,000, and the value of products was reduced by \$330,000,000. Yet these establishments employed more numbers at higher wages in 1931 than they had in 1925 during the Coolidge era, and the value of their products was within less than 3 per cent of the total in 1925. A considerable further shrinkage was recorded for 1933.

**Newspaper Expansion.** In the eighties total annual newspaper revenues were about \$135,000,000, and the amount was about

<sup>1</sup> Cf. "Biennial Census of Manufactures 1933," p. 294, U. S. Department of Commerce, 1936.

equally divided between advertising and circulation.<sup>1</sup> At the time the depression began in 1929, total newspaper revenues were in excess of \$1,000,000,000 annually, of which advertising accounted for more than 70 per cent. In the 50 years down to 1884, the number of daily newspapers in the United States grew from 80 to 1200 and their combined circulations from a total of 240,000 to 6,000,000. But in the succeeding half century, the number of newspapers in this country increased to 1911 and their combined circulation to 36,700,000, or slightly more than 1½ papers daily for each of the 30,000,000 American families.<sup>2</sup>

What explanation is there for this vast change? What has made the American public the largest per capita consumer of newspapers in the world? The answer lies in a number of things. These include a high standard of literacy, unsurpassed means of communication over long distances, a quality product at a low price, vastly improved mechanical facilities, greater professional skill on the part of newspaper men, the growth of the press associations, and the development of advertising both as a source of reader interest and of revenue. To these Lee adds cheapening means of manufacture, lowering paper costs, and improving news distribution and feature syndication.<sup>3</sup> The invention of the Linotype, the development and simplification of the stereotyping process, and the improvement of high-speed presses revolutionized the mechanical aspects of printing. In the matter of presses alone, Lee estimates that a single plant today could turn out within a few hours a mass of 4-, 8-, 10-, and 12-page newspapers equivalent in size and number to the total output of all American daily newspaper plants in 1884.<sup>4</sup>

Despite the appeal of the vastly improved metropolitan papers and their insistent circulation promotion, the home-town paper has more than held its own. This is partly because there is no real substitute for it, but more especially because of the great improvement in communication facilities including particularly the press association and feature services. These agencies have made it possible for the small city daily to compete on its own ground with the large city paper. It is now able to offer its readers the same last-minute wire news and the same comics and

<sup>1</sup> Cf. Lee, *op. cit.*, p. 294.

<sup>2</sup> Cf. *ibid.*, pp. 50ff.

<sup>3</sup> Cf. *ibid.*

<sup>4</sup> Cf. *ibid.*, p. 51.



other features, in addition to local and personal news which the large city paper cannot hope to supply adequately. This has been made possible by the spread, improvement, and relatively low cost of the press association and feature services. This has the disadvantage of stamping too many papers with the same pattern, but by the same token it has helped to revolutionize the small-town newspaper.

**Improved Transportation.** Going outside the newspaper plant, the joint advance in motor transport and hard-surfaced highways has likewise greatly extended the radius and possibilities of the daily newspaper. The publication which a few years ago was more or less dependent upon trains and interurbans now operates its own trucks and airplanes to handle out-of-town circulation to surprising distances. As a result, it has expanded its circulation territory so that it is not uncommon for it to distribute direct to subscribers 100 miles or more distant. The rural customer who a few years ago received his paper by mail a day late gets today's paper within a few hours after it is printed. But for these major developments, the newspaper could not begin to produce or distribute the large circulations which are everywhere manifest—and the end is not yet. They have made possible mass production of newspapers on a scale that was undreamed of by the previous generation of publishers. They have enabled the small-town daily to be largely self-sufficient and together have helped to lift the newspaper business into the class of a major industry.

**A Factor in Distribution.** Not less amazing than these other influences was the sudden growth of newspaper advertising as a recognized factor in distribution. Up to 1913, according to William A. Thomson, director of the bureau of advertising of the American Newspaper Publishers' Association, the total outlay for national advertising in newspapers did not exceed \$50,000,000 in any one year.<sup>1</sup> In 1929, by contrast, it had risen to \$260,000,000, and, even in the depression year of 1934, it was back to \$163,000,000 after slipping to \$145,000,000 in 1933.

The national advertising possibilities of newspapers were not only unappreciated, but many advertisers who were using other media were definitely prejudiced against them. Automobile manufacturers, for example, who are now one of the largest users of newspaper space, shared this prejudice.

<sup>1</sup> Cf. W. A. Thomson, "The Universal Advertising Medium," *Editor & Publisher*, July 21, 1934, pp. 140ff.

It remained for the World War and particularly the spectacular use of the newspapers in the sale of \$24,000,000,000 worth of United States war bonds to convince the skeptics. By 1928 Thomson cites the fact that 33 automobile manufacturers alone were spending about \$50,000,000 annually for newspaper space, or an amount equal to the outlay of all national advertisers for newspaper space only 15 years earlier. The amount grew steadily year by year, the peak being reached in 1929, after which there was a decline until 1934 when the advance was resumed. But even during the depression the newspapers strengthened their position as a national advertising medium and enlarged slightly their share of the national advertiser's dollar. They held this position despite the redoubled efforts of the older competing media and in the face of competition from radio, a new and aggressive rival.

The growth of newspapers into a billion-dollar industry paralleled the development of advertising into the billion-dollar class and of circulation in unprecedented volume. According to U. S. Department of Commerce statistics,<sup>1</sup> the combined value of newspaper advertising and subscription sales in 1923 was \$803,497,000, while the combined daily circulation of American newspapers was 35,733,107 and the total Sunday circulation was 24,511,693. By 1927 the newspaper revenues from circulation and advertising rose to \$977,467,000, the daily circulation to 42,343,210 and the Sunday circulation to 27,695,859. The peak was reached in 1929 when sales totaled \$1,073,119,000, daily circulation swelled to 42,947,824, and Sunday circulation was 29,011,648. In the first two years of the depression, daily circulation held its own fairly well, but Sunday circulation was off more than 1,500,000, and revenues were down more than \$185,000,000, most of which was advertising loss.

The government figures as to products and receipts for the newspaper and periodical industry covering the 10 years just prior to, and immediately following, the start of the depression are:<sup>2</sup>

<sup>1</sup> Cf. "Biennial Census of Manufactures, 1933," pp. 300-301, U. S. Department of Commerce, 1936. In this connection it is worth noting that in 1933 newspaper and periodical publishing in the United States ranked first among leading industries in the value added to products by manufacturing, fifth in the total value of products, fifteenth in the number of wage earners, and twenty-first in the cost of materials used. Cf. *ibid.*, p. 33.

<sup>2</sup> Cf. *ibid.*, pp. 300-301.

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	1923	1925	1927	1929	1931	1933
Newspapers and periodicals.....	\$1,154,786,000	\$1,321,611,000	\$1,459,688,000	\$1,580,565,000	\$1,293,777,000	\$937,114,000
Newspapers.....	803,497,000	892,094,000	977,648,000	1,073,119,000	886,523,000	667,820,000
Other periodicals.....	351,289,000	429,517,000	482,040,000	507,445,000	407,254,000	269,294,000
Total subscriptions and sales	360,893,000	398,338,000	429,467,000	460,326,000	425,267,000	367,440,000
Newspapers only.....	222,560,000	230,581,000	252,811,000	275,781,000	261,569,000	239,147,000
Total advertising.....	793,893,000	923,273,000	1,030,221,000	1,120,238,000	868,510,000	569,674,000
Newspapers only.....	580,938,000	661,513,000	724,837,000	797,338,000	624,954,000	428,673,000

Aggregate Circulation per Issue (Average for the Year)

Daily.....	35,733,107	38,039,682	42,343,210	42,947,824	42,124,651	38,424,281
Sunday.....	24,511,693	25,630,056	27,695,859	29,011,648	27,453,465	25,453,894
Triweekly.....	431,504	400,730	468,534	311,777	215,694	165,703
Semiweekly.....	2,024,683	1,934,095	2,026,760	2,982,184	2,637,126	2,836,089
Weekly.....	47,860,508	50,815,443	55,985,413	53,378,350	46,954,782	51,413,509
Weekly newspapers only.....	16,424,819	15,989,700	16,878,783	18,883,551	16,173,234	12,048,317

**A.B.C.'s of Newspaper Economics.** From the standpoint of its sales problem, the economy of the newspaper is relatively simple. It has only two things to sell: white space (advertising) and circulation. The task of the management is to sell advertising and circulation in such volume and at such a price as will spread the publication's business fairly equitably over the year, enable it to meet its bills as they become due, retire its indebtedness, if any, replace equipment as it wears out or becomes obsolete, set aside a reserve fund for any emergency that may arise, and pay a fair profit. The newspaper business is seasonal to some extent with respect to both advertising and circulation but not to an extreme degree.

Advertising and circulation are highly interdependent. In the ordinary newspaper the one cannot exist without the other. After 1910 only two newspapers of general circulation managed to exist without advertising and both of these succumbed under the rise of wartime prices. These were the two experimental Scripps papers in Chicago and Philadelphia. Important as it is, a newspaper's circulation, no matter how extensive, is insufficient, alone, to support it financially. Conversely, a newspaper cannot get advertising in volume unless it can show a solid and substantial circulation.

The principal operating expenditures of the newspaper fall into four groups: labor, raw material, equipment, and news and other services. To these must be added the overhead expense. The cost of newspaper labor depends largely upon the size of the city and the wage scales in effect. On the whole, the mechanical force is a favored class with respect to wages, thanks to the influence of the union. Pay scales in the business office are apt to be higher than in the editorial. Newsprint constitutes a heavy item of expense. Plant equipment, such as typesetting machinery and presses, is likewise costly. On the larger papers in particular, it is less apt to wear out than to become obsolete in the face of mounting competition and mechanical improvements adopted by rival newspapers. The cost of news and feature services is remarkably small, considering the value received, and is determined, in general, by the quantity bought, by the size of the paper in terms of its circulation, by the size of the town, and by competition both of newspapers for desirable features and of syndicates for the business of the newspaper.

**Financial Objects.** In respect to its finances, then, the task of the newspaper is three-fold: to meet its operating expenses, to pay a fair profit, and to establish itself so firmly that it can be independent of whatever pressure might be brought to bear against it. The perishability of its principal commodity—news, the intensity of the competition, and its dependence upon the confidence and good will of the public combine, as has been said, to make the newspaper business highly hazardous. It is incumbent upon the newspaper, therefore, as a matter of self-preservation to build wisely and firmly.

The strong newspaper must be in a position to preserve its freedom. A newspaper that is in debt or that is dependent upon a small group of advertisers or that can be bent to financial pressure is a newspaper that is likely to be a community liability rather than an asset. If a newspaper is to fulfill its entire function, courageously, honestly, and unselfishly, it must be able to do so without fear or favor. A newspaper that can be influenced by outside financial or business pressure is hardly in a position to render its full measure of community service.

Fortunately, most newspapers are on a solid financial footing. A publication that is not a going concern does not last long. Under economic stress, it is apt to suspend publication or to be swallowed up in a merger. It is a striking commentary upon the solidity of the American newspaper industry that, in the face of the depression that began in 1929, it weathered the storm with very few casualties by contrast with other lines of activity. This is further proof that the newspaper in this country has been put upon a sound business basis, a policy which enhances rather than detracts from the news and editorial functions of the paper.

It is this fact that spells opportunity for the newspaper publisher and for the worker in the newspaper business office. It is more and more evident that the publishers of newspapers of tomorrow will come from the business ranks rather than from the editorial side. Financial opportunities and rewards in the business office, too, are limited only by what the employee or executive can produce. By contrast, the average editorial employee moves in a narrow orbit.

#### Suggested Periodical References

ANONYMOUS: "A Very Stable Business," *The American Press*, April, 1934, p. 8.

- BECK, E. S.: "Eleven Dailies Served Chicago in 1890," *Editor & Publisher*, July 21, 1934, p. 66.
- BUTLER, CHARLES R.: "Recent Economic Trends in Newspaper Publishing," *Journalism Quarterly*, March, 1932, p. 66.
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## CHAPTER II

### NEWSPAPER ORGANIZATION

#### I. GENERAL PRINCIPLES

When the press was in its infancy, personal ownership of newspapers was the rule. As has been described, the first newspapers were published by journeymen printers and their successors. Later the editor was usually the publisher also, and frequently the owner of the newspaper as well. In many cases newspapers were owned and operated jointly by two or more partners or by small groups of individuals. One partner gave his chief attention to the editorial department, and the other took care of the business office.

Individual ownership continued through the period of personal journalism, but, as newspapers grew in size and in number and as competition increased, this gave way almost entirely to the corporate form of organization. Like other forms of business and industry, newspapers took advantage of the benefits made possible by incorporation: longer life, larger capital, limited personal financial liability, and greater flexibility. The advent and development of so-called newspaper chains expanded the financial and industrial organization of newspapers still further with the result that in some ways they resemble the large corporations in other lines of activity and are similarly nationwide in their scope.

There are limitations, however, to the resemblance between the incorporated newspaper and other incorporated businesses. While the organization of all newspapers breaks down into two main subdivisions—the editorial and the business departments—the newspaper conforms less to fixed rules of organization than almost any other business of similar size and importance. A comparison of almost any two daily newspapers, under different ownerships, will show that executives or employees holding the same or similar titles often perform widely different functions or have different responsibilities. From the functional standpoint,

in other words, newspapers are still organized along individual or personal rather than uniform lines.

**Newspapers Different.** Other differences are to be found between the newspaper corporations and other corporations. Despite exceptions that can be cited, these may be summarized as follows:

1. In the actual production of the newspaper some corporate officers play lesser roles than operating executives who are usually salaried employees.

2. Similarly, certain corporate officers, like the vice-president and the secretary, are found less often in newspaper corporations. Where they exist, they are apt to have less responsibility than hired operating executives.

3. Unlike that of many other corporations, the common stock of newspapers is rarely offered to the public, although preferred stocks and bonds of newspaper properties are sometimes available. Control of the common stock carries with it, of course, control of the corporation.

In their study of newspaper organization, covering more than 200 daily newspapers, Miller and Hornberger found certain other tendencies, including these:<sup>1</sup>

1. Personal factors tend more to determine newspaper organization than in ordinary business practice.

2. Save for the overhead organization, there is little difference between chain and nonchain newspapers.

3. Of all the departments of the newspaper, the mechanical department is the most standardized.

4. The type of newspaper organization usually depends upon whether the editorial or the business office is predominant or whether they are on a par.

In the main these tendencies have grown stronger since 1930, while others have appeared. The pressure of necessity has compelled more attention to the business and the production departments of the newspaper. In most newspapers, the former had to redouble its efforts in the face of declining advertising revenues between 1930 and 1934. The latter had to improve the finished product and step up production despite composing-room and pressroom economies. The circulation department has been elevated to a new importance on a par with, and in some cases

<sup>1</sup> Cf. D. J. Hornberger and D. W. Miller, *Newspaper Organization*, Ohio Wesleyan University, pp. 26, 27.



even above, that of the news and advertising departments. Promotion has taken a permanent place in the setup of the newspaper. It is now a full-fledged, well-developed department on the larger dailies, while its importance and necessity are recognized on even the smallest papers.

**Kinds of Organization.** Differences among the various types of organization relating to newspaper management will now be examined in some detail. In order of complexity and outreach, they can be classified as follows:

1. Weeklies and semiweeklies
2. Independent dailies in
  - a. Towns or small cities
  - b. Cities of medium size
  - c. Large cities
3. Chain or group newspapers
  - a. Hearst
  - b. Scripps-Howard
  - c. Paul Block
  - d. Brush-Moore
  - e. Other
4. Cooperative organizations
  - a. General
    1. National
    2. State and regional
  - b. Special
    1. Advertising
    2. Circulation
    3. Promotion
    4. Production

**Divisions and Subdivisions.** In general, any newspaper still has two main divisions, the editorial and the business departments. For many years the former overshadowed the latter, but more recently the business department has been placed on a par with the editorial. While it would be misleading and untrue to say that the American newspaper has been commercialized, the fact remains that the business and economic aspects of publishing have been revolutionized since 1900. With this change, the business department has taken on a new importance on the principle that sound business practices are as necessary to the newspaper as sound editorial policies.

On even the smallest newspapers, the business department has at least three principal subdivisions, and on the largest newspapers there are six or more, depending upon circumstances. Besides the general business office, these subdivisions are the advertising, the circulation, and the mechanical departments. In recent years many newspapers have developed promotion departments as a means of selling and servicing the paper more effectively for both readers and advertisers. On the largest papers, also, the management and maintenance of the building and the physical plant are of sufficient importance to call for a separate department.

Each of the subdivisions described can be broken down in turn into smaller subdivisions. Newspaper advertising is of two principal kinds, display and classified, both of which can be further subdivided. Circulation is handled as city and suburban, state and mail, depending upon its classification. The mechanical or production department is made up of the composing room, where the type is set; the stereotyping department, which makes printing plates from the type forms; the pressroom, where the printed page becomes a reality; and, in the case of the larger newspapers, the engraving room, where various kinds of illustrations, such as cartoons, sketches, diagrams, and photographs are translated into engravings. The promotion department is sometimes a separate division, although various types of promotion may be handled directly by the editorial, advertising, and circulation departments. Each of these functions will be treated later in detail.

These subdivisions may be diagrammed as follows:

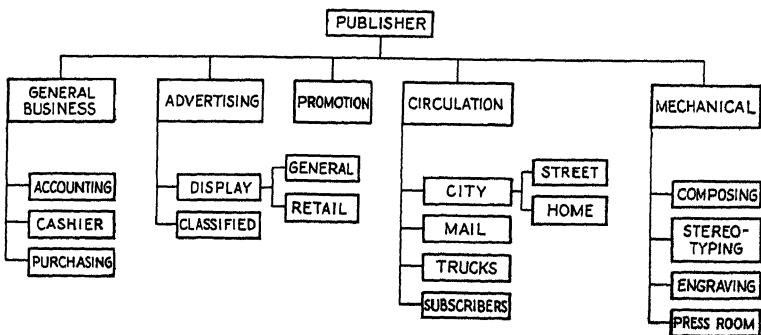


FIG. 1.

The type of organization of a newspaper depends to a large degree upon its size. In the smallest newspapers there is a fairly simple operating setup, and, while there is some overlapping of functions, the division of labor is both simple and natural. The larger the paper, however, the more complex is its organization, particularly on the business side. As a paper grows, the number of its business and mechanical employees far exceeds that of the editorial department.

**Simplest Type.** On the smallest newspapers the editor himself may solicit advertising while gathering news, a girl employee may divide her time as society editor and bookkeeper, or the advertising man may collect news items along with the advertising copy. In its simplest form, this division of labor is illustrated by the chart that follows:

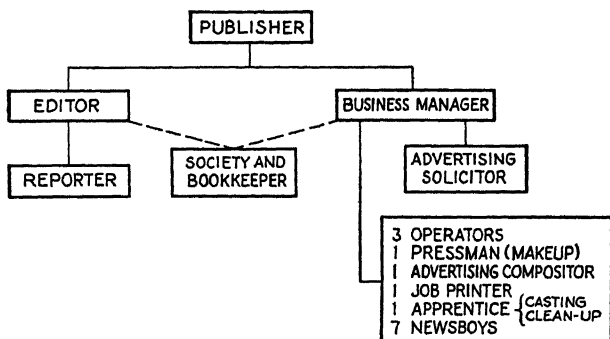


FIG. 2.—The publisher may be an individual or a corporation. The business manager in this case was also the composing-room foreman as well as the principal owner. The society reporter was also the bookkeeper, but the cashbook was kept by the editor, who was a part owner of the paper. The advertising solicitor was a part-time employee. The paper had a circulation of 3000 and was one of two semiweekly papers in a town of 6000.

**Small City Daily.** On the smaller dailies, the division of labor remains fairly simple. Yet even here the superior numbers of the business department are revealed. Figure 3 on page 22 shows the division of labor on a fairly typical newspaper in an inland city of 50,000. As against 8 full-time editorial department employees, it has 36 in the business departments.

**Complex Type.** On a newspaper like the *New York Times*, on the other hand, the organization of a single department is exceedingly complex. As the size of the paper increases there is a greater trend toward specialization and nearly every worker

tends to become an expert or specialist in some line. This complexity is illustrated by the chart (Fig. 4) of the advertising department of the *Times* as shown on page 23.

**Editorial Department.** As the editorial department is concerned here only incidentally, it will suffice to describe it in general terms. This department is responsible for the news and editorial contents of the paper. As a rule the editor, or some one

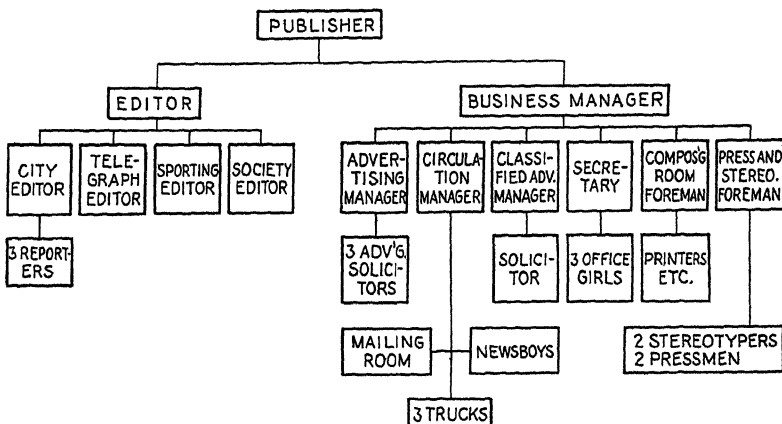
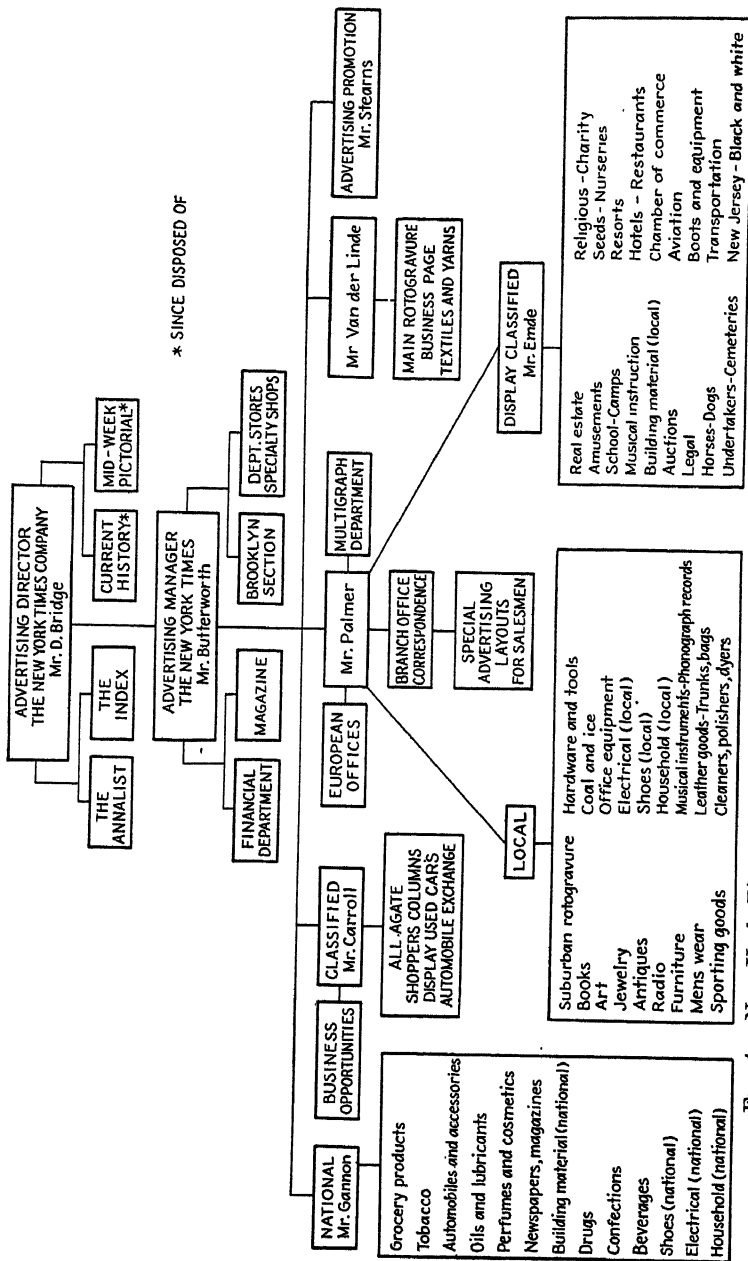


FIG. 3.—This paper is published in a city of 50,000; has circulation of 16,000. It publishes four editions daily: 1 P.M., state; 2:30, P.M., home; 4 P.M., mail; 4:30 P.M., "Peach," 12 to 14 pages daily. The classified advertising manager also solicits display ads; his helper works chiefly by phone. The three office girls, under the general secretary, keep accounts, take classified ads, and meet customers. The composing room consists of seven linotypers (two on night shift), makeup man, six ad compositors (two at night), mechanic, night foreman. The makeup man runs a linotype at times. The trucks serve near-by towns with papers.

designated by him, also has charge of the makeup of the paper, *i.e.*, the placing of the type in the forms and the general arrangement of what goes into the paper. In some cases, as with the Scripps-Howard newspapers, the editor for special reasons may also have charge of the composing room.

There is apt to be a greater diversity of organization in the editorial department than anywhere else on the paper. But even here the division of labor naturally falls into several groupings, such as local or city news, outside or telegraph news, the editorial page, and the various news departments such as sports, society,



(Supplied, 1934, by the late Louis Wiley.)

FIG. 4.—New York Times Advertising Department.

financial, markets, music, the drama, and aviation. The arrangement depends upon a variety of factors: the size of the paper in terms of circulation and outreach, its personnel, and the preferences and policies of its owners and executives.

A typical arrangement of the editorial department on a daily newspaper in a city of medium size might be as follows:

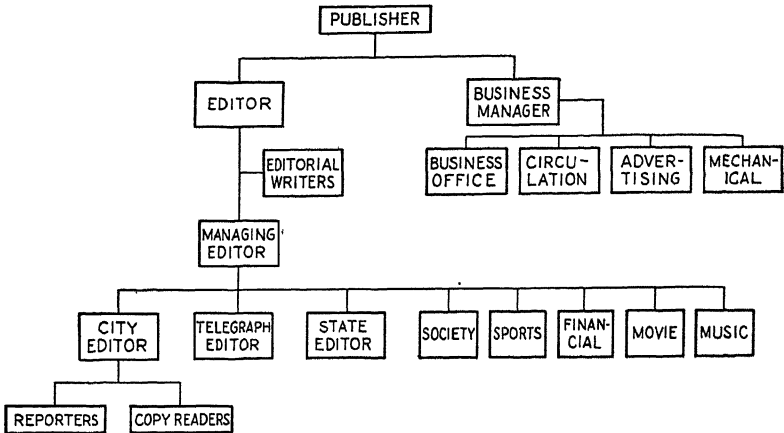


FIG. 5.

**Physical Arrangement.** Gravity has much to do with the physical arrangement of a newspaper plant. Because of its weight and bulk as well as to facilitate the handling of the printed papers, the pressroom equipment is generally found on the ground floor. This makes it possible to give the heavy presses a solid foundation and expedites the distribution of the papers. The composing room and stereotyping department may be adjacent to the pressroom or above it. In smaller plants the entire business office may also be found on the ground floor or first floor or, where all departments are on one floor, at the front. A common arrangement is for a counter or railing where the public may be met and where classified advertisements are taken. Behind this are desks for other business, advertising, and circulation employees.

Where the mechanical, business, and editorial departments are on separate floors, the arrangement varies. The only uniform practice is for the production department to occupy space on or close to the ground level for the reasons given. If three floors are

used, part of the business department may be on the second floor and the editorial on the third, or the reverse may be true. In a way there is a similarity to the production line of an automobile plant: the tendency is usually for the work to be carried on in a straight line and from the top floors down to the assembly which, in the case of the newspaper, is the pressroom. In many shops, the composing room will be found on the same level and back of the editorial department. In economy of time and effort, the advantages of such an arrangement are obvious.

## II. TYPES OF MANAGEMENT

From the standpoint of management, newspapers may be classified in several ways. The type of management that is followed depends usually upon such factors as local custom, the size of the newspaper, the kind of ownership, and the personal preference of the owners. The principal classifications are:

1. *Owner-operator*. To be found most frequently in small papers where the owner gives direct personal attention to the conduct and operation of the paper.

2. *Publisher*. In which the principal owner or his agent, bearing this title, has direct and general charge of all the departments of the newspaper.

3. *Dual Management*. Best exemplified perhaps in most of the Scripps-Howard newspapers and where, for all ordinary purposes, the editor and business manager share the responsibility for the operation of the paper.

4. *General Manager*. In which an executive with this title has general charge of all the departments of the newspaper. He is in turn directly responsible to the publisher, if the latter is an individual, or to the board of directors, if the latter is a corporation. To be found on larger newspapers but less frequently than the publisher type.

In the case of chain or group newspapers, the type of management likewise depends upon the kind of ownership and the policies or preferences of the owners. Mr. Hearst, for example, exercises close supervision over all of his publications. For ordinary purposes, he operates through general and regional managers as well as the immediate heads of individual newspapers. As a result, the Hearst newspapers are under a highly centralized control.

The Scripps-Howard newspapers, by contrast, exemplify the decentralized operation and management of a large group of

newspapers. While there is an imposing general superstructure in the case of the Scripps-Howard newspapers, with an editor-in-chief and general business executives, the individual editors and business managers enjoy a large measure of local autonomy. Such a policy is also followed by the owners and operators of other groups of newspapers in the belief that such practice yields the best results. The Brush-Moore newspapers in Ohio are another example of this type of management, as are the Paul Block newspapers.

**Scripps-Howard Papers.** The Scripps-Howard newspapers, for the most part, also typify dual management. As long as the general policies laid down from time to time are followed, the general management believes in giving the local editor and business manager a free hand in operating the Scripps-Howard newspaper for which they are responsible. As a rule these newspapers over the years have been well managed, profitable, progressive, and economical. They do not go in for showy buildings or expensive locations. They have been operated on the basis of paying their way as they went, of plowing a sizable share of the profits back into the business, and of laying aside an appreciable reserve fund against a rainy day.

Another phase of organization and management for which the Scripps-Howard papers are conspicuous lies in the editorial control over the composing room. In all other respects, the organization of the mechanical or production department of these newspapers is like that of any other newspaper, the stereotyping and engraving departments and the pressroom being under the business manager.

The Scripps-Howard practice with respect to the composing room is due to the belief of E. W. Scripps, the founder, that the editors of his papers should have control of their contents. In case of any question arising between the editor and the business manager of a Scripps-Howard newspaper as to what shall be permitted in its news and advertising columns, the final decision, as far as local authority goes, lies with the editor.

The Scripps policy is explained by Negley G. Cochran, one of the publisher's biographers, as follows:<sup>1</sup>

With Scripps the success of a newspaper depended upon the editor. Advertising and the business office were subordinate. To make sure

<sup>1</sup> Negley G. Cochran, *E. W. Scripps*, Harcourt, Brace, p. 231.



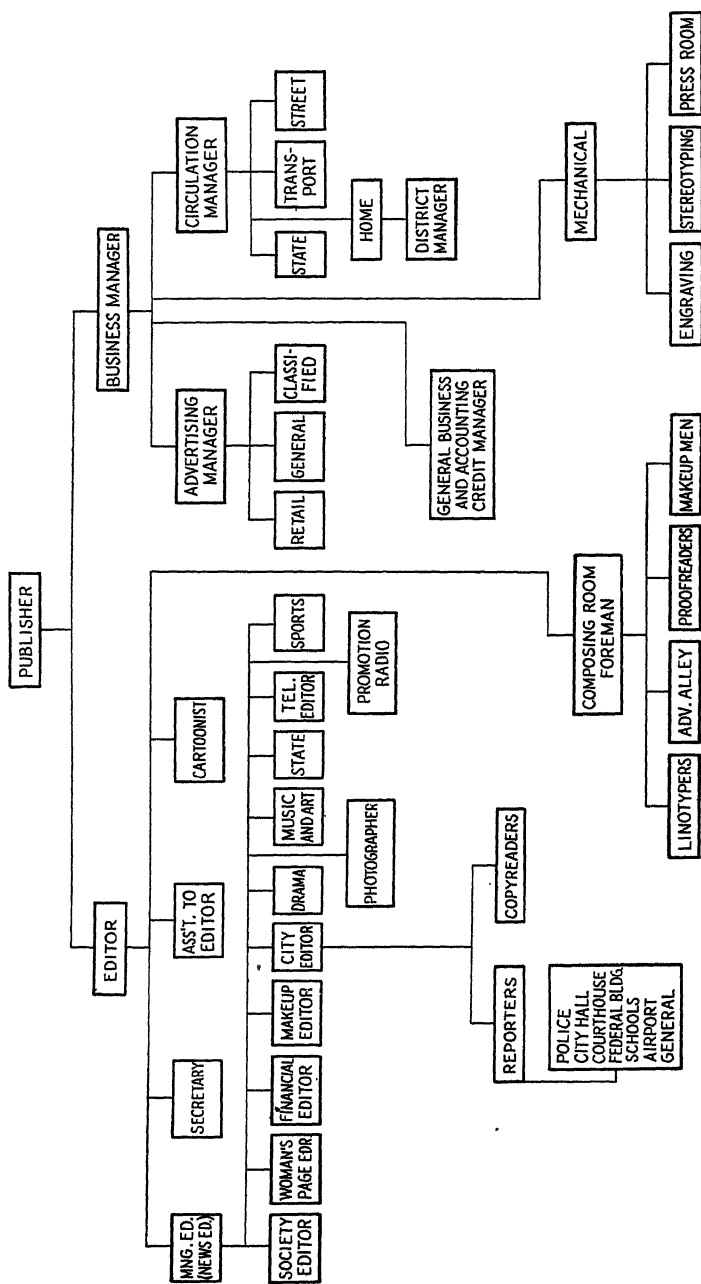


Fig. 6.

of editorial supremacy, he made the composing room subordinate to the editor. When the editor OK'd the composing room payroll that settled it and the business manager had to pay it. The point was this—by controlling the composing room the editor controlled every line of type that went into the paper, whether news or advertising. Scripps started this system of control when he and Sweeney founded the *Cleveland Press*.

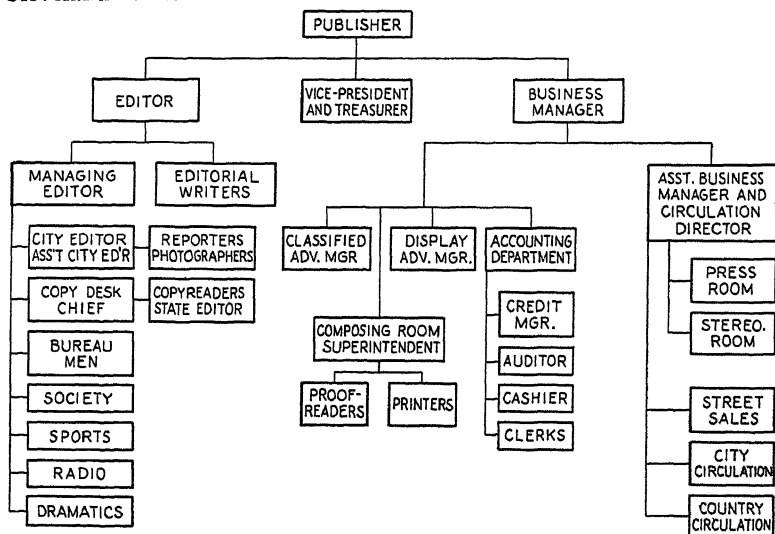


Fig. 7.—This paper is published in a city of 290,000; a six-day afternoon paper with a circulation of 126,000. It is operated by a sort of executive committee composed of the editor, managing editor, vice-president-treasurer, business manager, the assistant business manager, and the display advertising manager. This conference board meets once a week and on call.

After the editor, through his composing room, set all the type and locked the forms, the forms were turned over to the business manager, who controlled the stereotype foundry and press room. All the business manager had to do was to stereotype the forms the editor gave him, put the plates on the press, print the paper, sell it, and sell advertising space. It was none of the editor's business whether advertising space was sold or not—that was something for the business manager to worry about. Of course, the editor could hope secretly for profits, but Scripps wanted to keep his mind off of advertising as much as possible—which generally wasn't much.

This type of organization is shown in the chart (Fig. 6).

**Circulation Manager.** Still another arrangement of responsibility for the mechanical department is to be found occasionally

where the stereotyping and pressroom are placed under the circulation manager rather than directly under the business manager

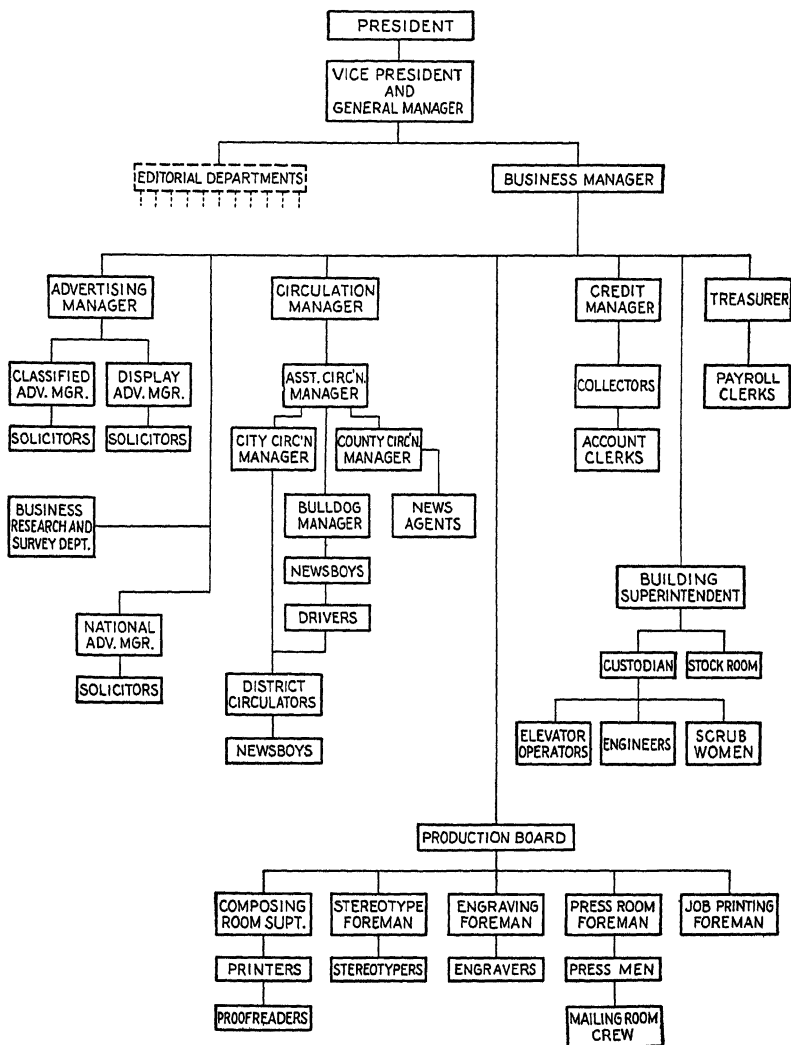
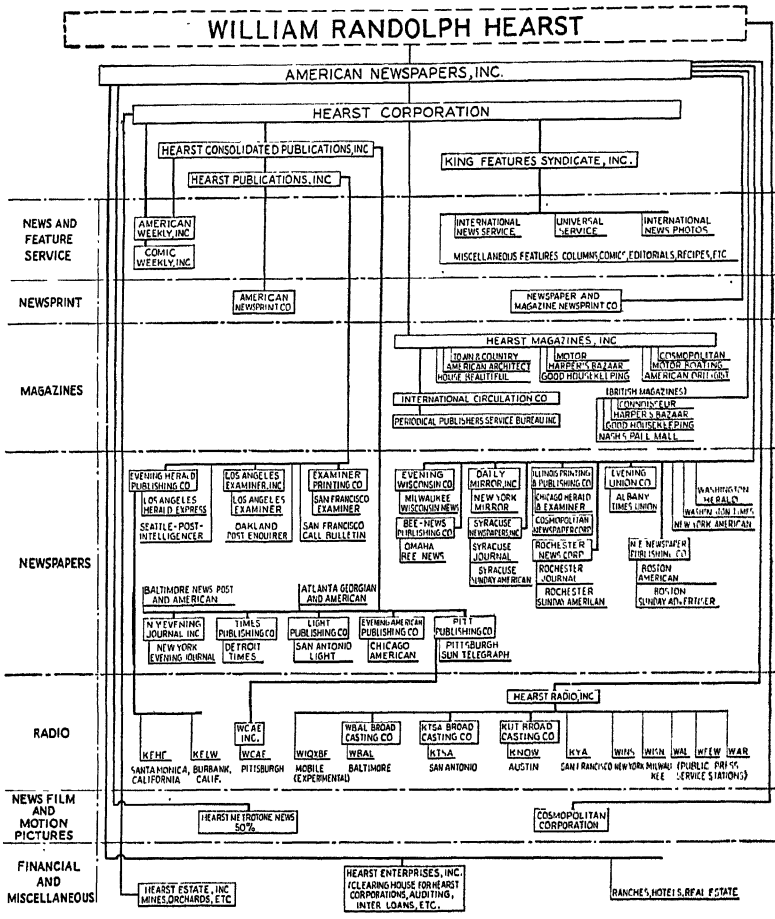


FIG. 8.

as is customary. The underlying principle here is that since the circulation manager is responsible for the distribution of the finished product, which is the printed newspaper, he should be

given control over the final stages of production. The Toledo *Blade*, one of the Paul Block newspapers, is an example of this type, as shown in the chart (Fig. 7) on page 28.



SOURCES:  
MOODY'S MANUAL OF INVESTMENT, INDUSTRIALS, 1936  
FOOD'S MANUAL, INDUSTRIAL SECTION, 1916  
EDITOR AND PUBLISHER, INTERNATIONAL YEAR BOOK  
NUMBER FOR 1936  
FILES OF THE FEDERAL COMMUNICATIONS COMMISSION

HEARST CORPORATIONS  
IN THE  
NEWSPAPER AND RELATED FIELDS  
ENCLOSED AREAS ARE CORPORATIONS, VERTICAL LINES INDICATE 100%  
OWNERSHIP EXCEPT THAT HEARST INTEREST IN HEARST METROTONE NEWS IS 50%

PREPARED BY:  
NATIONAL LABOR RELATIONS BOARD  
DIVISION OF ECONOMIC RESEARCH

Fig. 9.—Chart of the activities and interests of W. R. Hearst, prepared by the division of economic research, National Labor Relations Board, as it appeared in *Editor & Publisher*, November 14, 1936, p. 12.

**General-manager Type.** The general-manager type of organization is represented by the *Cleveland Plain Dealer*, which also

typifies an inland metropolitan morning newspaper. The chart (Fig. 8) discloses seven principal subdivisions within the business department. The business manager is responsible to the vice-president and general manager over whom are the president and the board of directors.

**Multiple Type.** A rarer form of organization is limited to the great chains or to several of the largest and financially most powerful individual newspapers. This might be called a multiple type, in which one newspaper property is pyramided upon another or is appended to the first or strongest. The details differ with the individual properties, depending upon their nature and scope.

The Scripps-Howard and the Hearst groups might be taken loosely as representing one such form, with varying degrees of control of properties worth many millions of dollars. Both of these groups also have subsidiaries of various kinds.

In less detail, the scope of the Scripps-Howard interests is suggested by the following:

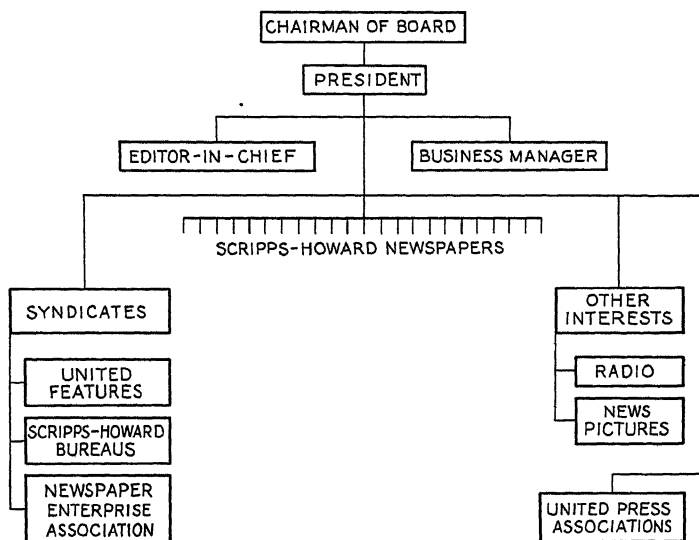


FIG. 10.

The Block, Gannett, Brush-Moore, Lee, and other groups of newspapers represent slightly different types of management and control, with standardized or centralized accounting methods and purchasing, besides more or less uniform business and promotion policies within each group.

**Vertical Type.** Still another type of business organization is represented by the New York *Times* or by the Chicago *Tribune*, which are not only vastly successful and profitable newspapers themselves, but operate other large enterprises in conjunction (Fig. 11).

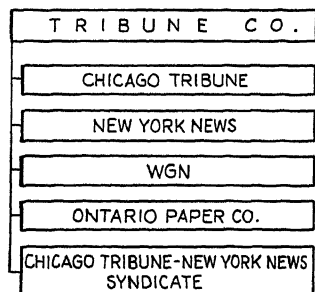


FIG. 11.

**Cooperatives.** Another type of newspaper organization that has grown in number, scope, and importance of late years are the various cooperative agencies. Some of these are more or less general in nature, while others are highly specialized. The general nature and purpose of each are indicated by its name.

Among those relating to the business aspects of newspapers are the American Newspaper Publishers Association,<sup>1</sup> the Association of Newspaper Classified Advertising Managers, the Audit Bureau of Circulations,<sup>2</sup> the International Circulation Managers' Association, the Newspaper Advertising Executives' Association, the Promotion and Research Managers' Association, and the Southern Newspaper Publishers' Association. Most of the states have their own state and other local associations, societies, and agencies more or less similar in nature to those listed above but on a smaller scale. Such organizations are usually cooperative and are maintained for the discussion and solution of mutual problems, the development, and, if need be, the defense of mutual interests. Their headquarters or offices are located in various state capitals, in Washington, and in such business centers as New York, Atlanta, Chicago, and San Francisco.

#### Suggested Periodical References

- ANONYMOUS: "Mutual Problems Brought A.N.P.A.," *Editor & Publisher*, July 21, 1934, p. 311.
- HINKLE, OLIN E., "Building a Small Town Daily," *The American Press*, March, 1934, p. 3.
- ROBB, ARTHUR: "Chain Journalism in Sixth Decade," *Editor & Publisher*, July 21, 1934, p. 74.
- WILEY, LOUIS: "Business Reform under A.N.P.A. Aegis," *Editor & Publisher*, July 21, 1934, p. 64.

<sup>1</sup> Often referred to as the A.N.P.A.

<sup>2</sup> Often referred to as the A.B.C.

## CHAPTER III

### CIRCULATION PRINCIPLES

Circulation is the life blood of the newspaper. In its way circulation is an index not only of the influence of a newspaper but of its value as a going concern. As such it is not the only yardstick but it is perhaps the most important one. Newspapers and other publications manage to exist with little advertising, and a few in modern times have survived without any advertising, but none can hope to last unless it has the vital element of circulation.

The problem of circulation is primarily one of sales and distribution. The depression years have placed a new emphasis on the importance of circulation, the circulation manager, and circulation revenue. In a sense the pendulum has swung part way back to the days when newspapers survived or perished on the strength of their respective circulations and advertising was still in the embryo stage. Certain it is, at any rate, that the years since 1929 have witnessed not only a new recognition of circulation as a vital element in newspaper publishing but, more especially, have stressed the importance of quality circulation as against mere bulk circulation.

**The Circulation Manager.** In similar fashion, the circulation manager attained unprecedented importance in the newspaper organization after 1929. It used to be that he was a person of no special training and, seemingly, of no particular importance in the office. On most newspapers, he was a necessary functionary who did a more or less routine job in a more or less routine way. He saw that the papers were distributed and that was about all. He was rarely, if ever, consulted and, in general, was a person of no great consequence.

The rest of the picture was something as follows:<sup>1</sup> most city circulation was carrier delivered; the routes, as a rule, were office owned; there was little promotion; most country circulation went

<sup>1</sup> Cf. *Circulation Management*, June, 1936, p. 18.

by mail; the carriers folded their own papers, sometimes even "stuffing" the different sections; they also built their own routes about as they pleased and carried rival papers; outlying carriers and newsstands were served by bundles thrown off streetcars; edition times were irregular and papers were often late, especially on days when more than one section was published or the presses broke down.

Today all of this is changed. Not only has circulation itself been re-evaluated, but the circulation manager or director, as he is known on some of the larger papers, is an important personage in the newspaper setup. He is a specialist in his line just as the advertising manager, the promotion man, the chief editorial writer, and the mechanical superintendent are in theirs. He is listened to not only about the things that immediately concern his department but about the general policies of the publication. On some newspapers, it is not far from the truth to assert that he is the most important figure in the organization next to the publisher. Louis Rose, of the Chicago *Tribune*, and M. L. Annenberg, the publisher, formerly of the Hearst organization, typify the current trend.

In an address before the Inland Daily Press Association in 1934, Frank S. Newell, circulation director of the Toledo *Blade* and former president of the International Circulation Managers' Association, listed the qualifications of the present-day circulation manager. Among other things, he said that the circulation executive must enjoy the complete confidence of the executives and owner of the newspaper and must himself be interested, loyal, and share the responsibility for the profitable operation of the paper. It is his duty, he added, "to produce circulation of such quantity and quality that it will, in turn, produce the best possible results for the advertiser . . .," the circulation manager being, in short, "the sales manager of a product sold by a tremendous volume in highly competitive fields."

In similar vein, an editorial in the September, 1935, issue of *Circulation Management* pointed out that the circulation manager of today is a four-ply executive. He is at once sales manager, delivery superintendent, office manager, and an executive-department head. "Today's circulation manager is no longer responsible for circulation alone," the editorial went on. "He holds in his hands much of the responsibility for the success or



failure of the entire publication. He, therefore, must counsel with every other department, he must give his help in all matters of policy, no matter what department they may directly affect. He must consider carefully every change in plans or procedure in the light of how they will increase or lose circulation, and thereby affect the entire business."

There is nothing strange in all this belated recognition except the fact that it took newspaper publishers and executives so long to come to it. What they finally came to realize was that the circulation chief, more than any other person on the newspaper, has his ear to the ground. He knows what readers want. He knows what sells papers and, conversely, what will not. As a result he is now consulted as to the play of news, the issuance of extras, the purchase or use of features, the addition of mechanical equipment, and other matters which the publishers of a generation ago could not see had anything to do with circulation. What has occurred, in short, has been the recognition of circulation or distribution as the hub of the newspaper. To expect a circulation manager to sell a newspaper that is out of step with its competitors in news and advertising facilities, feature service, and mechanical equipment is to ask the impossible.

It was a recognition of this simple yet fundamental fact that led one middle western publisher to use his circulation department as a training and proving ground for his personnel. If he takes on an embryo reporter, it is via the circulation district. The beginner stays there an indefinite length of time until he learns something of the readers' likes and dislikes. He gets these through the reports of carriers under him and by personal calls upon subscribers in following up stops, starts, and complaints. This publisher also routes beginners in the advertising department via circulation and classified advertising before they are actually apprenticed to display advertising.

He testifies that in his own long experience on both sides of the newspaper—editorial and advertising—he really got down to the grass roots of newspaper publishing for the first time when, as a reporter, he was given what was at first the distasteful task of calling upon subscribers and nonsubscribers to find out what they liked and disliked about the particular newspaper for which he was working at the time. He emphasizes that he learned more about what the newspaper consumer wants—and does not

want—than he had learned in years of previous newspaper work.

While not many publishers are ready to adopt his personnel-training methods, there is a growing recognition of the fact that the judgment of the circulation manager is apt to be based on cold facts while that of editors and other newspaper executives is likely to be purely theoretical as to what readers want. There is no question but that by the very nature of his work he is much closer to the reader than any other person connected with the newspaper. This being the case, the publisher who does not capitalize upon the experience, the wisdom, and the contacts which his circulation department must have is pursuing a shortsighted policy which will act inevitably as a brake upon the progress and possibilities of his newspaper.

**Circulation Revenue.** In like manner, circulation revenue has taken on a new importance. During its first 70 years or so in America, the daily newspaper was almost wholly dependent upon the proceeds of circulation. Few of the early publishers actually made much money from their publications because of the high copy price, because of the limited circulation possible at that price, because of the tardiness of subscribers in paying for their papers, and because of the lack of advertising revenue. It was common to charge 6 cents for a four-page daily, and even then many publishers were dependent upon commercial printing or some form of subsidy to make both ends meet.

This picture began to change with the growth of the penny press a century ago bringing in its wake, more especially after the Civil War, the development of advertising. The situation was reversed for a third of a century or more down to 1930 when it seemed that, for most well-established newspapers, circulation revenue was more or less incidental, *i. e.*, it was overshadowed by the growing income from advertising. As far as the records show, only the *Chicago Daybook* and the *Philadelphia News-Post* were solely dependent for a time upon circulation revenue, carrying no advertising. But these were two experimental newspapers, established by E. W. Scripps to prove his belief that newspapers could exist without advertising. Both were necessarily limited as to circulation, and both quickly gave up the ghost under the pressure of wartime conditions.

Since 1930, newspaper publishers everywhere have not only re-appraised circulation as a whole but they have definitely embarked upon a policy of asking the reader to share more of the cost of the newspaper. In other words, many newspapers have made subscription price adjustments, either wholesale or retail or both, which now appear to be firmly established as a matter of permanent practice. These changes grew out of both necessity and conviction.

Under the lash of the depression, advertising revenue fell off alarmingly. Publishers trimmed their sails to meet the storm in various ways, but this was not enough. Something had to be done to offset, at least partially, not only the loss of advertising income but of unavoidably increased publishing costs. Fortunately, circulation had fairly well held its own during the first years of the depression, and many publishers turned to their readers as a source of legitimate additional income.

This was a perfectly logical and proper step. In fact it would have been quite in order, even without a depression. For one thing, considering its unit price, the newspaper was unquestionably the lowest priced commodity in general use. For another, the reader was the chief beneficiary of many improvements such as the extension of the teletype, the spread of wire photo, the greater bulk of high-class features, the development of color printing, and the greater radius of circulation distribution. It was no more than fair, therefore, to ask him to foot the bill. Further, the price adjustments that were made were so small as to work no hardships upon anyone. The newspaper, considering its importance, represents the least drain upon the consumer's purse of anything of consequence that affects his daily life.

**More Uniform Prices.** As a sort of byproduct to all of this, one other tendency grew out of the depression years. This was a greater standardization of newspaper prices. Frank S. Newell, circulation director of the Toledo *Blade*, found in 1933 that the wholesale prices of daily newspapers in the United States ranged from  $\frac{1}{10}$  to 4 cents, while the retail prices were from 1 to 5 cents. Moreover, the price of the newspaper was no index of its real worth or merit as a newspaper. The Kansas City *Star* or the Columbus *Dispatch* at 1 cent, for example, was as good or better

than another newspaper selling for 2, 3, or even 5 cents. Many newspapers whose price for home delivery by carrier had been 12 cents a week went to 15 cents a week and from 2 cents per copy on the street to 3 cents. There are signs that 15 cents a week for home delivery and 3 cents per single copy will be the standard price for most American dailies.

By the end of March, 1936, *Editor & Publisher* reported that the total Sunday circulation of American newspapers was at a new peak of more than 28,000,000 after a dip to 24,000,000 three years earlier.<sup>1</sup> In the same manner, the circulation of afternoon papers had risen to 24,000,000 after dropping to just below 22,000,000 in 1933, and morning papers had attained a new all-time high of more than 14,000,000. This relative stability of circulation as compared with advertising was both a convincing demonstration of public dependence upon the newspaper and of the intrinsic merits of the newspaper as an advertising medium. It unquestionably saved many a newspaper from serious financial difficulty.

Taking 1929 as the base, the relatively slight decline and the prompt recovery of newspaper circulations are shown graphically by the following table prepared by *Editor & Publisher*:<sup>2</sup>

Year	Morning	Evening	Total daily	Sunday
1929	100.0	100.0	100.0	100.0
1930	99.9	100.7	100.4	98.3
1931	99.3	97.8	98.3	95.6
1932	94.9	90.9	92.3	91.5
1933	91.4	87.9	89.2	89.4
1934	96.5	91.1	93.1	98.7
1935	99.9	95.3	96.9	104.7

With this kind of a showing, it is small wonder that newspapers emerged from the first effects of the depression more firmly entrenched in the public confidence and stronger financially on the circulation side than ever before. But there were other changes than those mentioned. Publishers and advertisers alike have become much more interested in the quality of circulation than in its mere quantity. Both were to blame for the

<sup>1</sup> Issue of Mar. 28, 1936, p. 4.

<sup>2</sup> Issue of Feb. 2, 1935, p. 3; data for 1935 from *Editor & Publisher Yearbook*, 1936, p. 13.

previous emphasis on volume and the relative ignorance or indifference as to whether the circulation was either economical or effective in terms of the advertiser's dollar. The advertisers, as O. C. Harn, managing director of the Audit Bureau of Circulations, commented, insisted upon more volume, and circulation managers went out and accommodated them without inquiring too much into its cost or efficacy.<sup>1</sup> This has now been remedied to a considerable extent, the culls being weeded out and waste or unprofitable circulation—from the standpoint of both the newspaper and the advertiser—being largely eliminated on most daily newspapers. The publisher really has had no choice for he has had to do it both in self-defense and in justice to the advertiser.

**Function of Circulation Revenue.** Besides so much inequality in copy prices among individual newspapers, there is perhaps equally great diversity as to the part circulation revenue plays in financing the newspaper. There seems to be only theory as to what it should cover and different publishers operate on different bases in this respect. A canvass of this situation made by *Editor & Publisher* based on the records of a dozen representative newspapers showed that their average revenue from circulation was 20.6 per cent of their total income, but, in the case of individual publications, this ranged from 13.3 to 28.9 per cent.<sup>2</sup> A previous similar survey showed many newspapers to be netting less than 15 per cent of their revenue from circulation.

Some publishers are satisfied if circulation produces sufficient revenue to cover the cost of maintaining that department, including circulation promotion. Others have a rule that circulation revenue should cover the cost of the newsprint used or that the income from the sale of papers be enough to operate the circulation department and pay for part of the newsprint. Most publishers probably would be well off if their circulation produced enough revenue to maintain the department and pay for the newsprint used, leaving the income from advertising to cover all other costs and provide a reasonable profit. A safe rule is that, in setting up an operating budget, the copy price should be fixed to bring what the product is reasonably worth and to cover a definite part of the expense of producing the

<sup>1</sup> *Editor & Publisher*, Feb. 2, 1935, p. 3.

<sup>2</sup> Issue of Mar. 14, 1936, p. 28.

newspaper, including at least the cost of operating the circulation department.

### I. CIRCULATION FACTORS

It appears simple to take population and other statistics and work out some of the more evident circulation characteristics of a typical daily newspaper in the United States. For example, daily newspapers are relatively rare in towns of less than 2500 population. The number of Sunday newspapers, too, is rather small. At first thought one might conclude that a certain minimum population with average community activities is required to support a daily newspaper or a Sunday newspaper. Ohio, for example has a population of 6,600,000 which supports 107 afternoon, 9 morning, and 20 Sunday newspapers. Does this mean, on the average, that a population of some 60,000 is required to sustain an afternoon newspaper, with 740,000 for a morning publication, and 330,000 for one on Sunday? Not at all, for circumstances greatly alter cases.

In general, the circulation of the average Sunday newspaper is greater than that of either the afternoon or the morning newspaper, and the latter, though fewer in number, has a larger average circulation than its afternoon competitor. Yet the state of Texas, fifth in population, and California, which is sixth, rank first and second in the number of Sunday newspapers. The explanation lies chiefly in the vast size of those states.

One other example might be mentioned. At the close of the World War, New York City seemed to have all the daily newspapers of general circulation it could support. Indeed, the general tendency as exemplified by Pittsburgh and Chicago, to name only two cities, was definitely in the direction of fewer newspapers. This was brought about through mergers of existing newspapers, the abandonment of some, and the demise of others. Yet in 1921, the *News* was launched in New York in the belief not only that there was a place in that city's journalism for a new kind of newspaper but that a large and profitable market for such a publication lay in a previously untapped element of the population—the great middle class. The rest is history. The *New York News*, starting from scratch under highly competitive postwar conditions, has not only set the pace for American journalism in a number of important respects but

has far outstripped all other American newspapers, daily or Sunday, in circulation.

The opposite tendency is illustrated to some extent by what occurred in Youngstown where until mid-1936 there were two dailies. The *Vindicator* was founded in 1869 and the *Telegram* in 1885. The latter was purchased in 1922 by Scripps-Howard, but its situation became more and more difficult after 1929 when it became evident that the Youngstown market was less and less able to support two such newspapers. Finding that they were unable to buy out the *Vindicator*, the Scripps-Howard interests sold the *Telegram* to the owners of the other newspaper. This was somewhat similar to what occurred previously in Baltimore where Scripps-Howard sold the *Post* to the Hearst interests.

In announcing the Youngstown merger, W. W. Hawkins, Scripps-Howard chairman, made the following pertinent comment:<sup>1</sup>

Having convinced ourselves over the period of the last five years that it was impossible for us to acquire the Youngstown *Vindicator*, the Youngstown *Telegram* was consolidated today with the *Vindicator* in response to economic demands. Decreased revenues, following the depression, mounting production costs, together with increased taxes made the continued operation of two newspapers in Youngstown journalistically as well as economically unsound.

Therefore it was the belief of the *Telegram* that one paper would better serve the public so far as news enterprise is concerned with a smaller aggregate cost to the community as a whole. Particularly during the last two years we have indicated our willingness to correct this unhealthy condition. . . . The steadily increasing tax burden is in our opinion bound to compel a realistic view of situations of this kind wherever they exist.

What, then, are the factors that affect newspaper circulation? There are at least six major ones. In their relative order of importance these are: (1) economic, (2) social, (3) geographic, (4) policy, (5) mechanical, and (6) promotional. Each of these will be considered in some detail.

**Economic.** From the editorial standpoint, the function of a newspaper is essentially social, but from that of the business office, it is necessarily economic. In publishing circles, more and

<sup>1</sup> Cf. *Editor & Publisher*, July 4, 1936, p. 10.

more emphasis is being placed, therefore, upon the market of a newspaper. This may vary widely for two newspapers published in the same city. From the standpoint of circulation, the kind of clientele a given newspaper has to some extent is optional with the publisher, but each newspaper must have an adequate market or it cannot survive, much less prosper. If it is a new publication, the newspaper must be able to get subscribers and keep adding to its circulation. If it is one already established, it must be able both to keep its old readers satisfied and to attract new ones. The law of newspaper survival, in fact, has its roots in circulation. To put it briefly, there must be enough potential readers to take the newspaper, and they must represent enough potential purchasing power not only to subscribe to or buy the newspaper but to patronize the potential advertisers. There must be sufficient population and enough wealth and business activity, in other words, to constitute a market.

Bulk population, however, does not necessarily mean bulk purchasing power. There are areas of the United States, for example, which are fairly well populated, but the population is of such a nature and its subsistence level is so low that it is an unprofitable market. This is true, for example, in some portions of the South because of the large negro population. It pertains likewise to other parts of the country, particularly in some of the larger cities, where a considerable proportion of the populace has been on relief.

A newspaper market, then, must consist, in part, of a population with fairly good and steady income or wages, and of relatively high purchasing power. It needs sufficient diversity of business, professional, and other kinds of activity to keep it from stagnation or, worse, ruination in the event that one or more major industries go on the rocks or something else affects it. Unless most unusual circumstances attend it, a one-industry town sometimes wakens to find the props knocked from under it. It is like putting all the eggs in one basket. Many examples of this could be cited. From the economic point of view, then, a newspaper must be able to count upon a steady and sizable group of readers who not only can but will patronize its advertisers with a reasonable profit to all concerned.

**Social.** A newspaper's market is defined not only by the credit rating of the people who make up the community but by their



social characteristics. These include such things as literacy, education, politics, religion, and cultural advantages. If the population has few illiterates, sets considerable store by its schools, prides itself on its churches, takes an active and intelligent interest in politics, reads a great deal, and reckons its accomplishments not only in material but in social things, it comprises a potential market which any newspaper publisher might envy. Taken as a whole, the United States is a nation of newspaper readers, but some sections of the country are better than others in this respect, either through the excellence of their newspapers or through habit, education, or other factors.

**Geographical.** The physical as well as the economic and social characteristics of a community help to determine the market of the newspaper. This is geography in the broad sense of the term. A section much of which is desert is obviously a poor market unless there are compensating factors. Nor are the publishing prospects good where the population is sparse and the few towns are widely separated. As a rule, the more dense the population the better the market, although this will not always hold. Conversely, the sparser the population the less promising the market. Plains or prairie regions are apt to be better than mountainous areas. This is reflected not only in the number and kind of population but in distributing costs. A newspaper published in a town or city which serves a fairly compact and populous region easily reached by good and numerous roads is much superior as a market to one which is more or less isolated or which calls for long circulation hauls.

**Policy.** The kinds of policies a newspaper follows have some bearing upon its market from the standpoint of circulation. A newspaper which has a strong following in the community as a result of sound policy and a long record of public service is in an enviable position. It can be independent and still keep public opinion on its side unless it goes to extremes. It is unlikely, for instance, that a strong Republican newspaper could hope to succeed in the deep South. The editorial tone of the newspaper, its policies as to news, its typographic makeup, and its interest and activity in public service, all help to shape its circulation market.

**Mechanical.** To an increasing degree the mechanical facilities of a newspaper have a direct bearing upon the size of its circula-

tion market. These have to do, for example, with such things as press speed, color and engraving facilities, and motor delivery. A newspaper whose presses are unequal to a growing circulation or to emergency demands upon them or which are slower and of smaller capacity than those of a competitor necessarily limit the radius of the circulation market of a newspaper. To some extent reader interest is apt to follow that newspaper which keeps abreast of such improvements as color printing and pictures. It appears to be definitely true that smaller newspapers which have added the so-called one-man engraving plants have literally compelled their local competitors to follow suit in some fashion or to risk material circulation losses.

By the same token, changing transportation conditions have altered the distribution problem for newspapers. The abandonment of many railroad trains, the disappearance of interurban lines, the development of bus systems, and, in particular, the emphasis upon a greatly extended home delivery by the newspaper itself as a result of much improved highways have all contributed to this end. Many newspapers now cover much more territory on the day of publication than they would have dreamed of doing a dozen years ago, and the end is not yet. This particular problem will be discussed more in detail later, but it is only one of a number which help to make the publishing picture of today far different and vastly more complex than it was at the close of the World War.

**Promotional.** To the more or less obvious factors affecting circulation there are added those of newspaper promotion in general and of circulation promotion in particular. It has been said many times that there is no such thing as natural circulation—it must be built, unit by unit, it must be cultivated faithfully and energetically, and it must be increased within proper limits. All of this is brought about by the kind of particular effort which, for want of a better name so far, is called promotion. Within limits also, the circulation of a newspaper can be defined according to the purposes and policies of the publisher. These are partly a matter of choice and partly of the proper kind of promotion to attain the ends sought. Newspaper promotion is just beginning to come into its own, with circulation as one of its major objectives.

## II. KINDS OF CIRCULATION

By circulation is meant, in general, the number of readers a given publication has. It is somewhat comparable to the radio audience, although it is usually much more definite and concrete than the latter. But there are many kinds of circulation each having to do with a special phase or aspect. To some extent, these may be grouped in pairs. These include gross and net circulation, forced and natural circulation, numerical and merchandise circulation, duplicating and overlapping circulation, A.B.C. and government statement, and waste. These may be defined as follows:

**Gross Circulation.** The total number of copies distributed on a given day, all editions included, regardless of later returns from dealers, copies to advertisers, exchange copies, free copies, and those for office use.

**Net Circulation.** The number of copies actually sold on a given day, all editions included, after deducting all file, return, free, exchange, and other copies printed but not sold.

**Natural Circulation.** That circulation which a newspaper might expect to get and hold in a given market by intelligent sustained effort, taking into account the nature and size of the reading public in that area.

**Forced Circulation.** That circulation which some newspapers get by high-pressure salesmanship, extreme and sensational editorial policies, lurid typography, excessive use of premiums, and other unsound and unstable promotion methods. The difficulty with forced circulation is that it is costly, unstable, and uncertain for both the publisher and the advertiser.

**Numerical Circulation.** Similar to gross circulation; generally, the circulation figure without reference to the kinds or effectiveness of the circulation it represents.

**Merchandise Circulation.** Circulation in terms of its effectiveness to the advertiser. Circulation that is highly effective will show a high proportion of merchandise circulation, while in circulation that is slow or uncertain in this respect the proportion will be low.

**Duplicating Circulation.** That portion of the circulation which represents purchases of more than one copy by the same individual or members of his family on the same day, as for example,

the purchase of a noon edition or stock final on the street with the delivery of the home edition by the carrier at the residence. As a rule this proportion is small.

**Overlapping Circulation.** That portion of the circulation of a given publication which overlaps that of a competitor. This, too, varies with individual newspapers as well as with different cities. If there is considerable overlapping, it must be taken into account by the advertiser in shaping his advertising policies with respect to the publications. If repetition and reiteration serve his purpose, well and good. If not, he must key his advertising copy according to the medium used.

**A.B.C. Circulation.** Net paid circulation as defined by the rather strict rules of the Audit Bureau of Circulations as distinguished from either the so-called Government Statement or the Publisher's Statement. (For details, see the chapter on the Audit Bureau of Circulations.)

**Government Statement.** Net paid circulation as defined by the postal regulations and as required of daily newspapers at least once a year in a sworn statement to the government. (For details, see the chapter on Postal Regulations.)

**Waste Circulation.** Circulation which is either unproductive to the advertiser or so expensive to the publisher as to be unprofitable.

It is evident from the foregoing that many things enter into circulation. The type of circulation that will suit the needs of the general or national advertiser may be quite ineffective and unsatisfactory for the purposes of the retail or local advertiser and vice versa. The type of steady reader which comprises the bulk of circulation of one newspaper may be exactly suited to the requirements of one kind of advertiser and of little use to another. Specialty and quality shops catering to a limited but wealthy clientele, for example, would hardly be served by a publication which circulated largely among readers of low purchasing power.

What the advertiser is usually interested in with respect to circulation is steady if not immediate returns. The kind of circulation most likely to produce such returns is that which goes into the home. In smaller cities this circulation is represented by home-delivered circulation, but, in large metropolitan centers like New York where traffic and other physical conditions make home delivery impossible, it is represented by circulation which

enters the home by other means, chiefly street and newsstand sales of papers which are taken home by the reader.

With most newspapers the emphasis, then, is upon concentrated circulation. This is dense circulation or readers living within a relatively short distance of the city of publication. Next to this is what is sometimes called the area of delayed returns. It is made up of readers living at a somewhat greater distance but still within the trade area served by the newspaper. Its population density, too, is less than that of the first group. Still beyond this class of readers are those who come under the head of waste circulation—readers who live at such a distance that they are virtually useless from the standpoint of advertising returns. The three groups may be represented by concentric circles as shown here:

Ordinarily, a newspaper with the largest proportion of circulation giving direct advertising returns will be the best buy for the advertiser. For his purposes, a paper with 45,000 circulation classed as direct returns out of a total of 54,000 is more valuable, for example, than one in which the proportion is only 50,000 out of 80,000.

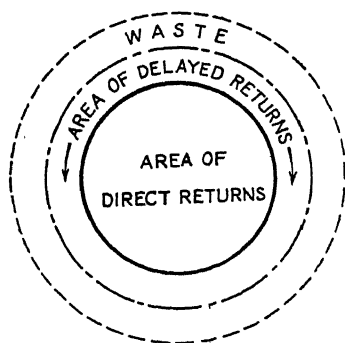


FIG. 12.

On the basis of total circulation, the proportions will vary with different communities. They will also vary according to the kind of publication. The *Chicago Daily News* prides itself upon the concentration as well as the relatively high purchasing power of its readers. By deliberate choice, it puts its emphasis upon local circulation or circulation within a relatively short radius of Chicago. The *Chicago Tribune*, on the other hand, not only has a strong following in Chicago but has found it feasible and profitable to extend its circulation effectively over all or portions of five states. The debate between these two leading newspapers as to their respective merits is well known. The general principle has been advanced that newspaper circulation should be built on the theory that its value decreases rapidly as the distance from the city of publication increases.<sup>1</sup> There is no final answer. As

<sup>1</sup> Cf. *Circulation Management*, September, 1934, p. 4.

far as circulation is concerned, the advertiser, like the reader, must make a choice and cut his advertising cloth to fit the medium used.

The Scripps-Howard newspapers, too, aim at concentrated circulation while the Hearst publications go in more for bulk circulation. Indeed, Mr. Hearst's emphasis has always been on mass circulation. If he had left no other mark on American journalism, he would still be remembered for his spectacular feats in building circulation. Different publishing methods yield different kinds of circulation which the advertiser must take into account to get the most out of his purchase of space in the various publications.

In general, the theory is that, if a newspaper can command a circulation totaling 20 per cent of the population of a given territory or in the ratio of 1:5, it has about reached the saturation point. This is on the basis that the average family consists of about five persons. This ratio does not necessarily follow, however, because of the many factors described that may affect circulation. If a relatively large number of newspapers are published in the community, it may be that none of them will attain the proportion indicated. Again, there are instances where individual newspapers exceed the theoretical figure and actually sell more copies daily than there are families in the community. This is true in the case of the Columbus *Dispatch* which in 1935 had the unusually high figure of 113 copies sold daily in Columbus for each 100 families. This was explained not only by an active and aggressive publishing policy but by the important fact that it sold locally for 1 cent a copy. This is one reason why *Dispatch* promotion for a long time was built around the theme, "The Dispatch ALONE is all you need." It had a total A.B.C. circulation in 1935 of 147,000 as against 80,000 for the *Citizen*, its afternoon competitor, owned by Scripps-Howard.

Yet there is an answer to even such an impressive showing. The *Citizen* in an advertisement later in *Editor & Publisher* countered with these points:<sup>1</sup>

· CONCENTRATION. . . . Circulation concentrated 87% in 35-mile ABC Retail Trading Zone where 96% of Columbus, Ohio, Retail Volume originates.

ECONOMY. . . . A rate in line with the size and sales potential of the Columbus market.

<sup>1</sup> July 25, 1936, p. 1.

READER INTEREST. . . . The *Citizen* is sold on the street and delivered by carrier at *double the price of the other evening paper*, yet reaches 67% of all homes, is 78% carrier delivered—truly a *preferred newspaper* reaching an able-to-buy audience.

To sum it up, circulation ideas and principles have changed with the years. The laissez-faire policies of 25 years ago have given way to more accurate principles as to the factors affecting circulation and the best methods of building and holding it. The circulation department has come to full flower in the publishing business, and it is recognized that whatever the editorial and advertising merits of a newspaper may be they are worth little unless the circulation department has adequate opportunity to effect the optimum distribution. It is further recognized that there is no known short cut to circulation supremacy but that to attain it there must be foresight, intelligent planning, sound execution, and unremitting effort. Above all it is seen that there is no substitute for quality in circulation and that, at least for the average daily newspaper, a concentrated circulation is next in importance to quality.

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## CHAPTER IV

### CIRCULATION PRACTICE

In some ways circulation practice has changed even more than the principles underlying circulation. The transition and the trends have already been suggested to some extent. This change was epitomized by John L. Meyer, secretary-treasurer of the Inland Daily Press Association, in an interview in *Editor & Publisher*.<sup>1</sup> Describing old times, he said, "When I was a circulation manager we sold spoons and dishes, and sometimes actually threw in the paper as an added premium. Well, we made many new readers. Today, however, circulation managers sell the newspapers and are interested in adding net revenue to the papers' income. They are getting down to the net of things, not merely the quantity."

The days described by Mr. Meyer are gone forever. It is now recognized that it is impossible to run a circulation department "by guess and by gosh." The successful operation of such a department calls for as much skill and brains as the conduct of any other selling agency, if not more, for the newspaper is one of the most perishable commodities in the world. As has been said so often, nothing is more stale than yesterday's newspaper, and to prevent its being stale is the task of the circulation manager and his department.

The first requisite of an effective newspaper distribution is a competent circulation executive. Given a circulation head who knows his business and is alert and aggressive, the next requirement is for a well-organized circulation department geared to the needs of a particular newspaper in terms of circulation volume, competition, and the potential as well as the actual circulation. The type and size of the departmental organization naturally depend upon the circulation factors already described. What will be effective in one set of conditions may be quite inadequate in another.

<sup>1</sup> June 27, 1936, p. 6.

In general, however, a daily newspaper of any size is organized to serve three distinct groups of readers: (1) those who reside in the town or city of publication, (2) those who live in the near-by trade basin, and (3) those who live at a distance. These correspond roughly to home, suburban or state, and mail circulation. They also produce to some extent, in the order named, the three types of advertising results described in the last chapter: (1) direct or immediate, (2) indirect or delayed, and (3) waste. In the main also, the first group represents the bulk of readers of the average newspaper, the second is next largest, and the third the smallest. The proportions vary with individual newspapers, but these generalizations will hold for the average daily.

The smaller the newspaper in terms of circulation the simpler its circulation department. As the newspaper extends its field, its distributing machinery becomes more intricate and complicated and it requires high efficiency in a far-flung organization to get the necessary results. A newspaper of 100,000 circulation may easily have 2000 persons connected with its circulation organization, each of whom is a vital link in the chain between the publication and its most distant subscriber. The maintenance of good will and reader confidence hinges upon the spirit and effectiveness of the entire circulation personnel from the circulation manager to the last carrier or street seller. All of this calls for good organization and effective management plus intelligence and a keen sense of public relations.

On a newspaper like the *New York Times* or the *Christian Science Monitor* the circulation department is literally a far-flung empire for whose well being the circulation manager is directly responsible. On such newspapers, the organization is necessarily complex and there are numerous subdivisions, each with its own specialties. Somewhat different methods of salesmanship and distribution are needed as between home-delivered or local circulation and the other types on practically all classes of newspapers.

With respect to the details of organization, allowance must be made for essential differences between individual newspapers. The general scheme or arrangement of the circulation department is suggested, however, by the outline on page 53, besides those given in the chapter on Newspaper Organization. Each major subdivision will be discussed in turn.

**City Circulation.** Since it is the largest and in many respects the most important, city circulation will be dealt with first. As the outline suggests, the local distribution falls under three headings: home delivery, street sales, newsstand sales. As stated previously, home-delivered circulation is the most important of these. If the newspaper is a sizable one, it may have a city manager in charge of all phases of local circulation and responsible directly to the general circulation manager.

There are three methods of home delivery, two of them involving boy carriers and a third utilizing adult carriers. The last

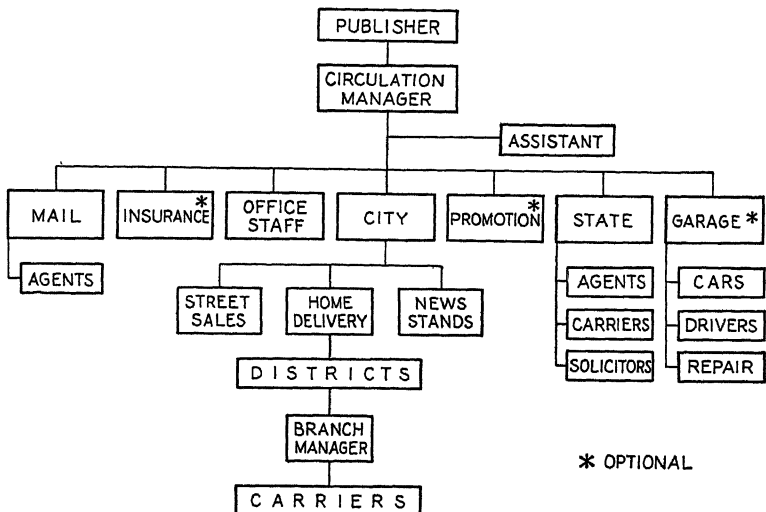


FIG. 13.

is to be found in only a few cities. The two juvenile systems are the so-called Little Merchant or Junior Merchant plan and the Office Collect method.

Until a century ago, it will be recalled, there was practically no such thing as home delivery. Unless he received his paper by mail, the subscriber was expected to call at the publication office for his copy. It was not until the advent of the penny press and the adoption of the so-called London plan of retailing newspapers that circulation began to assume its present characteristics. Under the London plan, as adapted from its English counterpart, newspapers were sold at wholesale to newsboys who

in turn sold or delivered the copies to customers and paid the publisher for them. This helped to solve the double problem of delivery and of collections.

But as recently as 1910, circulation methods were more or less haphazard. In the last two years of grammar school and all through high school, the writer carried papers in a city of more than 200,000. In the beginning, he had a small morning-paper route, but for five years had an afternoon route of between 150 and 200 customers. The latter consisted of subscribers of two competing newspapers. He owned the route outright and, like other carriers, was permitted to buy, sell, or trade customers without let or hindrance as far as the circulation departments of the two competing newspapers were concerned. No restrictions were placed upon the size of the route which, for a brief time, numbered more than 300 customers. The carrier was nominally responsible to a confectioner who ran a branch agency as a sideline and, incidentally, did a land-office business in candy, sodas, hot dogs, and other delicacies. Yet he got his draw at the mailing room downtown, three miles distant, because he could make better time by bicycle than to depend upon the horse-drawn delivery wagon then in use. A customer sold for 50 or 60 cents as a rule, but a particularly desirable one might bring as much as \$1. When he gave up his business, the carrier might pass his route on to a younger brother or sell it to another boy. All the main office was interested in was that the papers be delivered and paid for promptly.

All of this has changed. The haphazard, laissez-faire methods of yesterday have given way to system and salesmanship. With few exceptions, the customer is owned by the newspaper itself, the carrier serves an apprenticeship and, on most newspapers, is taught the fundamentals of selling along with other basic business principles. As a result, nothing is left to chance, and the customer gets better service and the boy receives higher rewards than did his predecessor of two decades ago.

**Office Collect System.** Under this arrangement, the routes and the customers are the property of the newspaper which hires boys merely to deliver the papers. Each boy gets a fixed stipend per week, the amount depending generally upon the copy price of the paper and the size of the route. The collecting is done by full-time employees of the circulation department who work

from the office. The collections are made monthly or weekly according to the policy of the newspaper.

While this arrangement has had a certain vogue, it is open to serious objections. It is more expensive and less productive to the newspaper in that it requires the services of additional employees to make collections and it gives the carrier relatively little incentive to do anything except to deliver the papers issued to him. It does not fit in with any effective scheme of building circulation. It is not surprising that it appears to be giving way steadily to the less expensive, more effective Junior Merchant plan.

**Junior Merchant Plan.** The basis of the Little Merchant or Junior Merchant plan is that the carrier is, in effect, an independent retailer and not a salaried employee. He is far from being wholly independent, but the progress he makes and, particularly, the financial and other rewards he achieves hinge almost entirely upon his own ability and efforts, backed by sound training and spurred by proper incentives. He is under close and constant supervision. His pay is in almost direct proportion to the satisfactory service he gives and the business he produces. First of all, the boy is carefully chosen. It is not too much to say that the present generation of newspaper carriers is a hand-picked group and will stand comparison with a like number of boys of the same age anywhere. In former days there was a lot of maudlin sentiment about "the poor newsie" which would be distinctly out of place today. In most instances, the boys are chosen only after making formal application and after a careful investigation of their records. They must come within certain age limits, they must attain satisfactory grades in school, they must come well recommended, and many newspapers require that they furnish a bond. This last is not only to insure their honesty and to safeguard the publication against losses from unpaid papers, but in the interests of the boy's own business training.

Once the boy's application is approved, he generally serves an apprenticeship. Depending upon the size of the city and the policies of the newspaper he is to represent, this may be either as a substitute carrier or in street selling. This is done to give him some experience and to test his earnestness as well as his ability. The boy who is a good street salesman does not always make a

good carrier and vice versa. The apprentice system nevertheless insures adequate representation and enough carriers to meet the ordinary needs of the newspaper.

When a regular route becomes available, it is turned over to the boy who by this time has passed the preliminary tests. As a rule his route covers a fixed territory for which he is held responsible. He must not only give good service to the customers on that route but he is accountable for nonsubscribers in his sector. That is, he is under constant pressure and is given continual incentive to go out and build up his route within the limits defined. This means soliciting nonsubscribers, and it calls in particular for watching new families who move into the neighborhood.

The Junior Merchant pays for his papers at the wholesale rate and collects for them at the retail rate. He is thus literally engaged in merchandising. He is required to make his collections at regular times, and, in particular, he must pay for them once a week, usually either Saturday or Monday. In order to do this he must make his own collections promptly. In this way the newspaper itself is saved the trouble and expense, which it has under the Office Collect system, of making collections, and the boy gets a varied business training in dealing with his customers, in handling money, in making collections, and, generally, in doing business in a businesslike way. The effectiveness of this method of collecting is shown by the testimony of a newspaper with more than 125,000 circulation that in any given week there is not more than \$10 or \$15 outstanding for the entire city. Against this is the experience of a paper of much smaller circulation which showed that besides the extra collection expense involved it lost from \$1800 to \$2000 a year in bad circulation accounts.<sup>1</sup> By changing to the Little Merchant plan in this case, collection economies were effected, the average carrier earned \$7 weekly as against \$4 formerly, the circulation was increased with correspondingly greater revenue for the newspaper, the collection losses were eliminated, and its promotion problems were simplified.

This experience has been duplicated many times. That of two other newspapers, the Fort Smith, Ark., *South Western American*

<sup>1</sup> Cf. *Circulation Management*, February, 1936, p. 18.

and *Times-Record*, will suffice to emphasize the point.<sup>1</sup> They changed from the Office Collect to the Junior Merchant plan July 1, 1934, with stress being laid on collections. Of their 72 carriers under the old method, all but three qualified under the new. According to G. C. Gardner, the circulation manager, the change resulted in more business and higher profits. Carrier circulation increased 34 per cent, revenue was about \$150 a week more, expenses decreased, the office detail was less, the delivery service was improved, the work of the boys was dignified, they received better training, and the cost of getting new starts was less than before.

The emphasis on better training for the carriers is an essential part of the Little Merchant system. Under it, the boys are given sound coaching in the fundamentals of the business. They get not only the theory but the practice, and they have added incentive to apply what they are taught in the continuous and special selling campaigns that are carried on by the newspapers. Indeed, largely as a result of the development and expansion of the Junior Merchant idea, the major emphasis in circulation building has been centered on the carrier, who benefits accordingly.

One not familiar with the application of the idea might wonder whether the plan does not lend itself to undue exploitation of the boys. While it is true that the carriers are under continual pressure to produce results, there is no real ground for any fear that the newspapers take undue advantage of their carriers. In this connection, certain insinuations by advocates of the proposed Child Labor Amendment to the federal Constitution that it is necessary, in part, because of conditions among newsboys are distinctly without foundation.

As a matter of fact, the great majority of newspapers take a highly beneficent attitude toward their carriers and street sellers. They not only look after their business conduct and training but they take a definite interest in their personal welfare and well-being. Various kinds of rewards and incentives are offered not only for additional business and efficient collections but for the best service to customers. Many newspapers publish special papers in the interests of their carriers. Some maintain carrier bands and other kinds of activities. These will be discussed more in detail in the following chapter on Circulation Promotion.

<sup>1</sup> *Ibid.*, p. 19.

**Adult Carriers.** In a few cities, such as Cincinnati, Pittsburgh, New York, and Chicago, adult carriers are used for home delivery in whole or in part. With them it is a full-time job and, owing to their age, experience, strength, and special working conditions, they are enabled to deliver enough papers to yield a reasonable wage. Such practice is the exception rather than the rule and in all probability would not be feasible except under special circumstances. The general practice in such cases is for the carriers to deliver all the papers on a given street or in a given territory, including competing publications. They pay for their draw at the wholesale rate and make collections at the retail rate. This type of delivery is perhaps more dependable and efficient in some ways but is open at least to the objection that it does not give the opportunity or incentive to produce new business that the Little Merchant plan does.

**Legal Status of Carriers.** It is more than an academic question whether the newsboy is the agent or employee of the newspaper or whether he is, in the legal sense of the term, an independent contractor. Not only personal but property rights are involved. If the carrier is an employee of the publication, he is likely to come under workman's compensation laws and the newspaper is also, to some extent at least, responsible for his acts. If he is an independent contractor, however, he must stand on his own feet in the event that he is injured or that he commits a tort while engaged in delivering his papers. There is also the question of the ownership of the routes.

The test seems to lie in the degree of control exercised over him and the answer is not wholly clear.<sup>1</sup> To the extent that most newspapers own the customers and the routes into which they are grouped and from the fact that the boy takes instructions from the publication as to the method of serving those customers, he seems to be an employee. But from the fact that he buys his papers wholesale, delivers them, and collects for them at the retail rate and is otherwise free to do as he pleases, he is an independent contractor. As a matter of fact, the courts of most states where the question has arisen have ruled practically unanimously that the carrier is, in effect, an independent contractor. Further, the workmen's compensation acts of some states, specifically New Jersey and California, are so written that

<sup>1</sup> Cf. *ibid.*, January, 1936, p. 16.



newspaper carriers are definitely excluded from their provisions. The question has now been raised as to whether they will come under the new federal Social Security Act and the first opinion seems to be in the negative unless they are on salary.

In an opinion cited in *Circulation Management*, it was pointed out that "where the control is to the *result only* of the work, the person employed is an independent contractor."<sup>1</sup> This applies, of course, to most carriers. In engaging a boy as a carrier, moreover, a newspaper can stipulate the terms of such limited employment, including control over the route assigned to him, its ownership, the basis on which he is to be paid, and other pertinent matters.

**Newsboy Regulation.** Various legal measures to safeguard the employment of persons under age apply to newspaper carriers and sellers. These take the form of local ordinances, state laws, and some federal regulation. The newspaper industry itself has also had the wisdom and foresight to take steps to protect those in its employ.

Under the National Industrial Recovery Act, in the early days of the New Deal, certain restrictions were agreed upon between the federal Department of Labor and the American Newspaper Publishers' Association for incorporation in the newspaper code. Not long before the U. S. Supreme Court held the N.I.R.A. unconstitutional, the code authority for the daily newspaper business submitted an amendment to the code which provided, among other things, (1) that boys under twelve years of age should not be engaged in the delivery of newspapers on routes, (2) that boys under fourteen years of age should not be engaged in the sale of newspapers in cities of 50,000 population or over, and (3) that no boy under twelve years of age should be engaged in the sale of newspapers in a city of less than 50,000 population.<sup>2</sup> This proposal received the almost unanimous approval of the more than 1200 publishers who had given their assent to the code. After the N.I.R.A. was thrown out, most newspapers continued to live up to the provisions, and in 1936 the A.N.P.A. committee on the newspaper boy issued a plea that all newspapers adhere to these minimum-age limits.<sup>3</sup>

<sup>1</sup> July, 1935, p. 26.

<sup>2</sup> Cf. *Editor & Publisher*, Apr. 25, 1936, p. 98.

<sup>3</sup> Cf. *ibid.*, Mar. 21, 1936, p. 41.

A number of cities have ordinances that limit or prohibit the hawking of newspapers at night. These have the double purpose and merit of keeping youths off the streets at unreasonable hours and of reducing unnecessary noises at night so that the good burghers can sleep. Among the cities that have adopted such regulations are Port Chester, N. Y.,<sup>1</sup> and Girard, Ohio, while in Charleston, W. Va., the publishers and the civil authorities agreed in 1936 upon rules to keep small boys from selling newspapers on the streets after regular hours as an excuse for violating the local curfew law.<sup>2</sup>

**Newsboy Trends.** In general, signs point to fewer but older newsboys with somewhat higher earnings. In all, there are some 500,000 newspaper carriers and street salesmen in the United States whose earnings from the sale of newspapers run probably between \$90,000,000 and \$100,000,000 a year.<sup>3</sup> A report made at the International Circulation Managers' Association convention in 1934 showed a total of 497,352 carriers and street sales boys with average weekly earnings of \$1,691,871.77.<sup>4</sup> This was a decrease from the previous year of 90,935 boys and \$258,783.66 in weekly earnings, but the earnings of the average boy rose from \$3.32 weekly to \$3.40, those of carriers being slightly higher than those of street sellers.

The survey covered 1489 newspapers. It showed only 2530 girls engaged in carrying or selling and only 3 per cent of the boys under twelve years of age. Those over sixteen comprised the largest age group with 35 per cent, while those between fourteen and sixteen made up 24 per cent. Carriers worked, on the average, 72 minutes a day as against 198 minutes for street newsboys. This was a distinct increase for both groups.

A U. S. Department of Labor report in 1935 pointed out a striking tendency on the part of newspapers to employ older boys for this work, the proportion of boys between fourteen and fifteen having doubled and that of boys under ten years of age dropping from 17 to 4 per cent from the corresponding groups as disclosed in studies made in 1922 and 1926.<sup>5</sup> The report was based upon

<sup>1</sup> Cf. *ibid.*, May 23, 1936, p. 22.

<sup>2</sup> Cf. *ibid.*, July 18, 1936, p. 34.

<sup>3</sup> Cf. *ibid.*, June 23, 1934, p. 10.

<sup>4</sup> Cf. *ibid.*

<sup>5</sup> Cf. *ibid.*, Mar. 16, 1935, p. 18.

a study of the data on about 3100 newsboys and 1200 magazine sellers in 17 cities.

**Suburban Circulation.** Just how the circulation outside of the town or city of publication is handled will depend upon the special conditions in individual cases. If the suburbs or near-by towns are close enough and the number of copies involved is large enough, branches or districts similar to those in the city are frequently set up, and the work of carriers is supervised much as in the city. This is particularly true of big city newspapers with a large outlying circulation in contiguous territory. If the number of carriers involved is small, they may be handled through special dealers or distributors and, of course, there are many independent carriers.

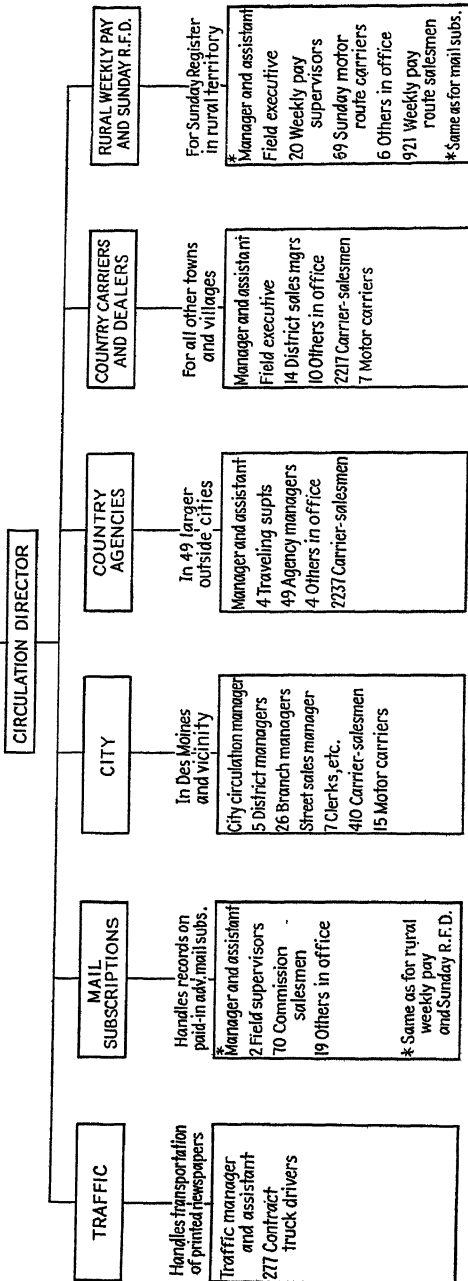
The Columbus *Dispatch*, for example, has dealers or distributors in some 35 outlying towns who act in the same capacity as the district managers in Columbus with the local carriers responsible to them. Many of these dealers or distributors are located in county seats, where they work on a commission basis. Some of them are on a full-time basis and some occasionally handle other out-of-town papers but never another competing Columbus paper.

The outreach of the circulation department of newspapers like the Des Moines *Register* and *Tribune* is suggested on page 62.

**Motor Routes.** Competition, the spread of improved roads, reader demands for later news and better newspapers, and changing transportation conditions have all contributed to the development of extensive motor delivery of newspapers. Here again the methods in use are shaped according to the needs and facilities of individual publications. In some cases trucks, owned by the newspaper, are used to deliver papers quickly over a large territory extending in all directions from the place of publication. In others, cars owned and operated by the drivers but maintained by the newspaper are used. Bus lines are used sometimes to supplement these methods and, of course, various combinations will be found.

The efficient and effective operation of motor routes calls for good organization and management. They must be so arranged as to give prompt yet profitable delivery. A route must be long enough to justify itself and yet not so long as to be burdensome or to delay the delivery of papers to the last customers. A car

DES MOINES REGISTER AND TRIBUNE  
CIRCULATION DEPARTMENT



SUMMARY:

- 107 Salaried employees
- 49 Agency managers on commission
- 70 Subscription salesmen on commission
- 4864 Boy carrier salesmen (exclusive)
- 921 Adult route salesmen (exclusive)
- 227 Contractors on motor delivery service
- 88 Field supervisors
- 8 Field executives
- 10 Office executives and assistants

Fig. 14.

may carry bundles of papers for distribution by carriers in outlying towns or it may give "slinger" service or both. "Slinger" service is the delivery of individual papers to subscribers along the way.

Many newspapers follow the practice of providing metal tubes on posts into which the papers are inserted, or they may be tossed onto the porch if the farmhouse is close enough to the road; hence the name "slinger." The tubes are generally supplied free to rural subscribers and bear the name of the newspaper. The route man is held responsible for their being kept in condition and for their removal if the subscriber moves or discontinues the paper. Because the use of mail boxes is limited by postal rule to matter carried in the mails, it is illegal to use them for papers delivered by carrier.

Motor routes are expensive, the costs varying with local conditions. When they are justified and when they are not are questions that must be decided on their merits. In an article in *Circulation Management* on "Motor Routes on Smaller Papers," C. J. Copeland, circulation manager of the Johnson City, Tenn., *Press*, gave these answers: (1) if the newspaper has no real competition and does not need the additional circulation, the answer is probably "No"; (2) but if the competition is strong, if more circulation is needed, if additional circulation will permit an advertising rate increase, if other transportation facilities are limited, if the newspaper is an afternoon publication with morning-paper competition, and if the rural area is partially industrialized, the answer is probably "Yes."<sup>1</sup>

In the case of this particular newspaper, the development of motor routes and the additional subscribers they afforded, resulted in a material increase in circulation. Of a total of 11,000 circulation, 3500 copies were hauled in bundles to outlying carriers and 3000 were delivered to subscribers en route. In laying out the routes the *Press* followed only two general rules: make each one a complete circuit and get the papers delivered before dark. They averaged about 70 miles in length and two-plus subscribers per mile. Unprofitable portions of routes were eliminated by continuous checks. The drivers owned the cars, were required to carry liability insurance on them, and were paid

<sup>1</sup> Issue of May, 1936, p. 16.

about 3 cents a mile and from 5 to 7 cents a week per paper as commissions. The *Press* maintained 22 routes.

The Spencer, Iowa, *Daily Reporter*, published in a rich farming section, has 27 small towns within a radius of 30 miles, only two of which had railroad or bus service suitable for the delivery of an afternoon paper. Four cars were put on to deliver the *Reporter* to these towns, yielding enough circulation to pay expenses and "a nice profit."<sup>1</sup> Expenses were reduced by effecting a combination with two big city newspapers serving the same territory, the *Reporter's* cars hauling their bundles as well as its own. The revenue from the two outside newspapers paid more than two-thirds of the expense.

To make motor delivery possible and profitable, newspapers have properly increased the copy price to subscribers thus served. For many years it has been the custom to give rural readers a subscription rate much lower than those in the city. About the only justifications for this practice were (1) that others did it; (2) that the country reader as a rule received his paper the day after publication; and (3) that such circulation did not cost much. Newspapers soon found, however, that they were losing money on mail subscriptions priced at \$3 or \$4 a year that were taken over on motor routes. The present practice is to charge customers on motor routes substantially the same as city readers. As to the necessity and propriety for this change there can be no argument.

**Airplane Routes.** A growing number of newspapers have purchased airplanes which are used for combination purposes. In time there is no question but that the airplane will be adapted to limited circulation use. The Oakland, Calif., *Tribune* was one of the first to do so. By contract with an aviation line, it arranged for air delivery to seven near-by cities from which the papers were picked up by buses and trains.<sup>2</sup>

**Street and Newsstand Sales.** In larger cities, teen-age girls have practically disappeared from the street selling of newspapers and such sales are confined to men or to boys who are out of school or who, at least, are not in day school. The men may be of any age, depending upon the policy of the newspaper. Such salesmen are supplied from trucks which make the rounds of downtown or other strategic street corners. The salesmen may have fixed

<sup>1</sup> Cf. *Circulation Management*, April, 1936, p. 34.

<sup>2</sup> Cf. *Editor & Publisher*, June 27, 1936, p. 48.

stations or may be permitted to roam, again depending upon the policy of the publication, although the former is the more prevalent. In some cases both types of selling are used. Newsboys who have no fixed corner or station are known in some cities as "bootjacks."

Newsstands, too, are supplied by newspaper trucks with definite routes. The papers in such cases are not usually made up into bundles, but the "draw" is supplied by count from the supply on the truck. In the case of street-corner salesmen, the trucks may make the rounds several times to replenish their supply.

**Returns.** One serious question confronting newspapers is the problem of returns. In order to reduce expenses, to cut down the losses from unsold papers, and in some degree to keep sales at a maximum, most newspapers have a fixed policy as to the number of papers returnable by a dealer unsold. If a newspaper is too lenient in this respect, it can easily let the number of unsold copies run to many thousand a year as simple arithmetic will show. For example, a newspaper that has four city editions daily and serves 200 newsstands of all sorts will have unsold returns of half a million copies a year from this one source if it permits each dealer to return only two copies of each of the four editions daily. One way to reduce the returns is to limit the draw or the number of papers issued to each newsstand. Where returns are permitted some newspapers require that the entire paper be returned, while others will accept the signature from the top of page one. This is especially true for out-of-town dealers.

**Copy Prices.** As has been explained, the copy prices charged for a newspaper are important. They must be low enough to be within steady reach of the customer, and yet they must be high enough to yield the publisher a proper and proportionate share of the revenue of the newspaper. In individual cases, the determination of copy prices will depend upon the various factors involved, such as costs, competition, and quality of the product sold. Habit is also something of a factor for it has been demonstrated time and again that readers are willing to pay anything within reason if they feel that they are getting their money's worth.

The range of copy prices of dailies in the United States is from 1 to 5 cents. It has been said that there is no economic justification for a 1-cent price on the part of any daily.<sup>1</sup> Yet the Colum-

<sup>1</sup> Cf. editorial in *Editor & Publisher*, Mar. 14, 1936, p. 28.

bus *Dispatch* for some years has sold at that price locally and 2 cents elsewhere, while the example of the Kansas City *Star* at 17 cents a week for the morning, afternoon, and Sunday issues is well known. Such cases, however, are the exceptions that prove the rule.

For the great majority of newspapers, the standard price has been 2 cents a copy and 10 or 12 cents a week. More recently this seems to have shifted in the direction of 3 cents a copy or 15 cents a week by carrier. It would not be surprising if this became the standard price in the future. Comparable rates are given for the month or by the year, although most subscribers served by carrier pay by the week or, less frequently, by the month. The mail subscriber, on the other hand, generally pays by the year in advance although as a special inducement to rural readers during times of depression and drouth, some newspapers have arranged to accommodate them for much shorter periods.

**Price Adjustments.** In the face of conditions caused by the depression, newspapers generally found it necessary to readjust their scale of prices. Many of them, as noted, increased the price to the reader and adjusted their wholesale rates accordingly. A few changed only their wholesale rates a fraction of a cent. Another fairly common step, taken either by groups or by individual action, was to raise the price to the mail subscriber who, on the average, was paying a little more than half of the rate charged the city reader. Many newspapers, too, boosted their circulation income by changing from the Office Collect to the Junior Merchant plan of distribution.

Where newspapers raised their copy price after giving due notice, three results were common in practically every case: (1) an immediate gain in circulation revenue, (2) an immediate loss in circulation, (3) an early recouping of most if not all of the circulation loss. The changes demonstrated that such action, if taken at the right time and in the right way, can be made to the definite improvement of the position of the newspaper. When the St. Louis newspapers made the change, for example, the *Post Dispatch* ran full-page advertisements showing the prevalence of retail newspaper prices elsewhere ranging from 3 to 5 cents, and its public was convinced. The same device was used effectively in other localities. In many cases, too, newspapers added new



features or additional services such as wire photo so as to give their readers a better product in return for the increase.

In making such a change, it has been pointed out that the fall or early winter is the best time because then the normal seasonal gain will be more than likely to offset the immediate loss. It has been shown also that the change can be made regardless of competitors, but there is a distinct advantage if several or all the local newspapers involved take similar action at the same time. After the change has been made, experience indicates that the loss in home-delivered circulation is apt to be made up more quickly than that from street sales because of the price differential of half a cent, and also that the bulk of the loss is recouped within three months either from new subscribers or from old ones who find that they cannot do without the paper. In taking such an action the newspaper also weeds out the least desirable readers from the standpoint of the advertiser. In any event, it seems evident from what has occurred since 1930 that the day of extremely low rates is gone forever.

**Commissions.** As with so many other things, there are no fixed standards as to circulation commissions paid by newspapers. There are signs of some cooperation, especially as to mail rates, but the individual newspaper is free to fix its own tariffs. Where copy price increases have been put into effect in recent years, publishers have properly shared the additional revenue with carriers and solicitors. A fraction of a cent difference in the rate will add thousands of dollars to circulation revenue on large newspapers. How the income may be divided is suggested by the following table:

Retail rate	Weekly rate	Wholesale rate per 100	Carrier's profit
\$0.01	\$0.06	\$0.50	\$0.50
0.02	0.12*	1.25	0.75
0.03	0.15†	2.10‡	0.90

\* Or \$0.50 a month.

† Or \$0.65 a month.

‡ In New York City, \$2.35.

**Mail Circulation.** The handling of mail circulation is something of both an art and a science. It requires special office

machinery and has a technique all its own. In mail circulation the newspaper is dealing with the subscriber at long range, although the distance may vary from five miles to half way around the earth. In any event, direct contact with such readers is largely limited to correspondence and to the publication itself. This calls for a special variety of promotion, salesmanship, and service. It also requires close cooperation between the mailing room and the post office to insure that such subscribers get their papers promptly and regularly.

Mail subscriptions differ from other kinds of circulation in several ways. With most daily newspapers, they comprise the smallest proportion of total sales. They are required to be paid for in advance, either quarterly, semiannually, or by the year. Much of such circulation comes voluntarily from former residents and others who have a special interest in the community or in that particular newspaper. What soliciting is done is usually carried on by direct mail or in some instances through other subscribers and, more rarely, by personal solicitation.

It is important that a definite routine be established for the handling of circulation-department mail. This is especially true both as to the dispatch of papers and as to incoming correspondence relating to mail circulation. This is to insure that orders, changes, complaints, and requests are handled expeditiously and to guard against errors. Such mail generally falls under the five headings of (1) new orders, (2) renewals, (3) changes in addresses, (4) stops, and (5) miscellaneous.

New orders and renewals, in particular, should be handled as promptly as possible. The amount received should be credited in the proper place to the subscriber, the proper records made out promptly and the correspondence filed so that it is readily accessible if needed. In regard to these as well as to changes in addresses, promptness and accuracy are the marks of effective management and anything less only breeds trouble. The use of a fixed method for handling such mail not only protects the interests of the subscriber but insures a more even flow of work in the circulation department.

The alert mail division of the circulation department also keeps a calendar of starts and stops which should be entered when the paper is first ordered. This consists of making an index of all mail subscriptions expiring on a given date. As the time

approaches, it is only a routine matter to send the reader notice that his subscription is about to expire and enclose the first promotion literature to get him to renew it. This is anywhere from a month to ten days prior to the expiration. If the first notice does not bring the desired results, successive means are used for a reasonable length of time.<sup>1</sup>

It has been said that nonrenewals fall into three classes: those who do not want it, those who put it off, and those who cannot make up their minds.<sup>2</sup> If those in the first group really mean it, the newspaper is wasting its time on them when the first two or three notices are of no avail. The satisfied reader and those who can be persuaded to renew after some hesitation are the principal sources of renewals. A renewed subscription is generally more valuable than a new one to both the newspaper and its advertisers for the simple reason that it costs less to get and represents a satisfied customer who is dependent upon and has confidence in the publication.

**Complaints.** Regardless of their source or even their merit, complaints must be handled promptly and tactfully. The customer is not always right; in fact, he is often unreasonable with carriers but he must have an opportunity to think that he is right. If papers are missed, or are late, or are thrown in the wrong place, the deficiency must be corrected as soon as it is reported. Most newspapers have found it good practice to encourage subscribers to report bad service at once. They generally follow it up with a return postal card or a personal call from the substation manager or some other "trouble shooter" to make certain that the difficulty has been ironed out and the customer is now satisfied.

A system of rewards and penalties applicable to the carriers is also in vogue in many cities. A boy who carries a route for three months without a complaint, for example, gets one form of reward. If he goes for another three months, he gets a still better one, and so on. Conversely, if complaints are made about him by customers he is subject to penalties. One newspaper, for example, has a system of fines, starting at 25 cents. Of course, if a boy is chronically the subject of complaints the only thing to do is to replace him.

<sup>1</sup> Cf. *Circulation Management*, June, 1935, p. 18.

<sup>2</sup> Cf. *ibid.*, April, 1936, p. 10.

**Turnover and Seasonality.** Even if carrier service were perfect and ordinary renewals were 100 per cent, there would still be an appreciable turnover in circulation. Deaths and removals alone would account for a large number of losses in the course of a year. For this reason, circulation is always dynamic and never static, and the circulation picture is changing constantly. There is always a marginal group of city readers, too, who are more or less on the move, and, unless the changes in address are followed up promptly, they are apt to be lost to competitors.

In addition to outright losses in circulation due to causes beyond the control of the newspaper, there are seasonal fluctuations. It is practically the universal experience that circulation is heavier in the fall and winter than it is in the summer. Street sales may be up in the summer but home delivery is generally down. For one thing, many families go away on vacation for part or all of the summer, and even the stay-at-homes have other interests and activities such as golf which tend to reduce sales. Extremes of weather likewise affect circulation, particularly street sales. Morning newspapers are perhaps less likely to be affected than afternoons because of sports and because business houses and professional men take the paper throughout the year. The efficient circulation department tries both to anticipate and to overcome such fluctuations. The vacation losses can be offset in part by a campaign to encourage readers to have the home-town newspaper sent where they are going. Other types of promotion can be used to bring in new subscribers to help compensate for seasonal losses. Both methods have been successfully used separately or in combination. This takes no account, of course, of losses caused by objectionable editorial or news policies. Such defections must be remedied in other ways.

**Number of Editions.** How many editions a newspaper publishes will depend generally upon the nature and extent of its circulation and the competition it has to meet. Of late the tendency has been to reduce the number of editions rather than to increase them. Many of those that are retained consist of little more than a page one makeover or perhaps one additional inside page replated. In a number of fairly large cities the sale of noon, baseball, and other special editions has fallen off to such an extent that they are no longer profitable. The radio has been responsible for this to some extent.

In a number of cities, too, publishers have come to realize that they face common problems in such matters and that the solution lies in the direction of cooperation rather than futile competition. The result has been in agreements to abandon certain editions and to divide the sales time as between morning and afternoon papers. Such agreements have been worked out, for example, in New York and in Cleveland. In the former, seven newspapers took joint steps to reduce production and circulation costs.<sup>1</sup> Strict standards were set up for the closing of first and last editions of the cooperating publications. Previously the first editions of morning newspapers appeared as early as 6 P.M. Under the terms of the agreement, this was moved back to 8 P.M., while the press time for the final edition of the cooperating afternoon papers was fixed at 6 P.M. and their first edition between 10:30 and 11 A.M. This arrangement makes possible the publication of an afternoon paper completely within the 8-hour day of the mechanical departments and the consequent elimination of overtime. The participating morning newspapers lost some circulation as a result but this was small when weighed against the savings. The newspapers cooperating were the *News*, the *Mirror*, the *American*, the *Post*, the *World-Telegram*, the *Journal*, and the *Sun*.

**Unfair Practices.** In the same manner, ethical and progressive newspapers have been working toward a code of fair practices in circulation management. Before such a code could be put into effect, it was necessary to define what constituted unfair practices. A list of such practices as reported to the Inland Daily Press Association covered newspapers which:<sup>2</sup>

- Lowered subscription prices in the outlying territory of competitors.
- Gave full rebates to Sunday motor dealers.
- Paid bonuses to country carriers and dealers.
- Sold at less than published rates.
- Offered insurance policies at cut rates.
- Used premiums without adding the cost.
- Enabled solicitors to cut prices by giving excessive commissions.
- Permitted extra time for payment on subscriptions obtained by carriers.
- Conducted certain types of subscription contests.

<sup>1</sup> Cf. *Editor & Publisher*, Nov. 16, 1935, p. 5.

<sup>2</sup> Cf. *ibid.*, Jan. 12, 1935, p. 30.

Continued sending papers indefinitely after the expiration of the subscription.

Entered clubs with magazines.

Delivered by truck beyond the retail-trading area.

Distributed papers free by carrier in the city of publication.

The postal regulations and the rules of the Audit Bureau of Circulations have helped to curb the excessive zeal of some circulation departments. So have the general and special trade associations in the publishing field. About the fairness or unfairness of some of the practices cited, there is still some debate. It is a good sign, however, that the newspapers themselves are setting their house in order in these respects.

**Forms, Filing, and Records.** Good management of an effective circulation department calls for accurate, adequate, and

	Date _____
<b>Carrier No.</b> _____	
New _____	Stop _____
	Fail _____
Change of Address _____	Time _____
Complaint _____	Paid on Acct. _____
Name _____	
Address _____	
Moved to _____	
Amount \$ _____	Phone _____
Remarks _____	

FIG. 15A.—Topeka, Kans., *State Journal* carrier form.

quickly accessible records and reports. These must cover: (1) the subscriber; (2) the carrier, salesman, or agent; and (3) circulation income and expense. Against the danger of insufficient or poorly organized records there is the counter danger of setting up too much office red tape. Simplicity is, therefore, desirable as a safeguard against error and in the interests of speed and efficiency.

The number and kinds of records and forms will vary with the volume and character of the circulation of individual newspapers. Some newspapers will find it possible to operate with a minimum system. Others, because of the sheer volume of business, the extent of the territory covered, and the number of individuals

involved, will require complicated methods. The Topeka, Kans., *State Journal*, for example, has devised a card for carriers which replaces half a dozen forms previously used.<sup>1</sup> Printed in duplicate, it not only provides for starts, stops, changes in addresses, and complaints but for payments made by the carrier and other information. All this is accommodated on a card 3½ by 5½ inches. The Warren, Ohio, *Tribune* makes use of a monthly report to the parents of each carrier as to his progress in "business training" during the previous month.<sup>2</sup> The Colorado Springs *Gazette* and *Telegraph* has a monthly grade card for its Junior Merchants, the reverse side of which shows their school standing as well.<sup>3</sup> A number of newspapers also use merit certificates of one sort or another in connection with the Little Merchant carrier system.

Other forms in use include those for cashbooks and for traveling representatives. A fairly simple, yet effective, type of the former is one used by the Elyria, Ohio, *Chronicle-Telegram* a facsimile of which is shown on page 74.<sup>4</sup> It gives a ready reckoning of circulation income and at the same time affords a check against the A.B.C. book and the cash register.

**Collection and Other Form Letters.** These, too, can be more or less standardized. A series of collection letters can be devised to deal with most delinquent subscribers. Such letters, in general, should be tactful, original, simple, and direct. Above all, they should have a personal appeal, even if they are only multigraphed. Form letters can also be used, under some circumstances, to handle routine complaints concerning nondelivery of papers through the mails and other similar matters. Experience is the best teacher in such matters.

**Twine vs. Wire.** A volume might be written about the details of circulation practice and problems. One further example will suffice here. It has to do with the relative merits of twine and wire for tying newspaper bundles.

To the uninitiated, this might seem like a simple matter. Most newspapers, in fact, have long used twine and will probably continue to do so. Yet some, like the *Chicago Daily News*, have

<sup>1</sup> Cf. *Circulation Management*, June, 1935, p. 28.

<sup>2</sup> Cf. *ibid.*, June, 1935, p. 28.

<sup>3</sup> Cf. *ibid.*, February, 1936, p. 26.

<sup>4</sup> Cf. *ibid.*, November, 1935, p. 30.





abandoned twine for wire with highly satisfactory results.<sup>1</sup> The experience of this paper has been that it ties much more rapidly than twine and is better insurance against thefts and broken bundles. The saving of time permits later deadlines which in itself is an important item.

The task of buying twine for newspaper circulation department use becomes more complex when it is learned that there are some 5000 sizes and kinds in current use of which perhaps 10 per cent are suitable for newspapers. Twine for newspaper bundles must neither break nor stretch, it must have adequate working strength, it must not cost too much, and, when stored, it must retain its natural moisture. Working strength is resistance against the cutting or chafing action of twine in a tied bundle. It is different from tensile strength. In general, that twine is best which has strength, adaptability, and economy. Some newspapers employ metal fasteners with twine which they are thus enabled to use as much as 75 times.

From the foregoing, it will be evident that circulation management is in itself both a business and an industry that call for effective selling, efficient distribution, and a high degree of skill, energy, and experience. If the newspaper's eggs are in any one basket, it is the circulation basket. The best editorial product in the world is worthless if the sales and circulation machinery is faulty. On the other hand, one has only to look around to see publications of limited editorial merit marketed in large volume by skillful merchandising on the part of the circulation department.

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## CHAPTER V

### CIRCULATION PROMOTION

It is the primary purpose of circulation promotion to strengthen the circulation of a publication. This may take the direction of greater reader interest or additional subscribers, or both. Anything that contributes to these ends, therefore, comes within the definition of circulation promotion. .

Yet it is sometimes difficult to draw a sharp dividing line between circulation promotion and other types of newspaper promotion. This is for several reasons. One is that promotion that achieves a primary purpose may also accomplish a secondary result as a byproduct. Another is that on most newspapers the promotion function is perhaps less standardized and less well organized than almost any other phase of publishing activity. In consequence, circulation promotion is sometimes handled within the circulation department and sometimes by the general promotion department. On backward newspapers there is no definite or regular provision for such promotion.

In general, however, it may be said that the building of circulation through promotional effort takes one of two forms: (1) that aimed at the reader; (2) that directed at the sales personnel of the newspaper. Circulation promotion is at least as old as the penny press, but it is only in recent years that the term has come into general use. Allowing for special adaptation, the principles of general promotion may be applied to newspaper circulation. They are partly a matter of psychology and partly a matter of economics.

Capitalizing upon fundamental human qualities such as curiosity or the lure of a bargain will bring results in newspaper merchandising just as surely as it did for P. T. Barnum or for any commercial enterprise. The only limits to the form promotion takes are those of common honesty and human ingenuity. It runs the entire gamut from quota and other forms of pressure selling to many types of contests. Even the use of premiums and cut rates has not been entirely outmoded.

## I. SALES PROMOTION

Because the newspaper must first capture the subscriber before it can undertake to keep him, various types of circulation sales promotion will be dealt with first. For a long time the emphasis in subscription campaigns was upon the use of premiums and the employment of adult solicitors who worked on a commission basis. Currently the use of premiums has fallen into some disrepute as being unsound, uneconomical, and undignified, and most daily newspapers now put their chief dependence upon their carriers to maintain and to increase their circulation. For the most part there has been a return to sanity here, but some newspapers still rely upon high-pressure methods.

The services of professional circulation promoters are still used to a limited extent by small publications, but this is chiefly in the weekly rather than in the daily field. Such agencies are usually companies which make a business of building circulation for publications which lack the facilities or the experience for helping themselves. The customary arrangement is for them to work on a percentage basis, the publisher paying most if not all of the expenses, including any prizes and premiums that may be offered. This method has the advantage of enlisting professional experience, but is also open to the serious objection that additional circulation so obtained may be too temporary or expensive to be of any real or lasting benefit to the newspaper.

The basic requirements of any newspaper selling campaign are few and simple: (1) it must be effective; (2) it must not be too complicated; (3) it must be reasonably economical; and (4) it must produce quality circulation, *i.e.*, circulation that is really valuable and useful to the publication and to the advertiser. In addition, experience has shown that circulation campaigns must be not only productive but cumulative. A newspaper derives no real benefit from circulation obtained through great effort and expense if it cannot keep most of the subscribers thus added. Examples are numerous of expensive circulation campaigns that yielded legions of new readers who dropped by the wayside within 90 days when the contest ended or the sales pressure was relaxed. Just two will suffice.<sup>1</sup> In one, a reader promotion contest added 14,000 subscribers in January. These

<sup>1</sup> Cf. *Editor & Publisher*, July 9, 1932, p. 9.

were gone, besides some 2000 others, by June. Two other newspapers spent \$150,000 each in similar promotion, and the result-

## HOW IS YOUR

# ARITHMETIC ?

CHECK THIS AND SEE IF IT DOESN'T ADD UP...

- 1 America is a free nation today largely because most of us desire to hear BOTH SIDES of important public questions before making up our minds—instead of deciding and then seeking evidence to bolster our convictions. This freedom will endure no longer than our demand to judge the truth for ourselves!
- 2 It is the duty of a newspaper in a democracy to do three things that its readers may intelligently direct the progress of their nation: Present ALL the news without color or bias; express editorial beliefs vigorously in columns reserved for that purpose; and present opinions of other competent writers on all sides of important questions.
- 3 These are the three commitments that guide The Des Moines Register and Tribune. Here's how they work in practice... the case of President Roosevelt and Supreme Court change...
- 4 Tuesday The Des Moines Daily Register finished presentation of "The Nine Old Men"—a witty but bitter attack by Drew Pearson and Robert Allen upon the value of the Supreme Court in American government.
- 5 In Wednesday's Des Moines Daily Register began a smashing defense of The Supreme Court by David Lawrence... capable, forceful and clear... "Nine Honest Men"
- 6 Here in action is the meaning of "all sides"... opportunity for all readers to hear complete discussion of important questions... not only the hot news facts bursting from the front page, but the best opinions of good writers for and against. Consistent presentation of "all sides" is one more reason why The Des Moines Daily Register is called "the newspaper Iowa depends upon."

**The Des Moines Daily Register**

"The Newspaper Iowa Depends Upon"

FIG. 16.—Des Moines *Daily Register* promotion.

ing gains did not last eight months. These emphasize the need, too, for holding circulation as well as getting it.

For these reasons, many newspapers have abandoned spectacular high-pressure campaigns which produce temporary results in favor of continuing promotion which has the dual advantage of sustained incentive for the sales force and lasting interest for the reader. In most instances, such a policy is more logical, less expensive, more productive, and certainly more lasting in its results. The discovery, or rather the realization of this fact, has given added impetus to the importance of, and necessity for, an adequate and permanent promotion program.

**Carrier Promotion.** The whole scheme of present-day newspaper sales promotion fits right in with the Junior Merchant plan. As noted in the preceding chapter, circulation salesmanship is at the root of this idea. The boy who cannot produce results, not only in terms of good service to the customers entrusted to him but in new subscribers, is quickly weeded out, while the boy who is a producer is rewarded in direct proportion to what he is able to produce, particularly in the way of new starts.

There are two types of campaigns which may be likened, respectively, to the use of the rifle and the shotgun. The one has as its purpose the attainment of a definite objective, such as a given number of new subscribers, or the building up of circulation in a new sector or in a weak area. The second represents an effort with scattering effect which, under the law of averages if for no other reason, is bound to produce some results. A newspaper may use either or both, depending upon its needs.

In the case of the carrier, the incentive or reward must be keyed to the boy. Many newspapers give cash prizes and others offer merchandise, such as sports or recreational equipment in season. Capitalizing upon the natural desire of almost every one to travel, an increasing number of publications are using attractive trips as the main awards to their best carriers. Some of these are day trips to points of interest, while others are all-expense tours lasting the better part of a week and even longer. This type of promotion has been shown to produce large dividends.

The prevalence of the practice of requiring or expecting carriers to solicit new business is shown by the survey of 1489 newspapers already referred to.<sup>1</sup> Boys were compelled to solicit new business by 434 of the papers reporting, while 431 expected them to do so,

<sup>1</sup> Cf. *supra*, p. 60.

and 542 encouraged them to do it. Only 51 said they had no policy in this respect.

Experience seems to show that in any circulation contest, regardless of the nature of the rewards or prizes to the carriers, the smaller the number of new subscriptions required and the shorter the term of such subscriptions, the greater will be the results.<sup>1</sup> For example, it is easier to sign up new subscribers for a three-month trial than it is for six months. Likewise, a boy is more apt to produce results if 10 new starts will bring him a prize than if he is required to get 15 or 20. It has also been shown that contests are distinctly more difficult for the boy if the required number of new starts exceeds a dozen. The problem then is to make contests hard enough to produce substantial results and yet not so difficult as to discourage the boy.

The Charleston, W. Va., *Gazette* has an interesting plan of rewards and incentives which illustrates what can be done.<sup>2</sup> When a boy is first accepted by the *Gazette*, he is rated as a Newspaper Boy. After he has made certain accomplishments, he becomes a Junior Merchant, and, when he produces 100 per cent in sales and in service, he is promoted to Master Salesman; about 20 per cent of the boys qualify for this status. In addition, there is a group of supersalesmen, limited to 30 and known as the "30 Club."

When a boy gets his first promotion as a carrier he is given a belt and a buckle bearing the name of the paper and the insignia of the degree in color as well as a cap with the same insignia. The Junior Merchant and Master Salesman degrees likewise carry caps with their respective colors and insignia. All Master Salesmen are sent to a free camp for a week, while the 30 Club boys get a special cash bonus of 50 per cent of their paper bill the week before Christmas, the amount running from \$1 to \$15.

After a boy has been in service for a month he may apply for his first "merit chevron," providing his record has been up to standard and he has shown some sales ability. It is entirely optional whether he applies, but most of them do, according to Chester H. Roberts, assistant circulation manager of the *Gazette*, because promotion brings higher rates for starts. Thus, a new boy who has not been promoted gets only about 7 cents an order as against 20 cents for the Master Salesman. A boy is required,

<sup>1</sup> Cf. *Circulation Management*, September, 1935, p. 16.

<sup>2</sup> Cf. *ibid.*, March, 1936, p. 12.



however, to pay into a savings account, the payment amounting to 10 per cent of his paper bill each week for ten weeks.

A sales meeting is held each Thursday evening when each boy must fill out a sales report. The only way he can do this is to canvass his own route, and he is given credit or penalized according to his sales report. On Friday evenings the same report is given to him at another sales meeting, and he can fill it out only after canvassing anywhere he cares to, on other routes as well as his own. The results of these efforts and duties are recorded at his substation, and, at the end of the month, he receives certificates on the basis of the points he has made. He may redeem these either in cash or in prizes.

The boy becomes eligible for his second merit chevron after he has been in service at least  $2\frac{1}{2}$  months, has paid his savings deposit quota, and has won at least 10 gold certificates denoting a gain of 10 subscribers on his route. If he meets these qualifications he gets an official *Gazette* Junior Merchant sports jacket and his rate on start orders is raised to about 10 cents. Similarly, the boy can attain the Master Salesman's status only after at least six-months' service and not less than two months after he has won the Junior Merchant's degree. Master Salesmen are eligible to the free camping trip, to a Christmas bonus and membership in the 30 Club. Boys may be suspended from any of the degrees, however, for failure to maintain their records and each boy is made to feel his responsibility. The program not only teaches the boy to stand on his own feet but it produces circulation results, and it yields favorable publicity for the newspaper.

The Atlanta *Georgian-American* conducts a carrier Honor Roll which has proved to be very helpful in promoting better service, increased circulation, and prompt collections.<sup>1</sup> These incentives are offered to boys on the Honor Roll: weekly theater tickets, a special party for those on the roll 4 weeks in succession, a cash bonus of \$5 for those on the list for 26 successive weeks. The Honor Roll is printed each Sunday. The plan worked so well that it was extended to include the district managers. To win a place on the roll the boy must have observed these requirements:

1. Reported to regular and special meetings at appointed times.
2. Worked his route faithfully for new business on nights as required by District Manager and checked in to him at appointed place and time.

<sup>1</sup> Cf. *Circulation Management*, May, 1936, p. 27.

3. Did not have a complaint for the past seven days.
4. Followed all instructions, as given by District Manager, to the letter.
5. Recommended by District Manager as having put forth every effort to increase Bulldog sales and to secure regular subscribers from Bulldog customers.
6. Paid account in full on time as required by District Manager.
7. Route book in perfect order and neat and turned in to District Manager on time for checking.
8. Conduct was above reproach and appearance neat and satisfactory at all times.
9. Service record at office denotes strict attention to details, such as Insurance, Magazines, and transfers; also shows progress on route.
10. Sales Manual was carefully studied and used to improve sales ability. Sales Manual was used on solicitation.
11. Made quota as set by District Manager.

The Columbus *Dispatch* uses a system of honor buttons for carriers. To be successful, the carrier must deliver his papers without misses or complaints, he must complete his collections on time, he must make a profit from his route and must develop sales ability. For a satisfactory record for three months he is entitled to a celluloid honor button, for six months a bronze button, and for nine months a gold button. He is graded monthly by his district manager. He is provided with a sales manual and he receives the *Dispatch Hustler*, a tabloid newspaper issued monthly in the interests of carriers. The names and standings of leading carriers are printed together with accounts and descriptions of outstanding accomplishments, information about contests in progress or impending, and other matters of interest to the boys.

**Merchandise Prizes.** A list of things the average boy wants would fill a small book. In offering prizes, therefore, the circulation manager has only to capitalize upon this natural desire to spur his carriers to productive effort. Tangible prizes generally take one of three forms: cash, merchandise, or trips. The range of merchandise awards runs all the way from things in common use and demand by boys to novelties. There are any number of novelty manufacturers in the United States whose wares can be so used. A newspaper can usually buy merchandise at wholesale rates for this purpose.

Merchandise prizes frequently take the form of seasonal goods or things which the boy would be unlikely or unable to get for

himself. With the return of the bicycle to popular favor, quite a number of newspapers have provided this useful prize as a sales incentive. The St. Paul *Daily News* and the Chicago *Tribune* are two leading newspapers which have used this type of award with highly satisfactory results.<sup>1</sup>

The former organized a Daily News Bicycle Club which was open to any boy or girl in the St. Paul city circulation area except carrier boys and members of their families. The bicycles were displayed at school playgrounds and carriers urged boys and girls on their routes to join the club. The *Daily News* gave bicycles for quotas of from 18 to 24 six-month subscription orders while the *Tribune* awarded bicycles for 12 six-month subscriptions. The quota in each case will depend upon how much the circulation department can afford to pay for new subscriptions.

**Trips and Tours.** This form of reward has become increasingly popular in recent years. The urge to travel is universal not only with boys but for adult solicitors and readers as well. The restoration of reduced fares has given added stimulus to travel prizes.

To cite only a few examples, the Worcester, Mass., *Evening Post* for some years has conducted a six-day tour of Washington, New York, and Annapolis; the Hartford *Courant* promoted a trip to Europe; the Boston *Herald-Traveler* ran a tour to Washington for 75 boys; the Columbus *Citizen* took 300 carriers on a four-day trip to Washington, the Nashville *Tennessean* has used not only trips to Washington and Chicago but Central American cruises.<sup>2</sup>

The testimony of H. H. Swan, circulation manager of the Worcester *Evening Post* is interesting in this connection.<sup>3</sup> Five ordinary circulation campaigns, he reports, netted 4129 new subscriptions. Six contests using tours as the incentive, however, yielded 12,371 new subscriptions plus long-time good will. The matter of expense is also one to be considered. Costs are somewhat less for a large party than for smaller ones. Further, Mr. Swan points out, subscription orders obtained by the *Evening Post* by the use of tours cost an average of 49 cents in 1934 as against 51 cents for other prize offers, while in 1935 the costs were 60 and 62 cents, respectively. The advantages claimed for

<sup>1</sup> Cf. *ibid.*, September, 1935, p. 16.

<sup>2</sup> Cf. *ibid.*, June, 1935, p. 22.

<sup>3</sup> Cf. *ibid.*, March, 1936, p. 16.

the use of tours and trips are that they get good results, they cost less for each new subscription than other methods, they offer a wide variety of promotion angles, they arouse public interest, and they help the morale of the staff and circulation organization.

The Long Island *Daily Star* has used a cumulative sales campaign which, it is claimed, can be adapted to newspapers of almost any size.<sup>1</sup> It applies also either to tours or to other kinds of prizes. The plan, briefly, is to divide the carriers into groups of 15 or 20, determine the minimum number of subscriptions necessary to win the award, pit the groups against each other, award the prize, which may be a trip, a bicycle, a motorcycle, or an outboard motor, each time the quota is obtained, then carry the contest forward by successive steps. This last is done as each prize is awarded by carrying forward the standing of all the boys except the winner toward the attainment of the next quota. As Charles M. Schofield, circulation manager of the *Daily Star*, explains it:

If the prize was won by Carrier No. 1 with 10 subscriptions, and Carrier No. 2 produced seven subs but did not win, then Carrier No. 2 and every other nonwinner would start on the next drive with his present standing to his credit. Carrier No. 1, however, would have to start all over. In other words, all the subscription orders a boy secures during the entire length of the contest always remain to his credit until such time as he gets a prize. Therefore, the more orders he piles up in each "drive" the closer he becomes toward being the next winner. We call it a "hit" each time the stated number [quota] of subs is sold and a prize is awarded. . . .

Nonwinners are rewarded with smaller prizes. The plan can also be extended to include district managers and it can be carried on simultaneously with other contests. For example, while the *Daily Star* was running a trip to Florida as the major prize on the basis of 50 subscriptions, it gave a zipper melton coat as an added incentive each time a group produced 15 new subscriptions, the orders counting toward both the garment and the trip. The success of the idea can be judged from the fact that in an organization of 225 carrier-salesmen 40 trips were awarded.

**Country Circulation.** Many of the methods and ideas used to build city circulation can also be applied or adapted to country circulation. Individual newspapers follow different policies in

<sup>1</sup> Cf. *ibid.*, April, 1936, p. 12.

paying country circulation agents. Some pay a straight salary, others pay solely on a commission basis, and still others combine salary and commission. Various bonus schemes can be extended to include such salesmen if desired.

The Flint, Mich., *Journal* uses satisfactorily what is called the zone system of R.F.D. solicitation with the surprising record of 94.9 per cent renewals for a six-month period.<sup>1</sup> It obtained a list of the number of active rural-delivery mailboxes on each route in its territory. The routes were divided into groups, each of which a solicitor can cover every two weeks, working on a commission basis. The *Journal* uses a complete card index of these subscribers, keeping a dated list of call-backs and expiration dates by towns. The lists are made up on the first and fifteenth of each month 15 days ahead so as to give the agent an opportunity to make the call before the subscription expires. The solicitors also contact the carriers in each town in their area at least once a month, thus doing away with country agencies. The *Journal* has also found that it helps to permit farmers to pay once a month since most of them are much more willing and able to do this than to pay for a year in advance.

The Johnson City, Tenn., *Press* has already been cited for its development of profitable motor routes in rural territory.<sup>2</sup> Starting from scratch, this newspaper canvassed its territory as to rural circulation possibilities and set half the houses within sight of the roads as its goal. It delivered sample copies of the paper free for two weeks without any obligation and then solicited the rural residents thus served. By good follow-up and close attention, 3000 circulation was added in this manner.

**Mail Circulation.** Since mail subscriptions are payable in advance, usually for longer periods than the city reader signs up, and since the opportunity for personal contact varies considerably, the mechanics of this type of selling are somewhat different than for others. Such circulation may be obtained through personal solicitation, through local agents, or direct by mail. Once obtained, it is still another problem to hold such circulation.

The Des Moines *Register* and *Tribune*, with 100,000 paid in advance circulation, have an impressive record in this respect.<sup>3</sup>

<sup>1</sup> Cf. *ibid.*, September, 1935, p. 18.

<sup>2</sup> Cf. *supra*, p. 63.

<sup>3</sup> Cf. *Circulation Management*, June, 1935, p. 18.

To get renewals by mail, they use five types of notices as follows: (1) a circular letter three weeks in advance of the expiration date; (2) another circular letter a week in advance; (3) a postal card mailed early in the week of the stop; and (4) and (5), postal-card notices one and two weeks, respectively, after expiration. The number of notices to send in such cases will be determined largely by experience as there is no point in sending circulation appeals indefinitely after it has been shown that they do not produce results.

It has been proved time and again that letters are more effective than other kinds of notices for the simple reason that they are more personal. Cards, however, make good reminders and can be used for supplemental notices. It has also been shown that for some psychological reason the color of the envelope used has some bearing on the percentage of replies. The enclosure of an addressed return envelope also helps although it is not necessary to affix a stamp. In general, that circulation appeal will produce the most results which gets the most attention, is simplest to read and understand, has a personal appeal, and is easiest to answer.

**Club Methods.** Clubbing is commonly understood to apply to joint subscriptions for more than one publication such as a newspaper and a magazine, or a newspaper and a farm weekly. Still another type was used by an Ohio newspaper which engaged an organizer to get five or more friends to subscribe at one time.<sup>1</sup> The inducement was that each of the five got a 50-cent reduction in the price of the paper and the organizer of the "club" received a merchandise prize. This was conducted on a sliding scale with added prizes for more clubs and more expensive prizes for larger groups. The advantages claimed for it are that it gets better year after year, costs less than selling by mail or solicitor, gives subscribers the benefit of a legitimate reduction on the rate, builds good will, and gets readers active in urging others to subscribe.

**Carrier Newspapers.** Many of the larger newspapers and quite a few of the smaller ones for that matter publish a house organ for carriers. The details vary as to its nature and frequency, but the purpose is the same everywhere: to stimulate the interest and pride of the carriers and to help swell circulation. In this guise it becomes a piece of circulation promotion.

<sup>1</sup> Cf. *ibid.*, p. 33.

Some of these publications are printed, and some are multi-graphed or mimeographed. Most of them are issued monthly to all carriers. Some of them are published with the editorial help of the boys themselves, thus adding to their interest since the editorial staff can be rotated among the different circulation districts. The publication gives a fine opportunity to record the standings of various boys and to compare the different districts. It provides a medium for announcements of new contests and awards and a multitude of matters concerning the carriers. Newspapers which use this form of promotion generally find it well worth the modest effort and expense it involves.

The advantages of such a publication are thus summarized by P. F. Johnson, circulation manager of the Lincoln, Neb., *Star*, writing in *Circulation Management*:<sup>1</sup>

1. It helps to get carriers to conduct a continuous campaign for starts and keeps them all on their toes.
2. It helps to hold present subscribers by stressing the importance of good service.
3. It helps collections by reducing the loss from poor pay carriers and by prompt payment of bills.
4. It helps exert a good influence on the carriers.

He also points out that the little newspaper fits in with the *Star's* boy-welfare program, and by having teams of carriers edit the *Junior Star*, as it is called, their interest and activity are insured. It features such things as an Early Payers' list and a High Increasers' list together with a special honor roll of the five ranking boys each month. It helps to develop a spirit of unity among the boys as well as a healthy rivalry.

**Newsboy Bands.** A number of newspapers have found the promotion of newsboy bands useful and profitable. The Fort Wayne, Ind., *News-Sentinel*, for example, has sponsored such a band since 1924. It has grown so that it is now necessary to operate two bands. W. G. Andrews, circulation manager of the *News-Sentinel*, is authority for the statement that "it has performed a public good will service and has been of immeasurable value to the newspaper."<sup>2</sup> In the first dozen years of its existence this band gave some four hundred public concerts in Fort Wayne

<sup>1</sup> November, 1935, p. 18.

<sup>2</sup> Cf. *ibid.*, July, 1936, p. 14.

and near-by towns, including a series of summer concerts. Once organized and with a competent director, such a band supplies its own incentive and energy. It need not cost much—most of the instruments and the uniforms can be given as circulation prizes and the expense can be charged to promotion.

**Carriers' Convention.** Many papers find it highly profitable in strengthening their relations with their carriers to promote special events for the entire group once a year or oftener. This may take the form of a picnic or some other outing. The Des Moines *Register* and *Tribune* have perhaps gone as far or further in this direction than any other newspaper of like circulation. The sixth annual convention and frolic of *Register* and *Tribune* carriers in 1935, for example, was attended by some 13,000 carrier-salesmen and members of their families from all parts of Iowa.<sup>1</sup> It included a special performance of a three-ring circus, a downtown parade two miles long with many floats and 14 bands and 4 drum and bugle corps in line, and a Western League baseball game. Also on the program were brief talks by executives of the newspaper.

## II. READER PROMOTION

As distinguished from carrier promotion, reader promotion may be defined as that type in which the reader is the immediate or direct target. It may be a separate campaign or it may be auxiliary to a subscription campaign. It may be intended to produce some specific result or it may have as its object the building of good will for the newspaper. In a way, this last variety belongs under the heading of institutional promotion and will, therefore, be discussed in the chapter on General Promotion.

Reader promotion has two principal objectives: to add new readers and to keep readers interested and satisfied. The former, as suggested, is tied up with circulation sales campaigns. The latter is designed to hold the subscriber once he has signed on the dotted line. As pointed out in the discussion of circulation principles, it is increasingly recognized that satisfied customers are the best asset of a newspaper and that it is quite as important to retain circulation as it is to add to it.

**Premiums.** The use of premiums fell into disuse because of the fact that much of the merchandise was shoddy or the practice was

<sup>1</sup> Cf. *ibid.*, July, 1935, p. 23.



overdone. In some highly competitive circulation campaigns, individual newspapers exceeded all the bounds of reason. The feeling grew that this means of getting circulation was unsound economically and beneath the dignity of reputable and responsible newspapers. Of late years, however, there have been some signs of the return of the premium to favor but on a somewhat more dignified basis.

The advantages of premium offers are: (1) they are spectacular and thus attract quick attention, and (2) they appeal either to the possessive or bargain instincts of the customer. The disadvantages are: (1) the premium tends to cheapen the newspaper which, after all, ought to be sold on its merits; (2) circulation so obtained is likely to be unstable and transient; (3) for this reason, it is apt to be too costly in terms of lasting results; and (4) it lends itself to abuses and competes to some extent with local merchants.

Combination offers of merchandise in return for coupons clipped from the newspaper plus a small cash payment are common devices. The genuineness of the bargain is sometimes open to question but such offers usually evoke a ready response. For example, a California newspaper offered new subscribers signing up for the paper for six months a 7-piece water set in return for a coupon and 65 cents.<sup>1</sup> The coupon had to be presented at the newspaper plant, however, where the subscriber was shown personal attention and taken on a tour of the plant to impress him.

An example of circulation building by high-pressure methods, including premiums, that exceeded all bounds was the contest in which London, England, newspapers engaged some years ago. Lord Beaverbrook, in a page one announcement, admitted that between Mar. 1 and June 30 his London *Daily Express* spent more than \$1,000,000 in gifts and prizes to get new readers or about \$2 per new subscriber.<sup>2</sup> It did succeed in pushing the total circulation to 2,054,348 in June, but, of this, some 88,000 was lost by August, and the proprietor admitted that crossing the 2,000,000 mark by such methods, which included the giving away of free sets of Dickens, was futile.

**Contests.** There are perhaps more kinds of contests than there are newspapers. Further, there is a vogue in types of contest just

<sup>1</sup> Cf. *ibid.*, p. 25.

<sup>2</sup> Cf. *Editor & Publisher*, Sept. 30, 1933, p. 10.

as in other things, and circulation and promotion managers are forever looking for something new. Some kinds of reader-contests have been junked as too expensive, too dangerous, or too unproductive. Some years ago, for example, the "Miss America" contest in which local beauties were chosen under the sponsorship of individual newspapers for competition in a grand finale at Atlantic City attracted wide attention. Imitations sprang up until it reached the point where every firemen's and grocers' picnic elected a beauty queen and interest in the spectacle lagged.

Reader contests may be sponsored by newspapers individually or in groups. The former vastly outnumber the latter. They also differ in that the former are usually part of a continuing promotion program while the latter are apt to be seasonal or periodical. Examples of joint-promotion stunts are the Soap Box Derby and the Golden Gloves boxing tournaments.

Experience has shown that in general those reader contests are best which keep up the interest of the reader over the longest period at the least expense. It has been proved, too, that contests need not be expensive in order to produce results. Top prizes of as little as \$5 or \$10 frequently draw a surprising number of entries in a contest. This is particularly true of prizes for such things as original limericks, Little Audrey stories, amateur snapshots, and letters or slogans on a special subject.

There is danger, however, that a newspaper may overdo itself in a reader contest. This is particularly true where a publication grows reckless in its zeal not to be outdone by a rival. In Toronto, for example, the *Evening Telegram* announced a trade name and slogan contest based on 50 cartoon pictures with cash and merchandise prizes totaling \$4500.<sup>1</sup> The *Daily Star* countered with a proverb contest built around 48 cartoon pictures in which prizes valued at more than \$8300 were offered, including three automobiles. Not to be outdone, the *Mail & Empire* then put up 15 free trips to the king's Silver Jubilee for persons turning in the largest number of votes based on subscriptions within a given period.

Several months later, K. A. McMillan, of the *Star*, was quoted as saying that a recent contest had increased its circulation from 240,000 to 290,000 within 10 days.<sup>2</sup> It held the gain throughout

<sup>1</sup> Cf. *ibid.*, Mar. 9, 1935, p. 32.

<sup>2</sup> Cf. *ibid.*, June 22, 1935, p. 9.

the three months of the contest but a month later the circulation had shrunk to 246,000, indicating a net gain of between 3000 and 6000. He conceded that such kinds of promotion were "just a little undignified, and the increases from them largely illusory," but argued that under certain conditions they were a necessary evil.

Reader contests designed to produce added circulation as well as to hold circulation usually run for a longer period than those intended merely to sustain interest. They also carry more and larger prizes. The psychology of this is obvious for the greater the rewards and the larger the number eligible to them the more persons will be attracted. And by the time a contest has run 60 or 90 days, the chances are favorable that the reader has acquired the habit or at any rate his sales resistance has been broken down so that he is a good prospect for a renewal.

There is no reason why a newspaper should not run more than one contest at a time provided they do not conflict. It might conduct a contest with a fairly general appeal, for example, at the same time it has one for an editorial department, such as sports or the woman's pages. As a matter of fact, some variety is essential to give spice to promotion although occasionally a certain kind of contest proves to be so popular that there is considerable reader demand for another like it.

**Editorial Promotion.** The cooperation of all departments concerned is essential to the success of any promotion. If the editorial department adds an important feature but the circulation department does not capitalize upon it, much of the value is lost. Instead of putting up circulation bait in the form of gaudy prizes, many newspapers have found it to their lasting advantage to improve or expand their editorial contents and facilities and to impress the reader accordingly. As a matter of fact, if readers cannot be "sold" on the newspaper as a product, no amount of promotion will retain their interest or confidence.

After all, it is the job of the circulation manager to sell what is in his newspaper. Lou J. Hoffmann, circulation manager of the St. Louis *Star-Times*, found that it pays to dramatize editorial features as a means of attracting attention and building circulation.<sup>1</sup> If a new serial or a new comic strip, for example, is about to begin, the principal characters in it can be depicted in appro-

<sup>1</sup> Cf. *Circulation Management*, June, 1935, pp. 16, 17.

priate costume and paraded about the city. The purpose, of course, is to get everyone talking. This calls for the use of such devices as announcements in the news and advertising columns, brass bands, men on stilts, sandwich men, movie shorts, a tie-up with local dramatic clubs, billboard space, car cards, three sheets on circulation delivery trucks and so on. The possibilities are limited only by the imagination and ingenuity of the circulation and promotion managers. It is always a good thing to weave such promotion into local activities as far as possible, and it pays to experiment all the time. If one thing does not work, another will. Carriers and solicitors, too, should be utilized in talking up the new feature or added facilities.

The Chicago *American* ran a novel and extensive promotion campaign on a new serial entitled "Anastasia," the theme of which was built around a beauty parlor.<sup>1</sup> It broke the ice in its preliminary campaign with one-word ads with only the name "Anastasia." Its delivery trucks bore posters with the same word. At street corners and in beauty shops it gave away 250,000 bars of soap with wrappers urging people to read "Anastasia." It placed thousands of cards in telephone booths and in paper napkins at drugstores and ice-cream parlors besides 500,000 rotogravure broadsides that were distributed in its territory. It used full-page promotion advertisements in the paper and backed them up with a radio program. To cap the climax it even persuaded local beauty shops to advertise "Anastasia" waves and manicures!

As another example of promotion novelty, the Cynthiana, Ky., *Democrat* offered \$4 to the person who could prove that he had "the most-read *Democrat*," i.e., read by the most persons.<sup>2</sup> One-year subscriptions were given as second and third prizes.

**Insurance.** A favorite circulation-promotion idea in recent years has been to offer low-cost life or accident insurance to subscribers. The bait of a \$500 policy for as little as 50 cents a year is too much for most readers to resist. This is especially true when the insurance is made available to all members of the subscriber's family from school age up. Most newspapers which have adopted the insurance idea have found that it not only produces reader interest and good will, but is profitable.

<sup>1</sup> Cf. *Editor & Publisher*, Oct. 20, 1934, p. 47.

<sup>2</sup> Cf. *Circulation Management*, May, 1936, p. 23.

The Schenectady *Union-Star* offers a case in point.<sup>1</sup> This paper with a circulation of 21,000 offers a full-coverage policy and has 10,000 policies in force. The policy sells for 4 cents a week, pays for itself and part of the cost of building circulation, and nets the newspaper 58 cents a year profit. In the language of K. L. Butler, circulation manager of the *Union-Star*, it "works without effort."

The policy of insuring readers was commented on in an editorial in *Editor & Publisher* which read as follows:<sup>2</sup>

More than ten years' continuous experience with insurance as a circulation premium has convinced both publishers and underwriters that the most effective policy is one which pays reasonable claims promptly and fully. The trick agate clauses which in the early days gave the reader only the cheap coverage that he paid for, and not always that, are definitely of the past.

The broad coverage afforded by some newspaper insurance is exemplified by two claims recently paid by the *Chicago Daily News*. One claim was paid to the widow of a man shot by gangsters who mistook him for his son, a labor leader. And another \$250 went to the widow of a reader who was asphyxiated in his garage while changing a tire. Either of these might have been among the freak accidents which some early policies covered to the exclusion of more usual casualties. They are unusual, but the underwriters can afford to cover almost any hazard of modern life for the premium collected above the circulation price. Newspapers have found that they cannot afford to give less if they want their insurance to create circulation and hold friendships.

Like other forms of promotion, reader insurance can be used in a number of ways. It can be made available to all readers and members of their immediate families, or it can be used with only part of the circulation. One morning newspaper, for example, uses insurance as a means of promotion with rural and mail subscribers but not with its city readers. The former is the more common practice, however.

A partial list of the various kinds of reader and good-will promotion recorded in *Editor & Publisher* for a period totaling only eight months in 1935-1936 disclosed more than 100 varieties. They ranged from relatively simple contests such as those for amateur photographs to novelties like "whopper" contests for the

<sup>1</sup> Cf. *ibid.*, September, 1935, p. 4.

<sup>2</sup> June 20, 1936, p. 28.

biggest lies, "bore" or "pain-in-the-neck" contests for persons or things irritating readers most. The crossword puzzle remains a perennial favorite as does the contest for identifying quotations from the Bible or from well-known books or poetry as depicted in drawings or cartoons with cash prizes totaling as much as \$15,000.

Contests based upon votes sometimes result in ill will instead of good will. This is one reason the old-fashioned popularity contest has largely given way to newer, more novel, and safer types of promotion.

Varieties of "teaser" contests or guessing or memory games can be run without any prizes for that matter and used to promote reader interest in the newspaper. One such stunt is to run a brief series of questions daily or weekly based on news in the issue of the paper in which it appears. The questions are printed on one page and the correct answers on another. Teaser notices or questions can also be used preliminary to the appearance of a new serial, a new comic strip, or some other editorial feature.

To dramatize the speed of its delivery service to its readers and to show the vast improvement over pioneer days, the Birmingham, Ala., *News and Age-Herald* staged a race between a pony express and a modern truck carrying papers.<sup>1</sup> The truck covered the route of 147 miles in 3 hours and 17 minutes while the pony express, even with fresh horses every 5 miles all afternoon and night, required a total of 18 hours, 34 minutes, and 45 seconds to complete the distance. Reader interest was stimulated further by the offer of cash prizes for the closest guesses as to the difference in time between the two. The examples cited only begin to suggest the endless possibilities of circulation promotion.

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## CHAPTER VI

### THE HALLMARK OF CIRCULATION

Publishers have changed their attitude greatly as to revealing the details of their circulation figures. Not only do most of them willingly supply accurate totals to advertisers and others interested, but they go still further and provide an authentic breakdown as to the distribution of their circulation in the city of publication, in the adjacent territory, and elsewhere.

This is just the opposite of the policy originally followed. Most publishers either concealed their circulation figures or, in answer to inquiries, supplied "claimed" or "estimated" totals. Beyond this they were apt to hold the view that the details of their circulation were their private business and to be held as a closely guarded secret. The advertiser, in consequence, rarely knew what he was getting for his money, and space buying in terms of circulation was more or less of a gamble, particularly at distant points.

There was something of an analogy here between the early bank situation and the newspaper business. Businessmen and private individuals in one part of the country had little opportunity to verify bank notes issued in distant parts of the country. Some effort was made to publish lists of reputable banks and a table of the relative values of their notes of issue, but this was uncertain, incomplete, and largely a private venture. So with the newspapers. Not even authentic lists of newspapers were available, and circulation was a highly speculative quality which for the most part was a matter of guess.

Eventually it came to be recognized that the advertiser as well as the publisher had a stake in the newspaper. This was true of both the retail and the general advertiser. The realization of the soundness of this view grew as the annual outlay for advertising space mounted in publications of all kinds. Doubtless it would have come, anyway, but it was stimulated by the growing intensity of competition between different media and within the field of each medium. Involved in the process was a long struggle



for the impartial verification of circulation so that advertisers would know definitely what they were getting for their money, so that individual publications at distant points could be compared in authentic, uniform terms, and so that different kinds of media might be similarly compared by advertisers, by agencies, and by publishers. This development had its fruition in the present Audit Bureau of Circulations.

**First Stage.** The first stage which led to this development might loosely be defined as the period down to 1870.<sup>1</sup> In those days the aim was to compile mere lists of publications, but even this was difficult because advertisers and agents alike were poorly organized, publishers were secretive, and means of communication were only partially developed. Except for the larger cities, therefore, advertising agents were able to supply little information about publications, and a list of publications for a distant state or region was expensive to compile and comprised rare and valuable information to be guarded closely. The possession of such a list gave an advertiser or an advertising agent a considerable advantage over his competitors.

Out of this situation grew the space broker who was the predecessor of the present-day advertising agency. His stock in trade, in the language of *Editor & Publisher*, was his "lists of publications and that agency was considered most successful or the most profitable with which to do business which had accumulated the most extensive lists of media. It was not a matter of quality or extent of circulation among these, it was simply the location and name that counted with the advertiser. He had not yet thought of circulation investigation."

**Second Stage.** George P. Rowell, of Boston, one of these early agents, was responsible for the transition to the second stage. In 1870 he decided to issue a newspaper directory. Not only was such a thing unheard of but an uproar followed from the advertising agencies in New York and elsewhere. They argued that his proposal meant giving away their chief stock in trade, and that if advertisers had free access to such information, it meant the ruination of the advertising agencies through the loss of their business. The outcome was that the agencies were compelled to be something more than mere space brokers.

<sup>1</sup> The summary sketched here is based chiefly on the account in the Golden Jubilee issue of *Editor & Publisher*, July 21, 1934, p. 310.

Various items of information were given concerning the publications listed in this first American Newspaper Directory. The circulation figures it contained were those given by the publisher. Other facts made available included data as to the rates, the location, the population served, and the politics of the publication.

Besides the opposition of the advertising agencies, the directory at first got little real cooperation from the publishers in the matter of accurate circulation figures. The publishers were generally antagonistic on this point, and they were slow to realize the value of authentic information to themselves as well as to the advertiser. To encourage them to take a different view, Rowell originated the so-called Gold Mark system which consisted of a circle and dot placed opposite the name of the publication which supplied a sworn statement of its circulation. Rowell himself made no attempt to verify the figures given but to prove his own confidence in their correctness he had a standing offer of \$100 to anyone who could disprove them.

Meanwhile advertisers began to show a livelier interest in the whole matter of circulation. They were no longer satisfied with total figures even where they were authentic. They wanted to know the details of circulation—where it went, who paid for it, how stable it was, how much of it was productive, and any other facts which would enable them to make their advertising more effective. This led to the organization in 1899 of the Association of American Advertisers which sought to take advantage of the frequent statement of publishers—by this time—that their circulation records were open to inspection and audit by the advertiser.

The association was made up of national advertisers. It was the national advertisers, consequently, who took the first steps to verify circulations. But their facilities were limited both as to funds and personnel, and the results were inadequate and unsatisfactory. When a publisher submitted his books for examination by the Association, he paid for a certificate, and the entire matter was purely optional with him. If he was unwilling to cooperate, there was no way whereby he could be compelled to lay his circulation cards on the table.

**Third Stage.** The Association dragged on somehow until 1913 when matters became so bad that its sponsors concluded that it must be abandoned. Advertisers failed to appreciate its benefits

and possibilities, and the cost of maintenance became prohibitive for those who were members. Two new movements, one in the East and the other in the Midwest, were gathering force at the time with objectives similar to those of the Association of American Advertisers. One of these, the forerunner of the present Association of National Advertisers, was begun in the East. The other, further advanced, had sprung up in Chicago, and, within a short time after they discovered their objectives were largely identical, the two joined hands.

The plan proposed by the advertising agents was to form a bureau, based on the personnel and organization of the Association of American Advertisers, in which mutual interests of the advertiser, the advertising agent, and the publisher would be recognized. There was considerable skepticism over the practicability of such a program, but the sponsors were confident enough of its soundness to raise \$5000 among themselves to promote it among those who might be interested in it. The final test lay in whether pledges which would yield \$100,000 a year could be obtained to carry out the proposal.

#### AUDIT BUREAU OF CIRCULATIONS

Enough funds and pledges had been received by December, 1913, to make it possible for the backers of the plan to proceed. The first step was to incorporate the Audit Bureau of Circulations under the laws of Illinois. The A.B.C., as it is generally known, has a number of things in common with the Associated Press. Each is a purely cooperative organization, run for the benefit of its members. Both are nonprofit making, the members of both are elected upon application, each is under the control of its board of directors, and in both cases the operating executive is a general manager who is chosen by and is responsible to the directors.

The A.B.C. really got under way early in 1914 when its first convention was held at which its bylaws, rules, and regulations were adopted. At this meeting a detailed plan of operation was submitted. In August of that year the incorporation was completed and the charter issued.

The original plan called for a bureau to be made up of advertisers, advertising agents, and publishers interested. All were

to be represented on the board of directors but the advertisers were to be dominant. Funds to operate the bureau were to come from dues to be assessed against publishers on the basis of the circulation of their publications and against advertisers and their agents on the basis of the service rendered to them.

First task before the newly organized bureau was to define just what "net paid circulation" meant, and the next was to standardize the information the publisher was to supply. Previously a "subscriber" meant whatever the publisher cared to make it. It might be just a name, or a person who had ordered the publication but never paid for it, or a bona fide customer, who not only received the publication but paid for it promptly.

Under the United States Postal Regulations, publishers of daily newspapers were required to publish twice a year sworn figures as to their daily average of paid circulation. But this particular regulation did not apply to other publications, and, in particular, the information it supplied was not detailed enough for the purpose of the advertisers. Further, the government requirements were not rigid enough in other respects. Some other answer to the perennial question of circulation was needed.

The first A.B.C. definition of a subscriber was one who had paid at least half the advertised subscription price for the publication and who was not in arrears more than a year. This was regarded as a long step forward, for up to that time no uniform definition had been proposed to which all of the interested parties could agree. This was at least partly because there was no authoritative agency to adopt and support such a definition.

**Its Objects.**<sup>1</sup> As defined by Article I of its bylaws, the objects of the A.B.C. "shall be to issue standardized statements of the circulation of publisher members; to verify the figures shown in these statements by auditors' examinations of any and all records considered by the Bureau to be necessary; and to disseminate circulation data only for the benefit of advertising agencies and publishers." Reports issued to members include verified facts and figures having to do with "the quantity, quality, distribution of circulation and circulation methods; thereby enabling quality as well as quantity to be established." The Bureau also reports "facts, without opinion."

<sup>1</sup> Definitions, etc., for By-Laws and Rules, with Glossary of Terms, from ed. I, A.B.C., 1936.

**Structure. Membership.**<sup>1</sup> There are six classes of membership. These are: advertisers, local advertisers, advertising agencies, associate advertising agencies, publishers, and miscellaneous members. Those eligible to membership, according to the bylaws, include "any advertiser, advertising agency, or publisher of a publication with paid circulation as defined by these bylaws, or any individual, firm, or corporation desiring circulation information."

*Applying for Membership.*<sup>2</sup> Applicants for membership must agree to observe the bylaws and rules of the Bureau. A favorable vote of at least 13 directors is required for election to membership. In addition, applicants for publisher membership must deposit a year's dues, submit their books and records for an audit, and bear the cost of the preliminary examinations and initial audit. The books and records of the applicant must, of course, be adequate to the purposes of the Bureau or, if inadequate, must be changed accordingly. The release of the Bureau's audit constitutes both the qualification and acceptance of membership by the applicant but until such time no announcement may be made that the application is pending.

*Paid Circulation.*<sup>3</sup> According to the A.B.C. definition, a publication with paid circulation is "one of which 50 per cent or more of its distribution qualifies as paid under the standards of the Bureau and of which the total net paid circulation, according to such standards, plus bulk sales, advertisers' copies (one copy only to each advertiser), advertising agency copies and correspondents' copies, equals or exceeds 60 per cent of total distribution."

*Statements.*<sup>4</sup> Publisher members are required to make and file with the Bureau, on forms supplied by it, sworn statements of circulation for semiannual or such other periods as the Bureau may determine. The circulation manager and the business manager or publisher must sign and swear to such statements which are audited by the Bureau according to its rules.

*Access to Records.*<sup>5</sup> To accomplish any of the objects described, the Bureau has the right of access to all such books and records of

<sup>1</sup> By-Laws, Art. II, Secs. 1, 2.

<sup>2</sup> *Ibid.*, Sec. 5.

<sup>3</sup> *Ibid.*, Art. II, Sec. 6.

<sup>4</sup> *Ibid.*, Sec. 9.

<sup>5</sup> *Ibid.*, Sec. 10.

publisher members that it deems necessary in making an audit. This right is not limited to the investigation of a statement filed by the publisher, but may be exercised at any time.

*Dues and Service.*<sup>1</sup> Dues vary according to the type of membership and the service rendered, as the case may be. For


PUBLISHER'S STATEMENT—Newspaper Form			553				
PERIOD ENDING MARCH 31, 1935			(NOT AUDIT REPORT)				
<p>This Statement by the Publisher is subject to annual audit by the</p> <p><b>AUDIT BUREAU OF CIRCULATIONS</b> 164 W. Wacker Drive, Chicago, Illinois</p> <p>For Audit Report refer to latest white paper form.</p> 			1. OHIO				
			2. COLUMBUS				
			3. THE COLUMBUS CITIZEN				
			4. Established Evening, 1899.				
			5. Published Evening except Sunday.				
			6. Statement for 6 months ending March 31, 1935.				
8. Daily average net paid circulation by zones and distribution methods.			AVERAGE NET PAID CIRCULATION				
					EVENING		
<b>CITY ZONE</b>							
Carrier delivery by independent carriers sling lists with publisher . . . . .					36306		
Dealers and carriers see sling lists with publisher . . . . .					3775		
Street vendors . . . . .					6201		
Publisher's counter sales . . . . .					62		
Mail Subscriptions . . . . .							
Total City Zone . . . . . (Population* 311,853 )					48354		
<b>RETAIL TRADING ZONE</b>							
Carrier delivery . . . . .					2705		
Dealers and carriers see sling lists with publisher . . . . .					1504		
Mail Subscriptions . . . . .					22209		
Total Retail Trading Zone . . . . . (Population* 344,410 )					20543		
Total City & Retail Trading (Population* 656,071 )							
<b>ALL OTHER</b>							
Dealers and Carriers . . . . .					9541		
Mail Subscriptions . . . . .					1426		
Total "All Other" . . . . .					9967		
Total Net Paid (For full see Paragraph 10)					60510		
9. Net press run by editions and time of issue. (These figures include applied in distribution, free copies, unsold and allowances.)							
EDITION	HOUR	COPIES	EVENING, MARCH 14, 1935		DAY	HOUR	COPIES
			HOUR	COPIES			
1st			9:46 AM	9956			
2nd			12:00 M	18629			
3rd			1:20 PM	40008			
4th			3:05 PM	7917			
5th			4:05 PM	15921			
Predate			2:46 PM	2790			
For explanation regarding distribution see par. 28.							
10. Bulk Sales daily average in all zones: Evening, 137.							
Represent a total of 21,344 copies which consists of a total of 20,444 copies sold to restaurants, department stores, clubs and transportation companies at 1/4¢ per copy, for distribution to their guests and patrons. Balance amounting to a total of 900 copies represent copies sold to commercial interests in lots of from 50 to 500 at 2¢ per copy, distribution being made by the purchasers.							
(a) Includes predate edition carrying following morning date line. See Para 9 and 28							
1930 Census.							

Fig. 17a.—A.B.C. Publisher's Statement, newspaper form.

advertisers, the annual dues are \$40, and such members are entitled to Publisher's Statements and Audit Reports up to 100 publications. For service in excess of this, the directors fix the charge which shall not total more than \$240 a year. Local advertisers receive reports based on the city where they are located.

<sup>1</sup> *Ibid.*, Art. III, Sec. 1.

Their dues range from \$5 to \$15 a year according to the number of reports furnished. Advertising agencies pay dues of from \$150 to \$700 a year depending upon their gross space billings during the previous year. Associate advertising agencies pay for each service annual dues of from \$50 to \$230, likewise based upon their

<b>AUDIT BUREAU OF CIRCULATIONS</b> CHICAGO		<b>AUDIT REPORT</b>	
AVERAGE NET PAID 2nd Quarter 1934 77557 3rd " 1934 77718 4th " 1934 79550 1st " 1935 81483		1. The Columbus Citizen 2. Columbus 3 Ohio 4 Year Estab 1899 5. Published Evening except Sunday 6. Report for twelve months ending March 31, 1935.	
8 Daily average net paid circulation by zones and distribution methods		<b>AVERAGE NET PAID CIRCULATION</b>	
<b>CITY ZONE</b> Carrier delivery by independent carriers filing lists with publisher Dealers and carriers not filing lists with publisher ... Street vendors Publisher's counter sales Mail Subscriptions Total City Zone (Population* 311,653)		Evening	38121 3500 5856 49 47536
<b>RETAIL TRADING ZONE</b> Carrier delivery Dealers and carriers not filing lists with publisher Mail Subscriptions Total Retail Trading Zone (Population* 344,418) Total City & Retail Trading (Population* 656,071)		20567 1537 22104 69640	
<b>ALL OTHER</b> Dealers and carriers Mail Subscriptions Total "All Other" Total Net Paid For bulk, see Paragraph (10)		7958 1479 9437 (a) 79077	
9 NET PRESS RUN BY EDITIONS AND TIME OF ISSUE (THESE FIGURES INCLUDE SPOILED IN DISTRIBUTION, FREE COPIES, UNSOLD AND ALLOWANCES).			
Evening, March 14, 1935			
1st	9 50 A M	9713	
2nd	11 50 A M.	18292	
3rd	1.40 P.M.	39717	
4th	2 50 P.M.	7827	
5th	4:08 P.M.	15846	
Predate	2.38 P.M.	2789	
For explanation regarding distribution see Paragraph 28			
10 DAILY AVERAGE BULK SALES IN ALL ZONES: Evening 338. Represent a total of 105452 copies and consist of a total of 29505 copies sold to clubs, restaurants and transportation companies at 1¼¢ per copy for free distribution to their members, guests and patrons, also a total of 75947 copies sold to a department store, various individuals and commercial interests in lots of from 100 to 46969 copies at 1¼¢ and 2¢ per copy, distribution being made by the purchasers. (a) Includes predate edition carrying following morning date line (See Pars 9 and 28). * 1930 Census.			

FIG. 17b.—First page of A.B.C. Audit Report for Columbus Citizen. (Courtesy of the Citizen.)

gross billings in publications in the preceding year. Miscellaneous members pay annual dues of \$240 for full service, \$60 for each limited service, or from \$5 to \$15 for local service.

*Publishers.* For publishers, the scale of dues is based upon gross distribution. In the case of daily newspapers, it ranges from \$52 a year for a publication with 2000 distribution, plus

50 cents for each additional 100 distribution, to \$789 a year for those with 1,000,000 distribution, plus  $\frac{1}{2}$  cent for each additional 100. For an independent weekly, semiweekly, or triweekly the charge is \$52 a year for 2000 distribution, plus 30 cents for each additional 100. The weekly newspaper with 1,000,000 distribution would pay \$551 a year, with 1 cent for each additional 100. The magazine rates are slightly different but start also at \$1 a week.

*Control of the Bureau.*<sup>1</sup> The management and control of the Bureau are vested in a board of 27 directors who serve without salary for two-year terms. The board is apportioned as follows: 12 advertiser members, 3 advertising-agency members, 6 daily-newspaper publisher members, 2 magazine publishers, 2 farm-paper publisher members, and 2 business-paper publishers. The directors name the managing director of the A.B.C., though he is not one of their own number. The officers of the Bureau include a president, three vice-presidents, a secretary, and a treasurer, elected by and from the board of directors. The presidency is limited to advertiser members.

*Penalties.*<sup>2</sup> The directors have the power to censure, suspend, or expel a member for various offenses. These include: (1) false or fraudulent Publisher's Statements to the Bureau; (2) refusal to allow auditors of the Bureau full access at any time to all records deemed necessary for a complete audit; (3) violation of any of the publicity rules of the Bureau; (4) failure to pay dues or other indebtedness as required by the bylaws or rules; (5) failure to make and file the Publisher's Statement as required by the bylaws and rules; (6) failure or refusal to sign the Bureau suspension of service agreement in case of absence, incompleteness, or inadequacy of records.

*Charges.*<sup>3</sup> Provision is made whereby any member may file charges with the board of directors against any other member. Such charges must be in writing, must specify the offenses in reasonable detail, and must be signed by those making the charges. A copy of the charges must then be served upon the accused member who has 10 days in which to make a reply or longer if the board deems proper. His answer, too, must be

<sup>1</sup> *Ibid.*, Art. IV, Secs. 1, 2, 6; Art. V, Sec. 1.

<sup>2</sup> *Ibid.*, Art. VII, Sec. 4.

<sup>3</sup> *Ibid.*, Sec. 5.



in writing, must be filed with the managing director, and must be signed by the accused member. When the reply is filed or if the accused member refuses or fails to make an answer, the board proceeds to consider the charges. The accused member is notified of the meeting which he is entitled to attend, and, at which, he may examine and cross-examine witnesses and present such evidence or explanation as he may desire. The board then decides the guilt or innocence of the accused member, and, if it finds him guilty, it may censure, suspend, or expel him. Its findings are final except that he has the right to appeal to the membership at the next regular meeting. A suspended member is required to perform all the duties expected of other members but is entitled to no service from the Bureau during the period of suspension.

**Standards.** As the basis for making the audits required by the bylaws, the A.B.C. has in force a number of detailed regulations establishing definite standards of circulation.<sup>1</sup> These relate to a variety of subjects and include such matters as net paid circulation, bulk sales, gift subscriptions, premiums, contests, merchandise offers, credit and installment subscriptions, renewals, extensions and transfers, and subscriptions and accounts in arrears.

*Net Paid Circulation.*<sup>2</sup> Basic prices are defined as the "prices at which the publication may be purchased by any one, at any time, for a definite duration." Special or reduced prices are specifically excluded from the definition.

Net paid circulation is defined as "copies of publications which have been paid for by the purchasers, not for resale," under these conditions: (1) if the sale be a single copy sale, it shall be paid for at not less than 50 per cent of the basic single copy price; (2) on term order for a year, the subscription must be paid for at not less than 50 per cent of the basic annual price; for more than a year at not less than a pro rata of the basic price for the period offered; for less than a year at not less than 50 per cent of the basic price for the period offered; (3) a term subscription for one year or more paid in accordance with this rule may be included in net paid circulation, if the publisher so desires, for not more

<sup>1</sup> Rules, Chap. A.

<sup>2</sup> *Ibid.*, Art. I, Secs. 1, 2, 3, 6, 9; cf. *Editor & Publisher*, July 25, 1936, p. 5, for clarifying amendment relative to the detailed definition of "basic price."

than six months after the expiration of the period; (4) a term subscription for less than one year may not be included in net paid circulation after its expiration unless the amount actually paid equals at least 50 per cent of the full basic annual subscription price. Lost, missed, damaged, or other unsold copies must be classed as returns and so deducted. For sales of an extra to be included in net paid circulation, it must carry all national advertising scheduled for that day.

*Copies Paid for by Others.*<sup>1</sup> All copies sold in quantity except those to public libraries must be reported as bulk sales and are counted as such only when at least 50 per cent of the single copy price is paid for single copy sales and not less than 50 per cent of the basic mail subscription price for term subscriptions. Copies bought by hotels and restaurants for free distribution to their guests count as bulk sales if they yield the paper at least half of the single copy price, either in cash or in accommodations. Under the heading of "Mail Subscriptions Special" are included subscriptions sold in quantity to corporations, institutions, or individuals for employees, subsidiaries, or branch offices, as well as subscriptions received in connection with an advertising contract, provided they yield the paper not less than 50 per cent net of the basic subscription price. Similarly, gift subscriptions are classed as individual mail subscriptions and counted as paid circulation, provided they bring at least half of the basic annual subscription price or the newsstand price.

*Premiums.*<sup>2</sup> Anything offered to a subscriber in addition to the regular issues of the publication itself must be shown in the Bureau reports as a premium. This rule applies whether the premium is given with or without additional payment above the subscription price and regardless of whether it is given only to new subscribers or to all subscribers. This applies also even to back copies unless the subscription is retroactive.

*Premium with Subscription.*<sup>3</sup> Where there is a premium in connection with a subscription offer at least 50 per cent of the

<sup>1</sup> *Ibid.*, Art. II, Secs. 1, 2, 3.

<sup>2</sup> *Ibid.*, Art. III, Sec. 1. Under a rule effective Oct. 1, 1936 (Art. III, Sec. 5), if extra copies of the publication or merchandise are offered as an inducement for prompt payment this must be reported as a collection stimulant. This applies also to certain offers of cash discounts. *Cf. Editor & Publisher*, May 2, 1936, p. 29.

<sup>3</sup> *Ibid.*, Sec. 2.

basic subscription price for the period offered, plus the full value of the premium, must be collected to make the subscription valid. Where the value of the premium is not given, or where the value stated is less than its cost to the publisher, the A.B.C. requires that 25 per cent be added to its cost to the publisher. If the premium is merchandise or service whose value cannot be determined by this method, it is fixed by a comparison with the price at which other similar merchandise or service is available to the subscriber through commercial channels.

*Combination Subscriptions.*<sup>1</sup> Where subscriptions for two or more publications are sold in combination, the A.B.C. rule is that the minimum price for such combination shall be the full basic price of the highest priced publication, plus not less than 30 per cent of the combined full basic subscription prices of the other publications in the combination. But in no case shall the price be less than half of the combined basic subscription prices. The saving effected "may be expressed in monetary terms or percentage," but the offer must mean a saving spread over the various publications in the combination.

*Contests.*<sup>2</sup> New provisions covering subscription contests were adopted in an amendment approved in 1936. Under them when a contest for a prize is promoted or a publication uses a feature with which a prize or reward is connected, the Publisher's Statement for that period must contain a complete description of the contest or feature. This applies whether single copies or term subscriptions must be purchased by the contestant. Average daily sales for the period of the contest must also be included with the Statement. If the number of copies sold to obtain from the paper a coupon or some feature essential to a contest can be computed, the number of such sales must be deducted from the paid circulation for the period. The rule does not apply to contests of skill in which there is no direct return to the publication publishing them.

*Credit, Deferred, and Installment Subscriptions.*<sup>3</sup> A credit subscription is one based upon an agreement to pay, or acceptance of

<sup>1</sup> *Ibid.*, Sec. 6, as amended 1936; cf. also *Editor & Publisher*, July 25, 1936, p. 5.

<sup>2</sup> Cf. *Editor & Publisher*, July 25, 1936, p. 5; cf. also Rules, Chap. A, Art. III, Sec. 9.

<sup>3</sup> Rules, Chap. A, Art. IV, Sec. 1, 2, 3, 4.

a note in payment, for a subscription. It is regarded as being in arrears until at least half of the basic annual price has been paid, and the term of such a note or agreement is limited to three months if such annual subscription is to be counted as paid circulation. A deferred subscription is one in which the subscribers receive the publication a month or more late, the subscribers being served from returns. To be counted as paid circulation, they must yield at least half of the basic price but are shown separately. On a subscription payable in installments or payable on delivery, only those copies are carried in paid circulation which are actually paid for, until at least half of the basic annual price is paid. An issue of a publication becomes a back copy immediately upon the appearance for sale of the next succeeding issue. Back copies sold for export to foreign countries may not be reported as either paid circulation or free distribution, effective June 30, 1937.

*Renewals and Extensions.*<sup>1</sup> A subscription is regarded as a renewal if it is received and paid for within six months after it expires. If the basic subscription price of a publication is reduced, the unexpired portion of the subscription paid for at the higher price may be extended in proportion. Subscriptions more than three months in arrears are not included in paid circulation but must be reported as unpaid.<sup>2</sup>

*Analyses and Classifications.*<sup>3</sup> In order to give those interested a more detailed and more exact picture of the circulation of a particular publication, various analyses and classifications are provided. One is by states or provinces and another by population groups. In the case of business papers an occupational breakdown is called for.

*Newspaper Rules.*<sup>4</sup> In this connection, certain regulations are in force which apply exclusively to newspapers. Some of the more important of these rules and definitions follow:

Carrier circulation is that kind of circulation whereby a paper is "delivered regularly by carrier into the home, office or other place of business, and paid for on a weekly, monthly or other term arrangement." Independent carriers are those who buy papers and deliver them as just described, keeping their own accounts

<sup>1</sup> *Ibid.*, Art. V, Secs. 1, 2.

<sup>2</sup> *Ibid.*, Art. VI, Sec. 1.

<sup>3</sup> *Ibid.*, Chap. B, Art. I.

<sup>4</sup> *Ibid.*, Art. II, Secs. 1, 3, 4.

and making their own collections. City mail subscribers are those who call for their papers at the local post office or who receive them by mail in the city zone.

*Zones.*<sup>1</sup> For the purposes of the A.B.C., all circulation territory is divided into three zones. The "city zone" is roughly the city of publication, but it may be more than that, and it is defined by agreement of the publishers concerned, with the approval of the A.B.C. managing director, or may be established by him in case the publishers are unable to agree. The "retail trading zone" is the area beyond the city zone which produces retail trade for a given community, its boundaries to be fixed also by the publishers concerned or, if they cannot agree, by the managing director. Its boundaries are determined by radius, by county lines, or some other distinguishing factor. Usually county or township lines are followed for this purpose. Circulation outside of the city and retail trading zones is designated as "all other."

*Miscellaneous.*<sup>2</sup> If, in a given period, the average circulation of a daily paper on a certain day of the week is 15 per cent in excess of, or below, the average for the other days of the week, the circulation for such a day is shown separately, and the average for the other five days is shown as the daily average.

One copy sent to an advertiser for checking purposes is classed as "Advertisers," but all additional copies so used are classed as "Complimentary." Copies may be sent to prospective advertisers and classed as "Samples to Prospective Advertisers."

Three classes of firms, corporations, and individuals regularly engaged in the business of soliciting subscriptions are recognized. They are, respectively, "catalogue subscription agencies," "field selling subscription agencies," and "independent individual subscription salesmen." Subscriptions so obtained must be reported accordingly. If two or more publishers are joint owners of a field selling subscription agency, subscriptions so obtained are accounted for on that basis in the reports.

*Publisher's Statements.*<sup>3</sup> The semiannual newspaper statements required by the A.B.C. cover the periods from Oct. 1 to Mar. 31, and from Apr. 1 to Sept. 30. For other varieties of publications, the periods are from Jan. 1 to June 30, and from July 1 to Dec. 31. The rules also require that a Publisher's

<sup>1</sup> *Ibid.*, Secs. 5, 6, 7.

<sup>2</sup> *Ibid.*, Sec. 11; Art. III, Secs. 1, 2.

<sup>3</sup> *Ibid.*, Chap. C, Art. I, Secs. 1, 2; Art. II, Secs. 1, 2, 3, 4, 6.

Statement must be made to the Bureau within one month after the close of the period covered by the statement. Failure to do so may result in disciplinary action. The rules also cover such points as morning and evening editions sold as a unit, duplicate circulation between morning and evening editions of a daily newspaper, predate editions, weekly or semiweekly editions of daily newspapers, and net press run by editions.

*Audits and Re-audits.*<sup>1</sup> The Audit Reports include a comparative statement of the total net paid circulation as shown in the Publisher's Statements for the period audited and the findings of the auditors. Normally Audit Reports cover the twelve-month period for which two semiannual Publisher's Statements have been released. Any difference between the net totals must be explained. Besides giving the A.B.C. auditors access to his books and records, the publisher must maintain a file of copies of all subscription offers, copies of contracts with solicitors, canvassers, subscription agencies or others through whom subscriptions are obtained. If, because of the absence, incompleteness, or inaccuracy of a publisher's records, it is impossible to make an audit, service on the publication is suspended and the publisher must agree to install and maintain an A.B.C. Circulation Record Book, to pay any extra expense involved, to issue no A.B.C. statement for the time being, and to continue the payment of dues during the suspension of service. In making an audit, the A.B.C. auditors have authority to take sufficient names at random from the subscription list and trace them through the original orders to the cash books or other records in order to make a verification test of the circulation. This is known as an Original Order Test. If in the opinion of the Bureau the publisher's records are inadequate to establish the facts relative to any phase of the circulation, the Bureau may make another kind of test by sending verification letters to subscribers or others involved. Unless the circulation is less than 100,000, not less than 500 letters shall be sent in such a test.

*Report to Publisher.*<sup>2</sup> After an audit is made, a copy of it must be submitted to the publisher at least 10 days prior to its publication and distribution to members. The publisher, meanwhile, must not make any use of any part of such report until it is

<sup>1</sup> *Ibid.*, Chap. D, Art. I, Secs. 1, 2, 3.

<sup>2</sup> *Ibid.*, Secs. 8, 9; cf. also, *Editor & Publisher*, Feb. 15, 1936, p. 44.

released by the Bureau to its members. If he finds anything in the Audit Report which he thinks is inaccurate, a publisher may file an objection with the Bureau relative to his Audit Report. The Bureau will correct any inaccuracies in its first draft but the report as finally released contains the data as the Bureau believes them to be. In other words, the release of the Audit Report is not subject to approval by the publisher.

If a publisher member desires the Bureau to make an outside investigation of some other paper's circulation, he must file a written request with the Bureau, together with evidence to support such a request. At the same time he must guarantee to pay the entire cost of the investigation if, after the investigation has been made, the complaint, in the opinion of the managing director, has not been justified. If the evidence submitted and the circumstances are such as to convince the managing director that the request should be granted, the investigation is ordered. If the special audit confirms the charges of inflation, the cost of the investigation is assessed against any or all papers involved, the managing director to determine the proportions. If the charges are not substantiated, the cost is borne by the complainant. If the Bureau should make a special investigation on its own initiative, the cost is assessed against the publication investigated.

*Re-audits.*<sup>1</sup> A publisher member who questions the accuracy of an Audit Report of his publication or that of any other publication in the same class has the right to ask for a re-audit. He must do so, however, within 10 days of receiving the proof copy of his audit report or within 15 days of issuance, in the case of another publication. Further, he must give satisfactory evidence to warrant such a request. To back up such a request, the publisher making it must deposit with the Bureau an amount at least equal to the full annual dues of the publication for which the re-audit is requested. If the re-audit shows a total net paid average within 3 per cent of that reported in the original audit, the petitioner must pay the costs of the re-audit, but if not, his deposit is returned to him.

*Publicity Restrictions.*<sup>2</sup> Members are limited as to the publicity they may give to A.B.C. reports. A publisher member may publish in his own or other publications or otherwise any figures

<sup>1</sup> *Ibid.*, Art. II, Sec. 1.

<sup>2</sup> *Ibid.*, Chap. E, Art. I, Secs. 1, 3, 4; cf. *Editor & Publisher*, July 25, 1936, p. 5, for amendment.

or data from his own released Publisher's Statement to the Bureau or that of a competitor for the last regular statement period or from the latest Audit Report issued by the Bureau concerning his own publication. Publicity may not be given, however, to such statements or audits prior to their official release. Publisher members, if in good standing, may use the phrase "Member of the Audit Bureau of Circulations" in their advertising. If under suspension, however, claim of membership must be accompanied by the words "Under Suspension." Members are not permitted to use the A.B.C. trade-mark or to imitate its forms either as to wording or appearance. Misrepresentation of figures or data is subject to penalty.

**Changes.** Although it has been in successful operation for more than 20 years, the A.B.C. is still in the process of change. Experience has shown that some of the rules need clarification or modification from time to time. No year has passed without some such changes.

In 1935, for example, membership on the board of directors was increased to 27, the two additional places going to newspapers. Another change concerned requests for investigations where inflated claims were suspected.<sup>1</sup> Instead of being assessed against the complainant or the offending paper, as the case might be formerly, the rule was changed to read that where the complaint was justified the costs of the investigation were to be assessed according to the circumstances developed during the investigation.<sup>2</sup>

Another definition which gave considerable trouble was one to cover the "city within a city." This was debated for some time. The revised rule, as adopted by the board of directors late in 1934, reads that "When a municipality in which a member newspaper is published is included in the arbitrary city zone of another city, each newspaper in the larger city shall set forth its circulation in the municipality arbitrarily included in the city zone of the larger city."<sup>3</sup>

**Outlook.** The A.B.C. is without question the strongest force so far produced for the definition, determination, and realization of sound, honest, and accurate circulation standards. Its spread

<sup>1</sup> Cf. *Editor & Publisher*, Oct. 19, 1935, p. 5.

<sup>2</sup> Cf. *ibid.*, Feb. 15, 1936, p. 44.

<sup>3</sup> Cf. *ibid.*, Dec. 15, 1934, p. 52; also, Rules, Chap. B, Art. II, Sec. 5b.



is shown by the fact that in 1935 all but 11 per cent of American daily newspaper circulation was so audited.<sup>1</sup> The membership as reported in 1936 was divided as follows:<sup>2</sup> national advertisers, 220; local advertisers, 25; advertising agencies, 129; daily newspapers, 1006; weekly newspapers, 39; magazines, 197; farm papers, 54; and business papers, 248. The number of daily newspaper members in 1935 was about 52 per cent of all daily newspapers. But 89 per cent of the total daily newspaper circulation was represented in the A.B.C. as against 75 per cent of the total magazine circulation. More than half of the newspaper members of the A.B.C., however, have less than 15,000 circulation.

### GLOSSARY

About 100 definitions of terms used in reports of the A.B.C. or in connection therewith are given in the By-Laws and Rules of the organization with the statement that they "are not a digest of nor do they supersede the rules," but "are prepared as an aid in clearly understanding the rules."

The terminology of circulation has changed somewhat. As conditions have changed or as new rulings and interpretations have been advanced, old terms have become obsolete or have given way to new ones. Instead of "clubbing offer," for example, the A.B.C. uses "combination sale." "Regular carrier" is another that has fallen into disuse, along with "suburban area" or "suburban zone." In place of the last two, "retail trading zone" is now used. Similarly, "group organizer" has supplanted "club raiser."

The glossary follows:

**Advertised Price.** The basic price of a publication.

**Advertisers' Copies.** Copies of a publication given free to advertisers in the publication for checking their advertisements.

**Advertising Agencies' Copies.** Free copies of a publication given to advertising agencies for the purpose of checking advertisements placed by such agencies.

**"All Other."** A self-explanatory phrase used specifically in newspaper reports to designate all circulation not included in city and retail trading zone.

**Arrears.** Subscribers whose names are retained on active subscription lists up to three months after period for which they are paid has expired.

<sup>1</sup> Cf. *Editor & Publisher*, Oct. 19, 1935, p. 14.

<sup>2</sup> Cf. *ibid.*, Oct. 17, 1936, p. 50.

- Association Subscription.** Subscription authorized by an association for delivery to individual members.
- Audit.** Examination of a publisher's records and corroborative data in order to check for correctness the Publisher's Statements covering the period audited.
- Audit Report.** Official document issued by the Audit Bureau of Circulations, detailing its findings as the result of audit.
- Average Net Paid.** Average circulation per issue arrived at by dividing the sum total for all issues of the period by the total number of issues.
- Back Copies.** Copies of periodicals of date prior to current issue.
- Basic Price.** The price at which the publication may be purchased by any one, at any time, for a definite duration, as opposed to a special price for a limited period or to a limited class or under limited conditions.
- Boy Sales.** Sale of single copies of a periodical by boys having no fixed place of doing business.
- Bulk Sales.** Sales of copies of a publication in quantity to one purchaser to be given free by him or on his order to a number of recipients. *Single Issue Sales in Bulk*—sales of copies of a single issue of a publication in quantity to one purchaser to be given free by him or on his order to a number of recipients. *Term Subscriptions in Bulk*—subscriptions for two or more consecutive issues of a publication sold in quantity to one purchaser, to be mailed on his order to a number of recipients.
- Call-at-office Subscribers.** Term subscribers who obtain their copies at office of publication.
- Carrier.** Individual employed or appointed to deliver papers; not a United States mail carrier.
- Carrier-delivery Office Collect System.** System of newspaper operation by which accounts with subscribers are kept in office of the paper and collections are made by the paper's own employees.
- Charter Subscription.** Subscription taken with guaranty to subscriber that subscription price will never be raised to charter subscriber, provided he renews regularly on expiration.
- City Circulation.** The sales of newspapers within the corporate limits of the city of publication, or, in some cases, within such territory as is habitually considered "city" by the people of the locality, even though not coinciding exactly with the corporate limits of the city. In the latter case the Bureau officially determines the "city zone."
- City Mail Subscription.** Subscription served by mail in the established city zone of the publication.
- City Zone.** Territory within corporate limits of city unless otherwise noted in description.
- Club.** A specified number of subscriptions to the same publication taken by a salesman, usually a part-time worker, who receives a reward, either in cash or merchandise, for sending in the specified number.
- Combination Sale.** Term subscriptions to two or more different publications sold at a special combination price.
- Complimentary Copies.** Free copies given as a courtesy.

- Contest.** Competition among subscription solicitors or among carriers and dealers or among readers or prospective readers of a publication for a prize of money or other valuable consideration. *Popularity Contest.* Competition to determine most popular individual in some particular profession, vocation, or social position, decided by the greatest number of votes received, based on coupons clipped from the publication.
- Correspondents' Copies.** Copies of a publication given free to correspondents of the paper, reporters, and editorial writers.
- Counter Sales.** Papers sold over publisher's counter to individual purchasers. If sold in quantities of two or more over the counter, such copies are allocated to bulk sales.
- Credit Subscription.** One upon which no payment is made at time of order.
- Deductible from Dues.** Association subscriptions of members of an association which allows its members to deduct the subscription price from their dues if they do not wish to receive the publication.
- Deferred Subscriptions.** Term subscriptions served a month or more late, usually from copies returned unsold from initial distribution.
- Distributor.** A general term applied to carriers, dealers, street sellers, and all others who sell publications as a vocation or part of their vocation.
- Draw.** The number of copies of a publication charged to dealer, carrier, or other distributor.
- "Eat" Papers.** To accept and pay for more copies than one has customers for.
- Employees' Copies.** Copies given free to employees of a publication.
- Exchanges.** Free copies sent by a publication to other papers in mutual courtesy.
- Expiration.** Termination of period for which subscription was paid.
- Extension.** Continuance by a publisher of a subscription beyond its original expiration date because of lowering of subscription price or cutting down the frequency of issue.
- Extra.** Edition of a newspaper other than those issued regularly each day.
- Feature-issue Subscriptions.** Subscriptions to periodic special feature issues only, such subscriptions being accepted at a price different from that made to those who subscribe for all the issues of the year. Also known as intermittent subscriptions.
- Free Publication.** One having less than 60 per cent of its distribution on a basis qualifying as paid under the rules of the Bureau.
- Gift Subscription.** Subscription paid for by one other than the recipient, used as a gift and not to promote the business interest of the donor.
- Group Organizer.** A person who takes subscriptions from a group of individuals, collectively, and sends the order for all of the group at the same time, each member of the group thereby receiving a reduction from the regular subscription price.
- Hotel Copies.** Copies purchased by a hotel and distributed free to guests. Copies similarly distributed by restaurants, clubs, and Pullman and dining cars are included in the same designation. They are included in bulk-sales classification.

- Independent Carrier.** One who carries or delivers newspapers to term subscribers but who keeps his own list of such subscribers and makes collections on his own account, the publisher having no record of these subscribers.
- Individual Mail Subscription.** Subscription served by mail and qualifying as paid in accordance with the rules.
- Installment Subscriptions.** Term subscriptions, collection of subscription price being made in installments within the subscription period.
- Little Merchant.** Synonymous with independent carrier.
- Mail Distribution.** Copies served on term subscriptions which have failed to qualify as paid circulation according to the requirements of the Bureau.
- Mail Subscriptions Special.** Subscriptions in quantities to corporations, institutions, or individuals for employees, subsidiary companies, or branch offices under special conditions specified in the rules.
- Metropolitan Plan.** Plan used by some newspapers, mostly in large cities, of showing their city circulation in totals instead of analyzing it under various headings such as, "carriers," "dealers," "street sales," etc. Also called Total City plan.
- Monthly Payment Subscriptions.** Term subscriptions for which the subscriber is not required to pay in advance for the whole term but in monthly installments within the subscription period.
- Net Paid.** A classification of subscriptions or purchases based upon payment in accordance with the standards set by the rules.
- Net Paid Subscription.** A subscription made in accordance with rules defining a paid subscriber.
- Net Press Run.** Sum total of perfect copies printed which are suitable for distribution.
- News Agent.** A distributor of papers or periodicals at wholesale.
- Newsdealer.** A merchant with fixed place of doing business who buys papers or periodicals to sell again at retail.
- Nondeductible from Dues.** Association subscriptions given by an association which allows no deduction of the subscription price of the publication from the dues in case the member does not desire the publication.
- Nonreturnable.** Not subject to credit on being returned. Said of sales plan in which dealers or other distributors purchase their copies with the understanding that they must pay for all copies purchased whether they sell them or not.
- Occupational Classification.** Segregation of subscribers into groups according to their business or professional callings or according to the positions they occupy in a business organization.
- Office Collect System.** System of newspaper operation by which accounts with subscribers are kept in office of the paper and collections are made by the paper's own employees.
- Official Organ.** A periodical which is owned by an association organized for other purposes than to publish the periodical or which is appointed as the mouthpiece of an association in return for special privileges granted the association.

- Paid-on-delivery Subscription.** Term subscription, the price for each issue of which is collected when it is delivered or, in case an advance payment is made with order, the prorated balance is collected at time of delivery of each issue.
- Paid Subscriber.** Purchaser of publication on a term contract, whose subscription qualifies in the net paid classification in accordance with the rules.
- Periodical.** Publication of regular periodic issue, except newspapers.
- Periodical Form.** Form of Publisher's Statement used for miscellaneous publications which do not fall into any of the regular classifications of newspapers, magazines, farm papers, or business papers.
- Predate.** (1) An edition of an evening newspaper upon which the date line has been changed to read as of the following day. (This really should be called a "postdate," but the term has become established by many years' use.) (2) An edition of a Sunday paper printed before the normal time of going to press with the regular city or suburban editions bearing the same date. When the word is used in this sense it is usually called a "Sunday predate." Sunday predates are printed from several hours to six days preceding their date in order to reach distant points on or before publication date. Sometimes Sunday predate editions are sold before Sunday.
- Premium.** Anything, except periodicals, offered to the subscriber, either free or at a price, with his own subscription, either direct, through, or by agents.
- Publication.** Any piece of printed matter of regular periodic issue.
- Publisher's Interim Statement.** Sworn statement of publisher, made quarterly to the Bureau at the publisher's option and issued unaudited (but subject to audit) by the Bureau.
- Publisher's Statement.** Sworn statement of circulation data made to the A.B.C. by a publisher member of the Bureau and issued unaudited (but subject to audit) to members of the Bureau.
- Rack Sales.** Sales of papers from racks or boxes, placed on street corners, in street cars or at other convenient points, and unattended by salesmen, the customer depositing coin in payment in a box provided for the purpose. Same as box sales. Sometimes spoken of as "the honor system."
- Reference Media.** Books or other publications of periodic issue giving statistical data designed to be kept for reference.
- Renewal.** A subscription which has been renewed at expiration or within six months thereafter.
- Retail Trading Zone.** The territory lying outside that designated as "city" but so intimately associated with the city of publication through proximity or convenient transportation facilities that residents of such territory regularly trade in the city to an important degree.
- Returnable.** Copies of publications sold to distributors under agreement to take back those unsold. *Fully returnable* means that all copies sold to any and all distributors may be returned if unsold. *Limited returnable* is used in two senses: (1) when a part of the distribution is sold on a

returnable basis and part on a nonreturnable basis; (2) when all distributors are allowed the return privilege but only upon a certain percentage of the quantity purchased.

**Returns.** Copies returned to publisher by dealer or other distributor for credit. Frequently, to save transportation charges, complete copies are not returned but only paper headings or covers.

**Sample Copies.** Copies distributed free to prospective subscribers or prospective advertisers.

**Sheet-writer.** Name applied to a class of subscription salesmen who receive high percentage of subscription price, often 100 per cent, and sometimes a bonus. While subscriptions obtained by a sheet-writer are often fully paid by subscribers, the conditions under which he works sometimes result in his accepting less than the subscription price. Frequently, he works on a contract which requires him to turn in a certain quota per day, which induces him at times to send in names of persons who have not subscribed. Sometimes also he carries several publications, some of which he throws in free in order to get a subscription for a publication upon which he gets a bonus.

**Short-term Subscription.** Subscription for less than a year.

**Split-period Audit.** Audit covering a period other than that covered by the regular Publisher's Statement period.

**Street Sales.** Papers sold by individuals on the street as distinguished from those sold by dealers with permanent shops or by a carrier boy with a regular list of customers.

**Street Vendors.** Sellers of newspapers on streets.

**Subscription Agency.** An individual, firm, or corporation obtaining subscriptions for two or more publications. Subscriptions produced for one publisher by another publisher are classed in Bureau reports along with those obtained through agencies.

**Subscription Salesman.** One who as a regular or temporary vocation solicits subscriptions for a paper or periodical. He may receive his compensation on either salary or commission basis, or both.

**Subscription Salesmen's Copies.** Copies of a publication carried by a subscription salesman to aid him in obtaining term subscriptions.

**Total Net Paid.** Sum total of all classes of the distribution of a publication for which the ultimate purchasers have paid in accordance with the standards set by the rules. "Total net paid" includes "mail subscriptions special" but not "bulk."

**Total Net Paid Including Bulk.** The sum of "total net paid" and "bulk."

**Trial Subscription.** Subscription for less than one year.

**Two-pay Plan.** Designation of sales plan under which the subscription solicitor collects from the subscriber a portion of the subscription price and the publisher or the subscription agency receives the balance direct from the subscriber. Some publishers refuse to start service until second payment is received.

**Two-pay Agency.** A subscription agency working on the two-pay plan.

**Unpaid Copies.** Copies distributed either entirely free or at a price inadequate to qualify them as paid in accordance with the rules.

## Suggested Periodical References

- ANONYMOUS: "A.B.C. Analysis Asked for Outlying Cities," *Editor & Publisher*, Sept. 26, 1936, p. 6.
- : "A.B.C. Compromise Plan Would Give Newspapers Two More Directors," *Editor & Publisher*, Sept. 21, 1935, p. 5.
- : "A.B.C. Is Near 1929 Membership Peak, Harmony Prevails Thompson Reports," *Editor & Publisher*, Oct. 17, 1936, p. 50.
- : "Audit Board Rules on Collection Aids," *Editor & Publisher*, May 2, 1936, p. 29.
- : "Audit Bureau, Born of Necessity, Has Recorded Steady Growth," *Editor & Publisher*, July 21, 1934, p. 310.
- : "Need for Facts Inspired Audit Idea," *Editor & Publisher*, Oct. 10, 1936, p. 23.
- : "New A.B.C. Form Approved in Principle," *Editor & Publisher*, Oct. 17, 1936, p. 7.
- : "New Thought in Audited Circulations," *National Printer Journalist*, July, 1931, p. 60; August, 1931, p. 60.
- : "Revised Newspaper A.B.C. Form Adopted," *Editor & Publisher*, Dec. 12, 1936, p. 16, editorial, p. 32.
- : Twentieth anniversary articles in *Advertising Age*, Oct. 13, 1934, Pt. 2; *ibid.*, Oct. 20, 1934, p. 1ff.
- : "Vital A.B.C. Rule Changes Made," *Editor & Publisher*, July 25, 1936, p. 5.
- BRANDENBURG, GEORGE A.: "A.B.C. Approves Single Page Form," *Editor & Publisher*, Oct. 24, 1936, p. 7.
- : "A.B.C. Is a Rock of Gibraltar to All in Publication Advertising Field," *Editor & Publisher*, Oct. 10, 1936, p. 17.
- : "Sweeping Probe of A.B.C. Demanded by Newspaper Members at Chicago," *Editor & Publisher*, Oct. 20, 1934, p. 5.

## CHAPTER VII

### NEWSPAPER ADVERTISING

Newspaper advertising has rightly been called the foundation of all advertising. Its appeal is so general, the dependence upon it so widespread, and the acceptance of it so universal that its place as a social and economic force in modern life is assured and permanent. After 1900 it grew rapidly and later held its own in the face of the competition of other media, the effects of financial stringency, and the assaults of its critics.

Crude and primitive advertisements appeared in the colonial press of America at least as early as 1704.<sup>1</sup> Advertisements were solicited after a fashion, but the first publishers did not make the most of even their limited opportunities. Some later publishers so far subordinated advertising to news that they left advertising out of their papers rather than increase the size or the number of pages. While Presbrey points out that the *Pennsylvania Packet and Daily Advertiser*, the first daily newspaper in America, owed its establishment in 1784 to the pressure of advertising, the fact remains that for many years after this the newspaper business office was still looked down upon and advertising continued to be a sort of side line.<sup>2</sup> Even so enlightened and progressive an editor as Charles A. Dana long maintained that properly written, edited, and managed, no newspaper need be larger than four pages to contain all of the important and interesting news of the day, besides what advertising was necessary.

In the thirties the advent of the penny press marked a new day in American journalism. But the shackles were struck first from news and from circulation appeal and it was not until many years later that advertising began to catch up with these other newspaper departments. The earlier newspaper appealed to the classes rather than to the masses. With the appearance of the

<sup>1</sup> Cf. Frank Presbrey, *History and Development of Advertising*, Doubleday, Doran, p. 126.

<sup>2</sup> Cf. *ibid.*, pp. 158ff.



New York *Sun* and its successors, this situation was reversed, and they catered in a new way to large and hitherto neglected elements of the urban population. The growing place of the city newspaper was also furthered by the shift from a rural to an urban population, by the improvement in means of communication and transportation, and by the development of mechanical facilities adequate to the needs created by these changed conditions.

For more than a century and a half, American newspaper advertising grew slowly, its possibilities unrealized, its real power untapped. Display advertising as we now know it was undreamed of and relatively large users of space contented themselves with repetitions of dull and meaningless notices which for want of ideas or enterprise ran unchanged for long periods. It is something of a marvel that such advertising sold anything except the nostrums of the day in which respect, despite the later intervention of a beneficent government and an awakened social conscience, the consumers of the time were hardly more gullible than those of today.

**Growth of Advertising.** Until less than 50 years ago, American newspapers continued to derive a greater revenue from subscriptions than from advertising. The ascendance of advertising dates from the nineties when advertising revenue once for all passed that from circulation. It grew rapidly, although not uniformly, down to the outbreak of the World War. In the next 15 years under the lash of wartime conditions and the postwar boom, newspaper advertising soared to heights unimagined by even its most ardent advocates. Without exaggeration, the period between 1914 and 1929, from the standpoint of revenues and profits, might well be called the Golden Age of American newspaper advertising.

This amazing growth was anything but accidental. It was to a large extent, to be sure, a byproduct of the war which led to rapidly changing conditions. Business in general expanded to new dimensions. New and larger uses were found for all sorts of publicity and propaganda, much of it legitimate and necessary, some of it unsound, unjustified, and harmful. Advertising was a particularly useful part of this machinery, and it was swept along on the crest of the tide. In its later phases, in fact, it helped to swell the tide.

But there was something more: advertising had come of age. Even without the war, it is likely that newspaper advertising along with other kinds was ripe for a remarkable development, although probably not in the same degree.

In round numbers, the aggregate annual advertising revenues of American newspapers skyrocketed from around \$175,000,000 in 1914 to about \$800,000,000 in 1929.<sup>1</sup> At the same time, circulation and other income was rising slowly from somewhat less than \$100,000,000 to nearly \$300,000,000, a material increase but far behind the tremendous spurt taken by advertising.

The war gave a mighty impetus to newspaper advertising of all kinds, but particularly to general (formerly called "foreign" or "national") advertising. William A. Thomson, director of the Bureau of Advertising of the American Newspaper Publishers Association, describes it in this way:<sup>2</sup>

The sale of \$24,000,000,000 worth of Liberty Bonds largely through a newspaper expenditure of some \$16,000,000 was an unforgettable demonstration of the power of newspaper advertising to sway the reading public. Here was a dollar of advertising doing \$1500 worth of business. The result was a marked increase in newspaper advertising on the part of the public service companies, financial houses, railway and steamship lines. Manufacturers whose production was curtailed by the war advertised to maintain the "good will" of their customers till better times. Others, who found their costs greatly increased, used newspaper advertising to select, and concentrate in, those markets that could be developed most economically.

Immediately after the war, other factors came into play. War-time profits gave many manufacturers special funds to devote to advertising. High wages, rolling up an almost steadily increasing income level from 1916 to 1926, created new prospects for the advertiser. Luxuries became necessities; new products or improvements in old products followed hard upon the law of obsolescence. Installment selling, a mighty important factor at this time, extended the market even further until a very general ownership of washing machines, phonographs, pianos, vacuum cleaners, automobiles, and later radios, became month by month, common fixtures of the American home.

It was natural that mass production, mass selling and mass advertising should go hand in hand. And it became equally natural that the daily newspaper should become the leading mass medium of industry. . . .

<sup>1</sup> Cf. Alfred McClung Lee, "Fifty Years of Daily Newspapers," *Editor & Publisher*, July 21, 1934, p. 294; also, *supra*, p. 10.

<sup>2</sup> Cf. his "The Universal Advertising Medium," *ibid.*, p. 140.

**Affected by Depression.** Like all other commercial and industrial enterprises, newspapers were inevitably affected by the great depression which began in October, 1929. There was this difference, however: newspapers weathered the ensuing storm far better than other forms of business, and relatively few of them were forced to suspend operation. The ultimate consequences, whether measured in terms of revenues, profits, advertising, or circulation, were appreciable. But because of their inherent soundness, wise methods of operation, the dependence of other forms of enterprise upon them, and the strength of their hold upon the public, they emerged from the blistering effects of the depression more stable and more essential as a social and economic agency than before 1929.

Newspaper advertising fell off sharply during the first years of the depression and then began to rise once more. Many marginal advertisers and others who suffered heavily dropped out of the advertising picture. Such lineage losses were offset in part by the development of new sources of advertising revenue. Some newspapers reduced their rates or instituted bonus and rebate schemes to hold their advertisers. On the other hand, many general advertisers as well as retail advertisers increased, and even multiplied, their advertising outlays in the belief that economic salvation for them lay in that direction. Most of them were amply repaid for their faith. They found anew that sound newspaper advertising campaigns were not only a good investment but an absolute necessity.

The impressive thing about general advertising in the years following 1930 was that the newspapers more than held their share of the national advertiser's dollar. His outlay for magazine space shrank appreciably, his expenditures for billboard and car-card advertising dwindled sharply, and, by contrast, his investment in national radio network time had a mushroomlike growth. But in the face of general business conditions and conflicting trends, his dependence upon newspaper space remained highly favorable.

**Stability and Strength.** The steadiness and strength of the newspaper as an advertising medium are best shown by data compiled by the A.N.P.A. Bureau of Advertising. The outlay of the general advertiser for space or time fell from \$510,500,000 in 1930 to \$298,000,000 in 1933, then rose to \$349,055,000 in 1934.

The significant thing is that during these years the proportion of general advertising in newspapers held firm or even increased slightly. The figures, also shown graphically in the accompanying charts, follow:<sup>1</sup>

GENERAL ADVERTISER'S DOLLAR  
(Cents)

Media	1930	1931	1932	1933	1934	1935
Newspapers.....	45.0	46.4	46.4	48.6	46.7	45.6
Magazines.....	39.6	37.7	33.3	31.5	32.5	32.5
Radio networks..	5.3	8.1	11.3	10.7	12.2	13.4
Outdoor.....	8.8	6.8	7.8	8.0	7.7	7.9
Car cards.....	1.3	1.0	1.2	1.2	0.9	0.6+
Total... ..	100.0	100.0	100.0	100.0	100.0	100.0

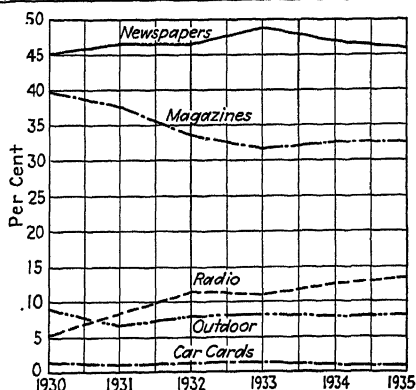


FIG. 18.—Percentage of general (national) advertiser's dollar, 1930-1935.

GENERAL ADVERTISING  
(Thousands of dollars)

Media	1930	1931	1932	1933	1934	1935
Newspapers.....	\$230,000	\$205,000	\$160,000	\$145,000	\$163,000	\$167,000
Magazines.....	202,000	167,000	115,000	94,000	113,440	119,128
Radio networks..	27,000	36,000	39,000	31,500	42,580	49,284
Outdoor.....	45,000	30,000	27,000	24,000	26,885	29,000
Car cards.....	6,500	4,500	4,000	3,500	3,150	2,220
Total.....	\$510,500	\$442,500	\$345,000	\$298,000	\$349,055	\$366,632

<sup>1</sup> Data from *Editor & Publisher*; cf. *ibid.*, Apr. 25, 1936, pp. 12ff.

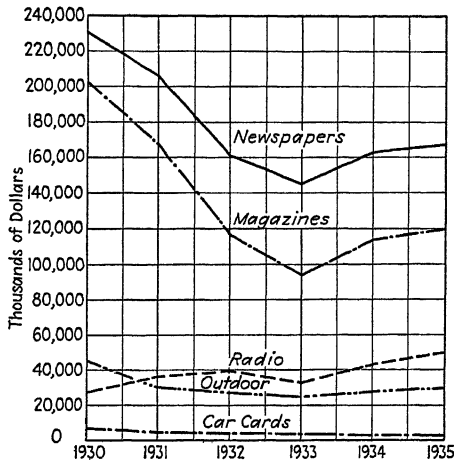


FIG. 19.—General (national) advertising, 1930-1935, in dollars.

Any way one looks at it, the newspaper as an advertising medium came out of the depression more secure, more necessary, more important, more useful, and more vital than before. From the standpoint of the newspaper itself, as advertising revenue fell off during those years, it made some adjustments, chief among them a fairly general increase in circulation rates. This led, as will be seen, to a corresponding gain in circulation revenue, but advertising remained the chief source of the income of the newspaper, and, despite what the critics may say, the chief prop for its editorial independence.

**Advertiser and Reader Confidence.** Whether he caters in greater or less degree to the general public, the advertiser emerged from the depression more dependent than ever upon the newspaper to publicize and circulate his business news. However much he may use direct mail, telephone solicitation, other publications, outdoor advertising, or that youthful giant, the radio, he is almost inevitably bound to the newspaper as his first line of advertising. As has been shown, this is increasingly true of general advertisers. Not only have many advertisers increased their appropriations for newspaper space, but still others have concentrated in newspapers to the exclusion of other media.

In like manner, the newspaper reader, who happens also in large measure to be the ultimate consumer of most goods and services that are advertised, has come in still greater measure to

pin his faith to newspapers. His confidence in the newspaper is shown by the fact that the total circulation of English language dailies in the United States stood at 38,155,540 at the close of 1935, according to the *Editor & Publisher Yearbook*.<sup>1</sup> The total for 1935 represented an increase over 1934, 1933, and 1932, proof not only that circulation was on its way out of the depression before advertising, but that there is a definite and widespread public dependence upon, and faith in, the newspaper and its contents. Stated in another way, circulation in 1934 was 91.6 per cent of its all-time high in 1929-1930, where general (national) advertising was only 70.8 per cent of the figure for 1930.

**Triple Role of Newspaper.** One other point should be emphasized here. This is the growing recognition of the triple role of the newspaper as a purveyor of news, as an interpreter and critic of men and affairs, and as an advertising medium. This is a combination hardly available in any other medium, certainly not in the same degree. Women in particular have come to read the advertisements in the newspapers perhaps even more faithfully and more carefully than they do the news or even the society columns. All classes of readers have found it increasingly to their advantage to scan the advertising columns along with the straight news, feature, and editorial matter. This is especially true of retail or local advertising, and almost any sale or other special store event will serve as convincing proof of the effectiveness of intelligent well-planned newspaper advertising.

As advertising standards have risen, newspapers have improved the appearance, the quality, the contents, and the appeal of newspaper advertising. On the whole newspapers take more seriously than is commonly supposed their responsibility to the public and to honest advertisers. Trade associations and other agencies have also contributed to these higher standards. The result is that newspaper advertising rightfully merits and enjoys the confidence of the advertiser, the patronage of the consuming public, and the recognition by competing media that for general utility, economy, and effectiveness it is without an equal.

**Claims to Superiority.**<sup>2</sup> The reasons for this confidence are not hard to find. Practically all of the benefits of advertising in

<sup>1</sup> P. 124.

<sup>2</sup> Cf. also Chester H. Rowell, "Why Advertisers Use Newspapers," *Editor & Publisher*, Feb. 8, 1936, pp. 18, 19; editorial appeal, *ibid.*, Aug. 31,

general are shared by newspaper advertising. In addition, it has certain special qualities of its own. Of all the forms of advertising, newspaper advertising has particular claims to effectiveness as a social and economic force. Its advantages may be summarized as follows:

1. *Mass Appeal.* Taken as a whole, the total circulation of newspapers is significant enough to show the universality of the newspaper reading habit in America. No other one medium is so widely, so continually, so voluntarily, or so habitually accepted as the newspaper. It goes daily into the great bulk of the 30,000,000 homes in the United States, most of whose families are confirmed newspaper readers. It is at once visible, tangible, convenient, economical, and, consequently, effective.

2. *Concentration.* The very fact that the newspaper is so widely accepted makes it possible both to blanket the country and to concentrate advertising effort. Individual newspapers cater to different groups of the population. A general advertiser is thus enabled to plan his advertising campaign effectively in terms of certain sections of the country or in terms of certain elements of the buying public as a specific target or objective. Under other circumstances, he can scatter his appeal broadcast, shotgun fashion. Such concentration or flexibility is impossible in anything like the same degree with other media.

3. *Flexibility.* The very nature of the newspaper makes for a flexibility and timeliness of advertising procedure and planning that are hardly possible with any other medium except possibly the radio. The frequency of issue of the newspaper enables the advertiser to change his plans overnight to take advantage of changed conditions. This is also reflected in the high degree of selectivity referred to in the preceding paragraph.

4. *Economy.* In its appeal, its circulation, its flexibility, and its cost both to the advertiser and to the reader, the newspaper affords a medium which for economy of time, effort, and money is unsurpassed by any other. Its facilities are available to the advertiser in accordance with his needs and his budget.

5. *News Tie-up.* A particular advantage of the newspaper as an advertising medium is the inherent relationship between its

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1935, p. III; "Why the Newspaper Is the Dominant Medium" (Chicago *Tribune* promotion) as described in *Editor & Publisher*, Oct. 19 and 26, Nov. 2, 1935; "Looking into a Million Homes," *ibid.*, Mar. 9, 1935, p. 6.

news and its advertising contents. Neither could exist satisfactorily without the other. A publication that was all news and no advertising would be prohibitive in price and would be lacking in a vital element. Similarly, a publication that was nothing but advertising would get relatively scant attention from the consuming public. The newspaper combines these two essential elements economically and conveniently as no other medium does.

6. *Public Confidence.* The very bulk of newspaper sales is convincing proof of the public dependence upon and the public confidence in the newspaper. A relationship exists between the newspaper and its readers which is peculiarly close and intimate in many ways. This responsiveness gives the newspaper an advantage which is again peculiarly its own.

Newspaper advertising, then, is both flexible and timely; it affords either a concentrated or a general consumer objective; it is efficient and effective in terms of time, effort, and money expended in advertising campaigns; and it offers an appeal through a mass medium which has as yet no serious rival.

**Weak Points.** But newspaper advertising also has its tendons of Achilles. In America, despite the *New York Times* and the *Christian Science Monitor*, there is as yet no truly national newspaper. The very fact that the newspaper is so essentially, or at most, local or regional in character is sometimes a deterrent to advertisers who are looking for nationwide circulation. This objection can be met, of course, by using in combination strong regional newspapers like the *Chicago Tribune*, the *Atlanta Journal*, the *Des Moines Register and Tribune*, and many others.

The graphic limitations of the newspaper constitute another weakness as an advertising medium. Owing to the inferior quality of newsprint, the necessity of using relatively coarse-screened cuts, and the difficulties of using color combinations at high press speeds, the newspaper has been unable to compete typographically with the better magazines on an even footing. The newspaper has been greatly improved in these respects, but, except for rotogravure, it is difficult to see how it can equal the quality printing of the better magazines.

The very frequency of issue of the newspaper is sometimes cited as a disadvantage in that it is so short-lived. A magazine, on the other hand, is apt to last much longer and to be read more



than once. Yet by the same test, the radio is still more fleeting. The answer for both lies in the iteration and reiteration of the advertiser's message.

The criticism is still heard that American newspapers constitute a "kept press of business," *i.e.*, that they are subservient to their advertisers, that they are primarily and chiefly mercenary, and that they have no real interest in their readers except to exploit them or to assist in their exploitation.<sup>1</sup> Such charges fall of their own weight when measured against the public service rendered by newspapers as a whole as well as by the increasingly painstaking and frequently expensive policies voluntarily adopted by newspapers to protect the reader-consumer from rapacious advertisers and others. The New York *Times*, the New York *Herald Tribune*, and the Scripps-Howard newspapers, to name only three, are conspicuous examples of publications which go to great lengths to guard against fraudulent and misleading advertising and otherwise to protect their readers.

George Seldes, James Rorty, and other serious critics of the American newspaper cite instance after instance where the newspaper has bent the knee to the advertiser. Undoubtedly many newspapers have yielded at some time or other to the pressure of the advertiser or their policies have reflected the outside connections of their owners. The newspaper, like any other human agency, is not infallible, and it would be difficult to find one that claims to be. But to condemn all newspapers because some of them always, or even many of them at some time, have been unduly tainted with the dollar sign is no more fair than a blanket denial of the charges would be. The hopeful thing is that really reputable newspapers are conscientious, their scrutiny of advertising is increasingly watchful, and their independence of advertisers is greater each year. Any self-respecting newspaper knows that it can succeed only as it builds and maintains reader confidence. To reap and enjoy this, it must hold the reader above the advertiser. The great and growing majority of newspapers are more careful and conscientious in such matters than they are usually given credit for being.

Taken by and large, the disadvantages of the newspaper as an advertising medium are far outweighed by its advantages. After

<sup>1</sup> Cf. J. B. Matthews and R. E. Shallcross, *Partners in Plunder*, Covici Friede, pp. 354-355.

more than a century, the daily newspaper with its extremely low price is still the chief hope of the American advertiser and the chief dependence of the great bulk of its readers who comprise most of the consumers. Other media are useful to supplement or to pave the way for the newspaper's message. There is no sign at this writing that the newspaper will be supplanted by any other medium now in use.

**Relative Merits of Papers.** Some difference of opinion exists as to the relative merits of morning, afternoon, and Sunday newspapers for advertising purposes. It is claimed, for example, that the morning newspaper has a special appeal for businessmen and, conversely, that the morning newspaper is less satisfactory when it comes to reaching the woman reader who, it is well known, is a dominant factor in the family expenditures and purchases. It is argued that the afternoon paper is more likely to go into the home with more time for its perusal than is the morning paper. Sunday papers suffer from their very bulk and from the fact that potential readers may be motoring or golfing at the week end. Each argument is susceptible of a counterargument.

The merits of a particular newspaper are apt to depend much more upon what kind of a paper it is, what clientele it caters to, and upon what its news, editorial, and business policies are rather than whether it is a morning or an afternoon newspaper. Examples of conspicuous success may be found in both fields, and, while it is true that afternoon newspapers far outnumber those published in the morning, it would be unfair and untrue to say that either has a marked claim to superiority as an advertising medium alone. In general, that newspaper which is read most and has the largest following in the home is apt to be best for advertising purposes.

**Classifications.** Newspaper advertising falls into five general classifications. These are (1) general display, (2) retail display, (3) classified, (4) legal, and (5) promotional or self-advertising. Each of these can be further subdivided in turn. They may be defined or described as follows:

1. *General display* is perhaps more commonly known as national or foreign display. This type of advertising either comes directly from national advertisers or, more often, through advertising agencies and has to do with nationally handled goods or services marketed or distributed through local outlets. Despite

the effects of the depression, it is still an important source of revenue.

2. *Retail or local display* is the advertising of local department stores and other retailers. It is local in origin and is supplied directly to the newspaper by the advertiser or through a local advertising agency. The development of local display advertising has been highly profitable on the whole for both the retailer and the newspaper.

3. *Classified* is more often known to the reader or user as "want ads." It consists of relatively brief advertisements, usually set in small type under classifications which vary in number with the volume and variety of such advertisements. This type of advertising, properly developed, can be highly effective and profitable. Some newspapers are much more successful in developing it than are others.

4. *Legal advertising* includes announcements or reports required by law to be published, or sometimes optional at the discretion of public officials or boards, which relate to such matters as notices of election, proposals for bond issues, public improvement projects, petitions in bankruptcy, amendments to state constitutions, financial reports of political subdivisions, boards, and officers, and many other matters. The rates are usually fixed by law. This form of advertising is particularly important to small newspapers.

5. *Self-advertising* is better known as promotional advertising. It is a means by which newspapers call attention to their own offerings, facilities, merits, enterprise, and attainments. Still relatively new, it has emerged from the stage of infancy but is a long way from having attained full stature.

The methods of soliciting, handling, and servicing the various kinds of advertising vary with individual newspapers. The size of the newspaper, as measured by its circulation and its volume of advertising, is an important factor in determining the division of labor in the advertising department. Each major classification will be dealt with in detail in succeeding chapters.

For years a two-way fight has been waged by newspapers over advertising. With one hand they have been engaged in competition with each other, and with the other they have been busy combating other media such as magazines, shopping guides, the radio, and direct-mail advertising. Some publishers have been converted to the sensible view that after all they have interests in

common which are far better served by uniting against outside competitors than in cutting each other's throats. This does not mean that internewspaper competition is outmoded, for it is not and never will be. But there is a growing tendency on the part of newspapers to make more common cause against other kinds of competitors.

**Newspapers and the Radio.**<sup>1</sup> The radio offers a case in point. Along with the public, the newspapers first embraced the radio as a new toy or diversion, a novelty that opened the door to a whole new realm of entertainment. Acres of white space were freely given to publicizing radio programs and activities. When the radio developed rapidly into a serious advertising competitor, both locally and nationally, the newspapers reversed their attitude. Some of them took the extreme stand of not publishing even the barest program listings. Whatever the effect upon the broadcasters or the program sponsors, this was manifestly unfair to newspaper readers.

Two results have become more and more apparent. Paradoxically, one is a marked tendency on the part of the newspapers and the radio to join hands, and the other is the development of radio-program advertising. The newspaper-radio alliance has resulted in the purchase, lease, or affiliation on the part of newspapers with 145 broadcasting stations in the continental United States.<sup>2</sup> In such cases publishers have two strings to their advertising bow with the additional advantage of being able to use both media for promotional purposes.

**Rotogravure and Comics.** Two other channels of newspaper advertising have been greatly developed in recent years. One is the rotogravure section and the other the comics. The rotogravure section affords a particularly high-class medium for quality advertising. It puts the newspaper on a par with the best of magazine advertising.

The well-nigh universal appeal of the comic strip and the comic supplement led naturally to their adaptation to advertising purposes. This was made possible in two ways. One was to shorten the comic page, using the remaining space for advertising. The other was to develop advertising with a strong personal appeal,

<sup>1</sup> For arguments as to their relative effectiveness and costs as advertising media, cf. *Editor & Publisher*, Nov. 10, 1934, p. 5; Jan. 19, 1935, p. 16.

<sup>2</sup> Cf., *Editor & Publisher Yearbook*, 1936, p. 235.

printed in colors and frequently modeled after the comics themselves with characters and plot. There has been some objection to this on the part of a few newspapers as well as from readers. The practice, however, now seems well established.

It is primarily to advertising that newspapers owe whatever typographical merit they possess. Advertisers were the first to see the practical possibilities of the better type faces, the effectiveness of better layouts and of a planned appeal to the eye of the reader, rather than the hit-or-miss methods formerly employed. Advertisers, too, have had a large hand in the development of better newspaper illustrations and the adaptation of color printing to newspapers. Printing in two or more colors, originally confined to the comic, magazine, and feature sections, has been developed to such an extent that hundreds of daily newspapers are equipped to offer color printing as a matter of ordinary service and routine.

**Advertising Manager.** From the standpoint of newspaper organization, the advertising manager is the key man in the advertising picture. He it is who sets the pace for the advertising department. It is to him that the publisher looks for results from the advertising department. It is his responsibility to keep the advertising sales staff on its toes, to strengthen and improve the position of the newspaper as an advertising medium, and to cooperate with other departments of the publication as well as with advertisers.

To accomplish these ends he needs certain special abilities. Among these are salesmanship, leadership, energy, experience, vision and foresight, and a capacity for organization and administration. He needs to understand the points of view of the advertiser and the public as well as the problems of the newspaper itself. While it is not imperative that he be a "mixer" in the ordinary sense of the word, it is important that he get around, strengthen his contacts, and size up conditions for himself.

Individual advertising managers are naturally apt to excel in one thing more than another. Some are better salesmen than they are administrators and vice versa. One who combined all of the qualities just listed would indeed be a rarity. Yet one such was the late Louis Wiley who personified the New York *Times* of the twentieth century almost as much as its distinguished publisher, the late Adolph S. Ochs, and who was even more fre-

quently in the public eye. Perhaps as much as any newspaper business executive of his time his capacity, his vision, and his understanding extended to all parts of the newspaper.

Harvey R. Young, advertising director of the Columbus, Ohio, *Dispatch*, described some of the necessary qualities of the competent advertising manager, asserting that he should lead rather than drive his salesmen. Writing in *Editor & Publisher*, he emphasized the importance of the advertising manager's analyzing circulation so as to be able to know and explain fully "the advantages of all parts of the circulation, that out of the city as well as that in the city."<sup>1</sup> He defined the most successful newspaper advertising salesman as "the one who markets the circulation of his newspaper as intelligently and as carefully as successful retailers market their merchandise."

**Advertising Distribution.** Except for 1932 and 1933 there has been relatively little variation since 1920 in the distribution of advertising in American newspapers according to its major classifications. The division is shown by a Media Records report on the advertising returns for 1935 in 365 dailies in 95 cities, representing nearly half the total linage for the United States and Canada. The breakdown follows:<sup>2</sup>

Classification	Agate lines	Per cent in lines	Per cent in money
Retail.....	1,092,660,211	57.4	49.7
General.....	332,785,287	17.6	20.1
Automotive.....	108,590,024	5.7	7.0
Financial.....	34,425,119	1.8	1.8
Total display.....	1,568,460,641	82.5	78.6
Classified.....	300,247,167	15.8	19.7
Legal.....	32,366,442	1.7	1.7
Grand total.....	1,901,074,250	100.0	100.0

**Future of Advertising.** Stuart Chase believes that the newspaper of the future will be one which the consumer can read conveniently, devoid of what he calls the destructive "yammer-

<sup>1</sup> Aug. 15, 1936, p. 32.

<sup>2</sup> Cf. *Editor & Publisher*, Feb. 29, 1936, p. II (percentages approximate).

ing" of competing advertisers whose products may be identical.<sup>1</sup> They will be newspapers, he predicts, in which advertising will be devoted more to announcing new products or for sociological purposes such as safety and Red Cross campaigns. In that happy day, he also anticipates that the advertising revenue of the average paper may be as little as 10 per cent of the total, the reader paying the other 90 per cent. In this event he argues that "the freedom of the press will then be real," a condition which he insists does not exist now because "commercial considerations make it impossible."

It is doubtful whether all or any of these particular changes will come to pass, and it is debatable whether some of them should. It is likely that the Chase wish is father to the thought. To ask the reader, for example, to pay nine-tenths of the cost of his newspaper would be to make copy prices prohibitive for many readers. It would limit the usefulness and effectiveness of the newspaper and thus help to defeat the very ends it seeks to serve. But Chase is right when he holds that "Newspapers have a tremendous responsibility in regard to the misguided consumer," and that, despite the persuasiveness and not infrequently the irritation produced by radio sales talks, the public remains eye-minded rather than ear-minded.

In the newspaper of the future, advertising will be more restrained in its claims and improved in appearance. It will deal more with the merits of the merchandise and services advertised and will pay less attention to competing lines. The newspapers of that day will assume far greater responsibility toward both consumers and advertisers. They will be more scrupulous in their advertising and business practices. This condition will be brought about by an awareness that common honesty in the long run is not only best but still pays the largest profits, by the pressure of publishing and advertising groups, by higher standards of practice adopted by both newspapers and advertisers, and to some extent by federal and state laws.

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<sup>1</sup> Cf. *Editor & Publisher*, July 7, 1934, p. 5.

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## CHAPTER VIII

### RETAIL ADVERTISING

The relationship between the newspaper and the retail or local advertiser has necessarily been closer and of longer duration than that with the general or national advertiser. The local publisher and the local advertiser are not only neighbors in the physical sense but there is a community of interest between them that does not exist in anywhere near the same degree with respect to the national advertiser.

By contrast with the general advertiser, the retail advertiser has the advantage of being on the ground in dealing with the local newspapers. He knows local conditions at first hand, he can deal with the newspaper direct instead of through agents, and he has his own ideas as to the circulation and pulling power of local media. Such impressions and convictions are the result of first-hand observation and experience.

The newspaper, in turn, recognizes in the retail advertiser its best customer. The volume of advertising from this source is the backbone of the business of the newspaper. The publisher knows that whatever affects the conditions of local trade will inevitably affect his own business. It is distinctly to his interest, therefore, to place his facilities at the disposal of the local advertiser and to assist him in making the most of his business opportunities. The economic philosophy of this is simple: as local trade prospers the community at large benefits, and the newspaper profits.

Retail advertising is as old as the American newspaper, yet, as in the case of general advertising, its real development has been achieved only in recent times. Despite the expansion of general advertising, the bulk of newspaper advertising continues to be local in character. Although its volume shrank, too, under the effects of the great depression that began in 1929, it held up better than did national advertising. The continued faith in, and dependence upon, newspaper advertising by the local

merchant were important factors in enabling American newspapers to weather the depression as well as they did.

**Wanamaker's Influence.** John Wanamaker, the great Philadelphia and New York merchant, has been credited with showing both retail and general advertisers the real possibilities of newspaper advertising. His advertising feats attracted particular attention at the time of the Centennial in 1876.

Presbrey says of him: "In this Wanamaker store in Philadelphia originated large scale advertising, the advertising that went into papers and large expenditures, produced a large volume of business and demonstrated for the directors' table of American business that advertising was a force worthy the attention of big minds. . . ."<sup>1</sup>

In the words of Joseph H. Appel, long associated with the merchant: "John Wanamaker showed the way to make business articulate so that it could establish confidence and good will between buyer and seller, consumer and producer. . . . John Wanamaker's example showed to manufacturers the use of advertising in effecting mass distribution, which demanded enormous mass production, with accompanying high wages, efficiency in manufacture and the great material prosperity of the United States. . . . The advertising by other stores and by manufacturers which followed when John Wanamaker 'showed the way' resulted in the enormous volume of advertising that makes possible America's great newspapers and magazines whose income is derived more than two-thirds from advertising and less than one-third from paid circulation."<sup>2</sup>

The advertising principles of John Wanamaker were simple: "We advertise what we have for sale. We have for sale what we advertise. The people come and see that it is so."<sup>3</sup> As Appel phrased it, he placed "truth on a business basis as the store had already placed business on a truth basis."

As early as 1879, Wanamaker used a full page of newspaper advertising and in time this became his practice.<sup>4</sup> This was not new in itself but the effective use he made of the space and the

<sup>1</sup> Frank Presbrey, *History and Development of Advertising*, Doubleday, Doran, p. 330.

<sup>2</sup> Cf. *Editor & Publisher*, July 21, 1934, p. 281.

<sup>3</sup> *Ibid.*

<sup>4</sup> For further details, *ibid.*

regularity with which he used it were innovations. Within a few years his example was widely followed. In fact other advertisers did not stop at imitating him but boldly helped themselves to the language and layout of his advertisements as well as to the ideas they contained. In one week in 1890, for example, the store reported "seventeen quotations found in the East and the whole advertisement copied bodily in the West."

Wanamaker, in short, proved the value of persistent and large-scale advertising. How much he was impressed by his achievement is shown by his own statement that "If I ever have a Columbus monument in advertising, it will be for the discovery that the advertising of constant benefit to merchant and customer is in the daily newspaper of known circulation." There were other strings to his bow, of course, besides advertising, but the American newspaper owes John Wanamaker a lasting debt for his pioneering in this quarter.

**Department-store Advertising.** The growth of department and specialty stores, taking their cue to some extent from Wanamaker, has paralleled that of the newspapers. As the stores have grown and prospered, the newspaper has expanded and profited. The two are interdependent to a large degree. It is doubtful whether either could continue to thrive or perhaps even to exist without the other. Channing E. Sweitzer, managing director of the National Retail Dry Goods Association, is authority<sup>1</sup> for the statement that "The department and specialty stores, and the newspapers of this country have grown up together. In strong retail stores, large and small, newspaper advertising today is the spine of promotional activities, and it is hardly questionable whether many stores could exist without it and certainly newspapers could not. The support of retail advertising has largely helped to make it possible for the American press to perform public services unconceived years ago. The revenue from stores has provided, in a great measure, the means for the growth of newspapers, with globe-encircling press associations, wide-flung corps of correspondents, special writers, and a wide variety of features. Beyond this, retail advertising constitutes a strong element to the reader interest of modern newspapers, ranking, especially among women readers, as great in importance as the society and the sports pages."

<sup>1</sup> Cf. *ibid.*, p. 282.

**Factors Governing Advertising.**<sup>1</sup> Various factors combine to govern the effectiveness of retail newspaper advertising. These include (1) the quality and quantity of the circulation of the newspaper; (2) whether the newspaper is a morning, afternoon, or Sunday publication; (3) the merchandising service and cooperation afforded by the newspaper; (4) competition; (5) seasonality; and (6) physical characteristics.

*Circulation.* Both the quality and the quantity of the circulation of a newspaper are important to the advertiser. It is no longer enough for a newspaper to have circulation in bulk. Over the years, the advertiser has become properly and increasingly concerned with the quality of the circulation represented in the white space he buys. The volume of circulation continues to be important, but it is of little use to the advertiser unless it can be definitely translated in terms of potential customer buying power. Gross circulation figures, therefore, are only one index of the probable value of a newspaper as an advertising medium.

It is for this reason that newspapers break down their circulation figures in detail, so as to show the areas of direct returns, of delayed returns, and all other. In the case of daily newspapers, the first usually includes the city itself or city and suburban, the second the remainder of its trade basin, and the third all else. Even these categories are further broken down for the larger cities to show still more accurately the potential purchasing power represented by the clientele of the particular newspaper and, conversely, to eliminate doubtful elements or those with little or no buying power.

A number of agencies have contributed to the careful and authentic appraisal of newspaper circulations in the larger cities. Individual newspapers have seen the value of such information and make frequent assays of their circulations for their own use and that of their advertisers, both retail and general. The A.B.C. has been another factor of growing importance for more than 20 years.

*Morning vs. Afternoon Newspapers.*<sup>2</sup> For many years the morning newspaper was supreme. It had the largest circulation,

<sup>1</sup>The late W. E. Donahue, Chicago *Tribune* advertising head, had a "five-foot rule of advertising," as follows: (1) Is the medium right? (2) Is the time right? (3) Is the copy right? (4) Is the merchandise right? (5) Is the management right? Cf. *Editor & Publisher*, Mar. 23, 1935, p. 13.

<sup>2</sup>Cf. also *Editor & Publisher*, Aug. 20, 1932, p. 12.

carried the most advertising, enjoyed the greatest prestige, and wielded the most influence. Owing to changing conditions, it has been surpassed in recent years, despite conspicuous individual exceptions, both in numbers and in circulation by the afternoon paper. Today there are fewer morning than Sunday newspapers and the total morning circulation is smaller than that of either afternoon or Sunday papers.

Each kind of newspaper is supposed to have a different "personality" from the advertising and editorial standpoints as well as from that of circulation. It has been said, for example, that the morning newspaper is a trifle slower in general speed of sales action than its afternoon rival, but has a greater power of repetition when a regular schedule is maintained. The argument is also offered that the morning newspaper has more of an appeal to the business man or businesswoman. Conversely, because they are apt to take it with them, it is contended that the life of the morning paper is briefer, and its advertising effectiveness limited accordingly.

There is no question but that the average evening newspaper gets more of a reading than does the average morning newspaper. It is more of a publication for home consumption than its morning rival. It is, therefore, more apt to be read by all the members of the family at a time when there is more leisure for reading and, consequently, for planning the shopping for tomorrow. Afternoon papers are called more dependable for direct advertising returns because of their size and timing as related to the reading hours and habits of the average family.

*Sunday Newspapers.* In Sunday papers it has been said that the ratio of returns from advertising is lower in proportion to their circulation than is the case with either morning or afternoon newspapers. This is explained by the fact that they are apt to show more waste circulation from the standpoint of the retail advertiser. The very bulk of the Sunday newspaper is also cited as an argument against it on the theory that so much reading matter makes it well nigh impossible to give close attention to news, features, or advertisements unless the reader has a particular want to satisfy. Nevertheless the Sunday newspaper serves a definite advertising purpose, particularly for long-range copy, good will, and special events.

In individual cases, it would be difficult to assign priority to any of these groups because so much depends upon management,

skill, competition, local conditions, and other variable factors. In point of total advertising during 1935, the *Washington Star*, an evening paper, was first with 21,837,189 lines, followed by the *New York Times* (morning) with 19,420,969 lines.<sup>1</sup> Six of the first 10 were evening papers. On a six-day basis only, Sunday issues excluded, evening papers won 17 of the first 20 places. Despite this it would be unjust and inaccurate to say that morning newspapers like the *Cleveland Plain Dealer* and the *Los Angeles Times* have not a claim to superiority within their orbits just as their evening contemporaries have.

*Merchandising Service and Cooperation.*<sup>2</sup> As far as advertising is concerned, the key to the publishing problem is not how widely the newspaper is distributed but how thoroughly is the paper used. From the business standpoint, the question is not how great is the paper's circulation or how great is its editorial influence, but are its advertising contents on a par with its news and editorial matter, and does the reader have the same confidence in the advertising that he has in the paper's news and opinions. It is obvious that advertising has little merit and the medium is of questionable value unless the reader is interested and served thereby.

It is the duty of the newspaper to assist both the reader and the advertiser with respect to advertising. Its function is to bring the reader and the advertiser together through the facilities it offers. Just as news and editorial excellence alone are insufficient, the task of the newspaper is not only to sell its white space to its advertisers but to aid them in making the best use of that space.

It has been pointed out that the newspaper can serve the reader through advertising in the following ways: (1) by assuring the accuracy of all advertising claims and statements; (2) by assisting readers to buy through the medium of a Shoppers' Service and Shoppers' Guide or merchandising certificates redeemable at any advertiser's; (3) by publication of a shopping list or advertising table of contents so as to simplify the shopper's problem.

In a similar manner, the newspaper can assist the advertiser in the following ways: (1) by an educational campaign through a

<sup>1</sup> Cf. *ibid.*, Jan. 18, 1936, pp. 8-11.

<sup>2</sup> Cf. Carl Fast, "Giving More Service to Advertisers," *Editor & Publisher*, July 8, 1933, p. 9.

series of talks to store customers, thus helping to reduce wasteful expense to the stores; (2) by help in bringing about better merchandising to back up an advertisement and thus eliminate much wasted advertising.

It is claimed that these methods would make the paper the shopper's favorite newspaper, would give its advertising much greater pulling power, would improve circulation, and would increase its prestige and power with advertisers, both retail and general. There are limits, of course, to the cooperation and assistance to be rendered by the newspaper. In determining these limits, the publisher will be guided by experience, by common sense, and by economic factors.

*Competition.* With the current tendency toward mergers, there are a growing number of American cities in which there is only one newspaper. As has been noted, there is a minimum number of newspapers in even the largest cities, as for example Cleveland, Pittsburgh, and Baltimore with three each and Chicago with only five of general circulation. This condition affects both the newspapers and the advertisers and is complicated further by the fact that in a number of cities where there are still two or more papers two of them are under the same ownership.

This situation is fraught with possibilities of both good and evil. A monopoly offers the newspaper the possibility of greater profits and less expense, while the advertiser would benefit from better coverage at a lower cost. On the other hand, a newspaper which enjoys such a monopoly can be lulled into a false sense of security, and, if it presses its advantage too far or grows lax in its measure of service to readers and advertisers, it is apt to invite competition either through the establishment of other newspapers or through the diversion of its advertising into other channels. Where a newspaper enjoys such an advantage, then, it behooves it to make its reader-advertiser service so effective and so satisfactory that there will be no demand for a return to wasteful and expensive competition.

*Seasonality.* One of the reasons newspaper advertising was so slow in developing was that it was stereotyped and advertisers failed to realize the importance of timeliness. This condition has been almost entirely corrected, but newspapers still face the problem of seasonality. This results in seasonal fluctuations in lineage which complicate newspaper operation and management.

During the eight years from 1928 through 1935, for example, newspaper lineage as measured by Media Records in 52 so-called key cities fell off from January to February, rose sharply in March, April, and May, dropped steadily from June into August, rose again to reach a new peak of fall buying in October, then tapered off through the holidays.<sup>1</sup> There were some exceptions, but these were the general trends.<sup>2</sup>

Newspapers have sought ways and means to counteract these seasonal effects, particularly that in midsummer.<sup>3</sup> The line of attack has been through greater promotional efforts, closer merchandising tie-ups, and, in particular, the stimulation of advertising through seasonal discounts and space bonuses. Some newspapers have adopted a form of advertising contract which sets a minimum below which the advertiser may not go in any week or month as the case may be. These have been of some avail, but the problem is a long way from being solved.

*Physical Characteristics.* Arthur Brisbane is credited with defining the qualities of a good advertisement as follows: it must be seen, it must be read, it must be understood, and it must be believed. The appearance and the location of an advertisement, therefore, have much to do with its effectiveness. It is to the advantage of the advertiser as well as to that of the newspaper to insist, for example, upon certain restrictions as to typography, illustration, makeup, and position. These include limits upon the size and variety of the type faces, cuts, and borders, the nature of the composition involved, and the location of the advertising on the page. On some small newspapers, the advertiser still has his own way in such matters but these are the exception rather than the rule.

The advertising pyramid has long since been accepted as the standard form of advertising makeup. This type of makeup has its basis in both physics and psychology. It puts the largest

<sup>1</sup> Cf. *Editor & Publisher*, Jan. 18, 1936, p. 5.

<sup>2</sup> It is well known that lineage also fluctuates daily. For example, *Editor & Publisher* reported (Aug. 20, 1932) the percentages of lineage as follows for seven-day morning papers: Monday, 11 per cent; Tuesday, 12 per cent; Wednesday, 12 per cent; Thursday, 14 per cent; Friday, 20 per cent; Saturday, 8 per cent; Sunday, 23 per cent; for six-day evening papers: Monday, 12 per cent; Tuesday, 15.5 per cent; Wednesday, 16 per cent; Thursday, 23 per cent; Friday, 28.5 per cent; Saturday, 5 per cent.

<sup>3</sup> Cf. *ibid.*, July 25, 1936, p. 3; Aug. 3, 1935, p. 25; Aug. 31, 1935, p. IV.



advertisements where they properly belong and it places all advertising in the best general location with respect to reading

### MCCREERY



7500 for slender fit  
size 40-42 of light  
weight, and  
price - 7.50

lightweight  
**TREO**  
foundations for spring

the fabric used in these Treo was chosen for their combined virtues of firmness and lightness—while your figure may feel more free and less restricted—the contour is definitely there. The silhouette follows the 1937 fashion; bonnet applied and clearly separated, neckline smooth and edged, armholes and hips flat and sleek.

and remarkably soft  
an important as the  
name of anyone who  
wishes the type of  
fitting you can  
trust. **MCCREERY'S**  
**LAUREL CORSE**  
**TREO** now on  
sale. New to look  
which is the most  
design you should  
find.



A TREO for evening fit,  
with deep V-neck,  
with and without top,  
price - 10.00  
TREO for day wear,  
long under top, with  
top, price - 12.00

A TREO for evening fit,  
with deep V-neck,  
with and without top,  
price - 10.00  
TREO for day wear,  
long under top, with  
top, price - 12.00

A TREO for evening fit,  
with deep V-neck,  
with and without top,  
price - 10.00  
TREO for day wear,  
long under top, with  
top, price - 12.00

### C.I.O. Resumes Wage Talks at Detroit Today

**Green Summons 50 Aids to Plan Fight to Finish on C. I. O. Unions**

Organizers Will Confer With A. F. of L. Head as Local Drive on the Traffic Industry

Conferees With Charles Green, Chairman and John Green, Secretary, will meet today at 3:30 p.m. in the C. I. O. headquarters at 1000 Griswold street, Detroit, to resume talks with the Automobile Workers Union, which is being organized by the C. I. O. in the traffic industry.

The C. I. O. is making a drive to organize the traffic industry, which is being organized by the C. I. O. in the traffic industry.

The C. I. O. is making a drive to organize the traffic industry, which is being organized by the C. I. O. in the traffic industry.

### Very large values in very small coats...



10.95 each

The extremely smart designs, the good lines and careful tailoring make these little coats a real little piece of French fashion... and such more than our limited series of 25,000.

**Two-Button Coat (left), lavishly colored fabrics with pearl buttons, stitching detail and fringe trimmings. Duster jacket or French slip, L. 2, 2, 10.95. Matching jacket button, 2.50.**

**A. Two-Button Coat (center), in contrasting colors with two "big" pockets like mother's and good overalls. Duster jacket, blue, navy. Sizes 4 to 6. 10.95. Matching hat, 2.50.**

**Matched for the French girl (right), multi-colored wool in white, blue, pink. Matching detail, L. 2, 2, 10.95. Matching hat, 2.50.**

These Coats from a Spring Collection of Boys' Suits and Public, from 4.95 to 14.95

On the Fourth Floor

*Lord Taylor's*

Fifth Avenue at 56th Street

### Steel Strikers Back C. I. O. Ask \$5 a Day

CHICAGO (AP) — Steel strikers today voted to back the C. I. O. and ask \$5 a day for the union.

All this week  
**Sale...**  
**children's white buckskin shoes...**  
**#1.00 off on every pair**  
**now 3.00 to 5.75**

When could there be a better time to buy your child's new shoes? And the fitting of every shoe is personally supervised by us. Because he is the one who goes to it that your child's shoes are unquestionably correct... to give the correct posture and good health—from first step down on heels, soles and steps, extreme white only. All sizes. Free refund to "Learn Next" (up to size 11), Fourth Floor.

*Lord Taylor's*

Fifth Avenue at 56th Street



Let's pretend with a Shirley Temple Bath Drum

See a Shirley Temple Bath Drum for girls and boys. Soap that gives the bath a special, a military air—both soap "in" and "out" of the tub. Shampoo, stone, it's music food and soap to delight you. Designed by "Carter" who has the new hair, red, white or blue. 300 a case. Toys, Street Floor.

*Lord Taylor's*

Fig. 20.—Newspaper page showing "well" type of advertising makeup.

matter. Because of reading habits, all such pyramiding is from left to right. Another form is the so-called "well" type in which

advertising is built along both sides of the page with one or more news columns projecting toward the bottom of the page.

No way has yet been found to make the left-hand page as good from the standpoint of reading matter or advertising as the right-hand page. Again this is partly a matter of habit and partly because most readers are right-handed so that when the paper is opened it is natural to hold the right hand at arm's length rather than the left. Yet most editorial pages are on the left as well as first departmental pages such as sports and society on many newspapers. Few of the better newspapers now carry display advertising on page one, and there is a tendency to keep display advertising at a minimum even on pages two and three on some newspapers.

**Rates.** The rate structure is considered elsewhere, but the effect of rates upon advertising is worth passing attention here. Rates should be high enough to pay the publisher a reasonable profit in terms of his costs and his investment and the quality and quantity of the circulation. At the same time they should not be so high as to compel the potential advertiser to seek less expensive media. Generally, however, there is a lag between circulation and rates to the advantage of the advertiser.

Strong pressure was brought by advertisers in many cities in the depression years to compel newspapers to reduce their advertising rates on the grounds that circulation had fallen off and the prices of other commodities and services had been reduced. The fact was that most newspapers had not increased their rates in the seemingly prosperous days of 1929 in proportion to their circulation and pulling power and certainly not in proportion to other goods and services. Further, while there was some falling off in newspaper circulation, it proved to be largely temporary or fractional. In addition, experience showed that even where some newspapers reduced their rates as a result of advertiser pressure, only a few increased their lineage thereby. Of 108 newspapers replying to a Newspaper Advertising Executives' Association questionnaire in 1933, 72 reported that they had made no reductions and 5 had even raised their rates.<sup>1</sup> Of the newspapers which had lowered their rates, 9 reported their lineage improved or maintained as a result, two saw some beneficial effect in retail but not in general advertising, and 16 could

<sup>1</sup> Cf. *ibid.*, July 15, 1933, p. 11.

see no improvement in lineage as a result of the reductions. Still other papers gave "temporary" reductions or space bonuses or increased their cash discounts.

Newspapers are under constant pressure to make rate concessions in one form or another. They should be on their guard against such attacks. While they should be slow to raise their rates, they should not hesitate to do so where the facts and circumstances fully warrant it.

**Combination Rates.** In some cities where two papers are under the same management, the practice has developed of selling space in both papers in combination. This might include a morning and an evening newspaper or a weekday and a Sunday paper. This arrangement can be advantageous to both publisher and advertiser. Properly managed, it is a spur to advertising, swelling the volume, while it gives the advertiser the opportunity to take space in both publications at a combined rate which is appreciably less than the sum of the two normal rates. In some cases the combination rate is sold under pressure, and, while such a policy may be of temporary advantage to the publisher, especially where he has a monopoly, it leads to hard feeling on the part of advertisers and in the long run invites outside competition.

**Out-of-town Advertising.** If it is true that the home-town advertiser is the main support of the newspaper, there is some merit to his feeling that he is entitled to preferential treatment by the newspaper. Most newspapers will concede the point, but the difficulty is to know where to draw the line. This is particularly true in the case of smaller newspapers where every dollar of legitimate revenue may be important. Should they, for example, solicit or accept contracts from mail-order houses or from competing merchants in near-by towns or cities? The fact is that most of them do, and properly. The home-town merchant in turn would regard as ridiculous any proposition to confine his sales to local residents. While he should have all possible cooperation and preference, the local advertiser should strive so to conduct his business as to meet outside competition as far as possible.

**Proportion of Advertising to News.** This is a matter which concerns the publisher, the advertiser, and the reader alike. It is also a matter in which the government has an interest through the

postal regulations. The proportion varies daily, weekly, monthly, seasonally, and yearly as conditions change. In good times, the volume of advertising tends to increase somewhat at the expense of space available for news. In slack periods, the reverse is true, although, during the depression years, most newspapers were run on a "tight" basis, *i.e.*, with restricted space for both news and advertising. In most newspapers advertising probably ranges between 40 and 60 per cent of the total space. An analysis of one large city newspaper showed only 45 per cent of the space given over to advertising, yet the paper was so highly departmentalized that space for news was at a premium.

Despite the importance of editorial opinion and the development of advertising, the publishing of news remains the chief function of the newspaper. If the news is restricted unduly, the reader, the advertiser, and the newspaper all suffer eventually, and the government may step into the picture. Too many pages whose advertising content is unrelieved by news are apt to defeat their own purpose. Further, the government grants special postal rates to newspapers because of their usefulness and importance as a medium for the dissemination of news and information, not because of their advertising content. The government may, therefore, "look with disfavor" upon newspapers which fail to fulfill this function and in extreme cases may revoke the second-class mailing privileges.

**Color Advertising.**<sup>1</sup> Color printing has been a logical and inevitable outgrowth of newspaper production. Owing to physical and mechanical limitations, newspapers were considerably behind magazines in this respect. This handicap was offset to some extent by the development of the newspaper rotogravure section. This has been followed in the last few years by marked improvement in color printing and in particular by its adaptation to advertising. Today probably a third of the daily newspapers of the United States are equipped to do such printing. Much of the advancement in this direction was due to pioneer work by the *Chicago Tribune* and a few other leading newspapers. Advertisers have been somewhat slow to take advantage of the possibilities of color owing chiefly to the higher rate, but even limited experience has shown that for certain kinds of advertising and occasions it has definite advantages in

<sup>1</sup> Cf. *infra*, p. 394.

attracting the eye of the reader and enhancing the appearance of the advertisement.

**Swatch Advertising.** In 1934 and 1935 there was a wave of so-called "swatch" advertising in which samples of the materials used in goods and products advertised were pasted on the paper. This included such things as samples of shirting, curtains and drapes, and even leather goods. This necessitated handwork which in some cases was handled by the advertiser and in others it was farmed out to outside firms. Within its limits, it proved remarkably effective. Yet the physical difficulties of preparing and handling such advertising, the extra time and expense involved, and the limited use that could be made of it combined to prevent its spread. Further, the Post Office Department entered strong objections and a general ruling was finally issued forbidding the practice. The rule was later suspended temporarily but the innovation seems to have halted there.<sup>1</sup>

**Guaranteed Advertising.** Reputable newspapers in recent years have assumed more and more responsibility for the advertising they carry. They have not only imposed restrictions upon the advertiser but, to an increasing degree, they stand ready to protect the reader in his dealings with the advertiser. This is markedly different from the early policy which was, in substance: "Let the buyer beware." The current practice was adopted, because it is to the advantage of the customer, the honest advertiser, and the newspaper itself.

Newspapers have come to realize that it is to their interest as well as to that of the reader and the reliable advertiser to assume some degree of responsibility in this matter. One dishonest advertiser in a newspaper or one who is given to shady dealing is like one bad apple in a barrel in that he is apt to shake reader confidence in all advertisers and in the newspaper itself. The New York *Herald Tribune* went further perhaps in this respect than any other newspaper through the medium of its shoppers' bureau. Its policy was so broad as to guarantee absolute satisfaction to the purchaser of anything advertised in the *Herald Tribune*. If such a customer was dissatisfied for any reason, the paper stood ready to intervene in his behalf. The *Tribune* ran a column, "The Ad-Visor," conducted by Samuel Hopkins Adams,

<sup>1</sup> Cf. *Editor & Publisher*, Apr. 7, Apr. 14, May 5, July 14, July 28, and Sept. 22, 1934.

which attracted wide attention and had a healthy effect upon retail advertising.<sup>1</sup>

Few newspapers are in a position to go as far as this. Others, such as the Columbus, Ohio, *Dispatch*, stand back of the advertising they carry in the following manner:

*Guaranteed Advertising*

The Columbus *Dispatch* will not knowingly publish a fraudulent or dishonest advertisement.

In case of unsatisfactory dealings with *Dispatch* advertisers, every effort will be made by the publishers to secure an equitable adjustment.

**Large vs. Small Accounts.** A publisher is authority for the statement that, in almost any sizable city, 75 per cent or more of the retail display advertising comes from not more than a score of local advertisers.<sup>2</sup> A glance at almost any representative newspaper will show that there is a large element of truth in his assertion. This situation raises several important questions such as: Does such dependence upon so few accounts put the newspaper too much in the power of the large advertiser? If these advertisers were to have serious financial difficulties or if they were to change to other media, what would happen to the newspaper? Have newspapers been remiss in not cultivating more small accounts? If there is to be more governmental regulation of business and more government in business with heavier taxes and smaller profits, what then?

There is no escaping the fact that there is some danger in a newspaper's being too dependent upon a few large accounts. If the publisher is not careful, an occasional large advertiser may attempt to dictate policies. This is much more apt to apply to the weak rather than to the strong newspaper, but the danger is there nevertheless. It is distinctly to the advantage of the newspaper, therefore, to develop small, as well as large, accounts as long as it continues to rely upon advertising as its chief source of income. These are cultivated in the central shopping areas but they have been largely neglected in neighborhood and suburban shopping centers. Such accounts not only yield

<sup>1</sup> Cf. H. J. Kenner, *The Fight for Truth in Advertising*, Round Table, pp. 51, 52.

<sup>2</sup> Cf. also *Editor & Publisher*, Aug. 8, 1936, p. 10, relative to Canton, Ohio, *Repository* campaign for small accounts.

additional revenue but guarantee the newspaper a larger measure of independence than where it must rely upon a relatively few large accounts. The *Christian Science Monitor* has shown what can be done with small accounts through intelligent and persevering application.<sup>1</sup>

**Publicity.** Volumes might be written about publicity in its relation to newspaper advertising. It is the bane of newspaper publishing, a perennial topic at meetings of editors and publishers. It is talked about, but, like the weather, little is done about it. Every newspaper is the target for advertising in the guise of publicity. Much of it comes direct to the editorial rooms, but an unduly large proportion, it must be confessed, clears through the newspaper business office. Such as passes muster there is apt to be sent to the editorial department marked, "B.O.M.," i.e., "Business Office Must."

There seem to be two sides to the publicity question. Newspapers clearly follow no standard or uniform policy in the matter. There is no question but that some kinds of publicity are entirely legitimate such as that relating to certain phases of education, public health, and some governmental activities. It would seem, however, that any "puff" which carries trade or firm names or which relates to the ordinary activities of business should be catalogued as advertising and treated as such. Yet many otherwise good newspapers not only accept but use such material as a matter of course. Smaller newspapers are more apt to be overly free with their space in this respect than are large ones.

It is sometimes difficult to draw the line between publicity and advertising even when it refers to business men or to commercial activities. The advent of new motor-car models or the appearance of a new play, for example, are matters of legitimate reader interest which have a distinct news as well as advertising value. Many newspapers accept certain kinds of publicity as a matter of course, using it in special departments of the paper. They are paid for it in a sense, however, from the fact that much higher rates are charged for the accompanying advertising. Entertainment and automotive advertising are two conspicuous examples of this practice.

Publishers will never get anywhere in combating the publicity evil unless and until they stand together. Too many small

<sup>1</sup> Cf. *ibid.*, Dec. 8, 1934, p. 20.

publishers give lip service to the principle of "no publicity," but use it with alacrity if it is supplied by an advertiser. The first large cities whose newspapers joined forces against the common enemy were Atlanta<sup>1</sup> and Los Angeles<sup>2</sup> in the order named, followed by other cities including Nashville,<sup>3</sup> Augusta,<sup>4</sup> and Binghamton.<sup>5</sup> In both cities, the plans were worked out by joint agreement of the publishers. Advertisers and advertising agencies were notified in advance under the joint signature of the papers, and instructions were issued on each paper for the uniform guidance of editorial and advertising executives.

In the case of Atlanta, the agreement was designed to halt a practice which "threatens the future interest of the public in the news columns" and tends to "weaken the value of the advertising columns." In general, the ban was aimed at all publicity stories and pictures "except in those instances where the subject discussed is one of such public interest that it would be deserving of comment in our newspapers without regard to advertising." It affected business, commercial, professional, and sports publicity including fashion and flower shows, cooking and garden schools, changes in personnel, store luncheons, entertainments and receptions, Santa Claus stunts, Junior League and other "society" tie-ups, insurance, robots and trick automobiles, fairs and carnivals, travel and resorts, and local hotels.

Advance publicity on professional sports was restricted, but the actual coverage of such events was left to the discretion of the department. It was agreed to eliminate as far as possible the identification of persons in all types of stories which involved mention of the name of a commercial organization. Restrictions were likewise placed upon mention of the names of hotels, of the identity of companies making gasoline-price reductions, of undertakers in connection with ambulance runs to accident or crime scenes, and concerning ticket offices and prices relative to lectures, concerts, recitals, and other musical, educational, and sports events.

The Los Angeles ban was similar in its purpose and scope. In neither case was it possible to eliminate all publicity. The two

<sup>1</sup> Cf. *ibid.*, Nov. 23, 1935, p. 9.

<sup>2</sup> Cf. *ibid.*, Feb. 29, 1936, p. 5.

<sup>3</sup> Cf. *ibid.*, Aug. 1, 1936, p. 7.

<sup>4</sup> Cf. *ibid.*, Aug. 22, 1936, p. 7.

<sup>5</sup> Cf. *ibid.*, Aug. 29, 1936, p. 8.



moves served to end much of the abuse that had grown up. In both instances the reaction of advertisers and the public was highly favorable. The examples set by Atlanta and Los Angeles could be followed profitably elsewhere to the improvement and benefit of newspapers and for the protection of readers and advertisers.

**Promoting Advertising.** An executive of a newspaper which dominates its trade area once remarked before the market crash of 1929 that it could lock its front door, leaving the transom open, and enough advertising would fly in to keep the paper operating at a profit. Those days are gone, probably forever. Advertising, like other forms of merchandising, is on a different footing than it was. The competition is keener, space is bought on a more selective basis, advertisers are more critical of results, and new factors like the radio have entered the picture. This marks in reality a healthy condition, and it suggests that both advertising and newspapering have come of age.

It is doubtful if any present-day newspaper could rest on its oars as described above or adopt the policy followed originally by the *New York Times* upon its establishment in 1851.<sup>1</sup> This was to let the advertiser make the first move, if he wanted space he knew where to go for it. From sheer necessity, if for no other reason, the newspaper of today has to go after its advertising business. But in practice it is much more than mere going after business.

This something additional may be called promotion which in turn may be defined here as capitalizing upon ideas for new or additional sources of advertising. These may be applied to either retail or general advertising, but the former is likely to be more fruitful since it adapts itself better to this sort of cultivation. Seasons and anniversaries as well as special days and events lend themselves to such promotion. Various news departments may be developed or exploited with this in mind. These include daily, weekly, or seasonal departments, pages, or sections devoted to market and real estate news, garden and home activities and hints, amusements, travel, church announcements, commercial and professional activities and developments, and even death notices all form the basis for additional advertising. Both civic and commercial anniversaries, the opening of a new bridge, public

<sup>1</sup> Cf. W. G. Bleyer, *Main Currents in the History of American Journalism*, Houghton Mifflin, p. 246.

building, or other similar improvements can be developed for legitimate advertising. Special pages devoted to the promotion of civic enterprises like community fund or traffic-safety campaigns can be sold similarly. The holidays, the holding of major conventions, or other meetings and events can be adapted likewise to "good will" or other special pages and sections.

For even so short a period as a year, the files of *Editor & Publisher* show an astonishing variety of events and occasions that produced special advertising. A partial list of special editions or sections reported in that publication from March, 1935, to March, 1936, follows:<sup>1</sup>

#### Ad Writing (s)

Air Conditioning Show (s)	Dairy (e)
Al Smith vs. New Deal (s)	Dollar Day (e)
American Legion Souvenir (e)	
Apartment Week (s)	Easter (s)
Armistice Day (e)	Educational Number (s)
Atlantic—Gulf Canal Vote (e)	Electrical (s)
	Expansion Number (s)
Baby (e)	
Back to School (e)	Fair (e) (county, state, regional)
Band Festival (e)	Fall and Winter Fashions (e)
Bargain Day (e)	Fall Festival (s)
Better Babies (e)	Fall Household (s)
Better Homes (s)	Fall Opening (e)
Better Times (e)	Fall Rental and Real Estate (s)
Birthday Party (e)	Fall Sports (e)
Booster (e)	Farm (s)
Bride (s)	Fashions for Spring (s)
Building Show (e)	Federal Housing Admin. Accom-
Business Women's (e)	plishments (s)
	Financial and Business Review (s)
Charity Horse Show (s)	Firemen's (e)
Cheese Day (e)	Fisheries (e)
Christmas Food (s)	Food and Beverage Exposition (s)
Civic Progress (e)	Food News (s)
Community Chest (s)	Ford Dealers (s)
Cook Book and Modern Kitchen (e)	Golf (e)
Cook Book and Recipe (e)	Good will (e)
Corn Empire (e)	Graduation (s)

<sup>1</sup> (s) indicates section, (e) edition.

- Handbook of Gardening (s)  
 Harvest Festival (e)  
 Health (s)  
 Historical Progress (e)  
 Home Comforts (e)  
 Home Furnishings (s)  
 Homemakers' (s)  
 Hospitality (s)  
 Hunting (s)
- Industrial (e)  
 Industrial and Trade Review (s)  
 Invest in Florida (s)  
 Italian Festival (s)
- Jubilee (e)  
 June Brides (e)  
 Junior League (e)
- Labor Day (e)  
 Leap Year Sales (e)
- Mail-it-away (e)  
 Men's Fall Style (s)  
 Men Only (s)  
 Men's Spring Style (s)  
 Midyear (e)  
 Modern Refrigerating (s)  
 Modernize Your Home (s)  
 Modes for Spring (s)  
 Motion Picture (e)
- National Furniture Week (s)  
 National Want Ad Week (s)  
 Necessities and Comforts for Your Home (s)  
 New American Home (s)  
 New Home and Progress (e)
- Opportunity Day (e)
- Parade of Progress (e)  
 Parade of Youth (s)  
 Pioneer (e)  
 Professional Women's (e)  
 Progress (e)  
 Public Utility and Industrial Review (s)
- Radio (s)  
 Radio and Home Appliances (s)  
 Raw Cotton (s)  
 Real Estate (s)  
 Refrigeration and Air Conditioning (e)
- Safety (s)  
 School and College (s)  
 School Opening (s)  
 Schools (s)  
 Shop Early (e)  
 Shopping Days (e)  
 Soap Box Derby (e)  
 Southern Football (e)  
 Style and Market Week (e)  
 Style—Radio—Progress (s)  
 Summer Vacation (s)  
 Sun—Sea—Air (s)
- Teachers' Convention (s)  
 Textile Survey (e)  
 Tobacco (e)  
 Tobacco Market (e)  
 Tourist (e)
- Vacation and Recreation (s)
- Winter Resorts and Travel (s)  
 Women's Club Souvenir (e)

Much of this advertising justifies itself in the useful purpose it serves. Occasionally, however, it is prostituted by greedy

newspapers or by high-pressure salesmen. The latter kind soon kills itself.

One example of the former will suffice to illustrate the possibilities. An enterprising newspaper advertising man conceived the idea of an electrical refrigerator "show" similar to the well-known exhibits of new automobile models. The mezzanine of a downtown hotel was obtained for the purpose, the cooperation of the electrical dealers was obtained, the salesman lined up a large volume of exclusive advertising, and the dealers added materially to their sales and swelled the lists of future prospects. The same idea has been applied to radios as well as to other merchandise and services.

The more common of these special editions or sections may be published weekly, monthly, quarterly, semiannually, or annually. Those of the "anniversary" type can be adapted readily to circumstances. The anniversaries so observed may be those, for example, of the founding of a department store, the settlement of a community, the establishment of the newspaper itself, and so on. Where special sections are issued as supplements to a regular edition, a growing practice is to issue them in tabloid form. The kind of section or edition published will vary further with the newspaper, the time of year, and the community. What will produce only special pages or a small section in one instance may yield an entire edition elsewhere under different conditions. Taken by and large the special page, section, or edition is a fruitful source of additional revenue to the newspaper and, if properly promoted and conducted, serves a useful purpose for the advertiser and the reader.

**Who Buys What.** In recent years a new method of selling newspaper space has been developing. Owing to economic reasons, the old backslapping technique naturally wore itself out. Good fellowship was no longer a substitute for value received. The contemporary advertiser wants the facts, and the present-day newspaper is going to more and more pains to see that he gets them.

This development has put a premium upon what might be called the survey technique. Newspapers as well as advertisers want to know, in the language of one piece of newspaper promotion, "Who buys *'What'* and *'Where.'*" To obtain information as to consumer buying habits two courses are open: (1) the newspaper

can undertake its own surveys or have them made by specialists who really know their business; (2) it can take advantage of official data contained in reports of the Census Bureau, the Department of Commerce, and other sources.

Such a survey is essentially a scientific job. It must be on that basis or not at all, as otherwise the newspaper will not really know whereof it speaks, and the advertiser will suffer accordingly.

Much advertising is still wasteful because those responsible for it do not yet understand how to apply its basic principles and because too little is known about the market for which it is intended. From the standpoint of the newspaper, the only adequate solution lies in discovering and making available the essential facts about its market. Advertising claims made upon any other basis are built upon so much sand.

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## CHAPTER IX

### GENERAL ADVERTISING

General display advertising as distinct from retail display advertising has come of age since the World War. Formerly known as national or foreign advertising, it began at least as far back as Civil War times but the war-loan campaigns of 1917-1919 gave convincing proof of the directness, the effectiveness, and the relative cheapness of newspaper advertising for reaching the entire nation. Other media besides newspapers were used in the loan campaigns, but the press was the most effective and, considering its cost and its coverage, the most economical medium employed.

Prior to the World War the full possibilities of what was then called national advertising were unappreciated. Many advertisers were skeptical and the machinery for developing and handling accounts was in its formative stages. Not even the newspapers themselves were fully awake to the worth of their own medium in this respect and were neither staffed nor equipped to service national accounts. The automobile industry, for example, was notably doubtful as to the merits of newspaper advertising. Like many other important advertisers, its full conversion to the use of newspaper space dates after the World War.

The marked preeminence of the newspaper as an advertising medium in the eyes of general advertisers has already been described. The fact that year after year the general advertiser puts nearly half of his total annual advertising outlay into newspaper space speaks for itself. That the newspaper stands alone in his estimation is further proved by the fact that he spends nearly half again as much upon it as for any other one medium.

A sharp decline occurred in nearly all lines of advertising as a result of the depression. The only real exception to this was the radio where special and unusual factors were involved. Yet despite the fact that the volume of general newspaper advertising shrank from \$230,000,000 in 1930 to \$145,000,000 in 1933, the

investment of general advertisers in newspaper space during the five years 1931-1935 inclusive was about \$845,000,000 as against a total of \$952,000,000 for all other media.<sup>1</sup>

It is almost axiomatic that a large advertiser is a heavy user of newspaper space. To put it another way, few such advertisers can afford to favor other media over the newspaper. A few still incline to the magazines or even the radio, but the great majority of heavy advertisers not only find the newspaper necessary but make their largest advertising investments in newspaper space.

In 1933, for example, the bureau of advertising of the American Newspaper Publishers Association reported that 19 American corporations spent \$1,000,000 or more each in newspaper advertising.<sup>2</sup> The first 9 averaged \$4,500,000 apiece, and 8 of the 19 increased their newspaper advertising expenditures during the year. The report covered 342 advertisers all of whom spent at least \$50,000 each on newspaper advertising during the year. Significantly, their outlays were divided as follows: newspapers, 59 per cent; magazines, 27 per cent; radio, 13 per cent. The proportions were almost identical with those for the previous year, indicating, as the report pointed out, "the relative stability of newspaper expenditure in the field of national advertising as a whole."

Individual advertisers using \$1,000,000 or more of newspaper space included the American Tobacco Co., Liggett and Myers Tobacco Co., P. Lorillard Co., General Cigar Co., General Foods Corp., Kellogg Co., Standard Brands, National Biscuit Co., General Motors Corp., Chrysler Corp., Ford Motor Co., Colgate-Palmolive-Peet Co., Gillette Safety Razor Co., Socony Vacuum Corp., Standard Oil Co. of Indiana, General Electric Co., R.K.O. Corp., and Goodyear Tire & Rubber Co. By groups, the largest users were: tobacco, foods, automobiles and trucks, toilet goods, gasoline and motor oils, druggists' sundries, movies, railroads, electrical appliances, soaps and cleansers, steamships, soft drinks, tires, finance, radios and phonographs. The one large exception was the R. J. Reynolds Tobacco Co., which had only a nominal newspaper outlay but which spent some \$2,600,000 for magazine and radio advertising.

<sup>1</sup> Cf. *supra* p. 11ff.

<sup>2</sup> Cf. *Editor & Publisher*, July 15, 1933, p. 9.



**What It Is.** In principle, such advertising is general rather than local in origin, character, and application. It differs from ordinary retail advertising in a number of respects. It usually originates at a central point and appears simultaneously in all parts of the country, *e.g.*, the announcement of a new model automobile. Its appeal is usually in general rather than in detailed terms. It is designed to arouse interest and desire rather than to make the actual sale. It lays the ground work for the actual selling which is clinched by local retail advertising or by other means.

Such advertising may be either regional or national as opposed to local in its scope. It may be prepared either by the advertiser himself through his own advertising department or in the office of an agency which specializes in such matters. For the most part the placing of such advertising is arranged by agents of both advertisers and newspapers. The advertising agency represents the advertiser, and the newspaper representative acts for the publisher. Unlike most retail advertising, general advertising usually comes in plate form supplied by the advertiser and brings a higher rate than retail advertising. Except where large individual newspapers or newspaper chains have their own representatives, both the advertising agency and the newspaper representative are paid a commission on all such accounts.

In recent years there have been persistent attempts by large advertisers to break down the distinction between general and retail advertising.<sup>1</sup> They object to what many of them regard as the unjustifiable rate differential between the two kinds of advertising. For the most part publishers have been unmoved by such protests. The result has been that some advertisers have managed to attain by indirection what they were unable to get directly from the publishers. This was done by diverting considerable general advertising through retail or local outlets with a consequent saving to the advertiser and a loss to the newspapers. This led, in turn, to some advocacy on the one hand of a readjustment of newspaper rates in favor of the general advertiser and, on the other, to steps by newspapers to protect themselves against such inroads. Most newspapers have not only resisted such rate concessions but have extended the general rate to certain kinds of advertising even where it has to do with products or services sold locally at retail.

<sup>1</sup> *Cf. infra*, pp. 213ff.

**Beginnings.** The makers of nostrums and patent medicines were the first to appreciate the possibilities of the newspaper as a mass medium. To them also was doubtless due part of the mistrust which some consumers still have of all advertising despite the efforts of ethical publishers and advertisers.

John Wanamaker has been credited with demonstrating the real possibilities of advertising for general as well as retail advertisers.<sup>1</sup> He was not the first advertiser to make large use of newspaper space, but he was probably the first to do it regularly and effectively by applying honesty, common sense, and plain talk to the innovations he introduced. Others followed the example he set in the seventies and eighties of the last century although they lacked something of his magic touch.

National advertisers were handicapped by the almost utter lack of information about individual newspapers and by the absence of adequate means of handling their advertising. For that matter advertising itself suffered from a sort of arrested development. From the standpoint of the advertiser, the newspaper situation was almost chaotic. No authentic lists of newspapers were available, while at best circulation was merely "claimed" or "estimated," and nothing was known as to its quality. Advertising rates, even where quoted, meant next to nothing as few publishers expected to get what they asked and many of them were glad to take whatever they could get and risk the credit at that.

**General Agent.**<sup>2</sup> The first general agent came into the picture about 1840. He was primarily a broker who bought newspaper space in quantity lots and disposed of it as best he could but chiefly to his own advantage. He brought the publisher and the advertiser together, but his services stopped at that point. He had previously bargained with the publisher for his space, usually for whatever it would bring. This was, in fact, little more than a primitive sort of barter system in which the advertiser, so to speak, bought "a pig in a poke" while the publisher either took merchandise or printing supplies in trade or gave unbelievably heavy discounts off his quoted space rates.

This chaotic condition was explained by the fact that so-called national advertising was something whose possibilities not even

<sup>1</sup> Cf. *supra*, p. 140.

<sup>2</sup> Cf. Daniel Starch, *Principles of Advertising*, McGraw-Hill, pp. 29, 30, 37; also *Editor & Publisher*, July 21, 1934, p. 61.

the publisher himself foresaw and for which he was, therefore, unprepared. Because of the lack of both authentic and adequate information about newspapers and their circulation, the advertiser, too, was at a disadvantage. As the middleman who made up his own list of newspapers, the details of which were long a closely guarded secret, the general agent profited both ways. If he was not authorized to sell space at his own figure, he contracted for it at the lowest possible rate and sold it at the highest possible figure, pocketing the difference. Thus space worth \$2000 might yield the newspaper as little as \$600, the difference going to the agent.

Credit risks were taken for granted. It was assumed that the average loss because of bad credit was 25 per cent and this was, consequently, figured in advance. If the advertiser's credit was good, he was usually entitled to a 25 per cent discount so that the publisher was out of pocket either way. The agent's commission was normally 25 per cent, hence, at most, the publisher eventually received half of the published rate. But this was the exception rather than the rule. In addition, the agent rendered none of the services to the advertiser and to the newspaper that are now taken for granted.

**Special Agent.**<sup>1</sup> The general agent who stood between a group of newspapers on the one hand and the advertiser on the other began to give way by 1889 to the *special agent* who represented a limited number of newspapers. For the first time their interests became primary rather than incidental with an agent, and the function of the special agent was to sell space on its merits in the newspapers he represented instead of for whatever it might bring.

The first advertising agency is said to have been opened by Volney B. Palmer in Philadelphia in 1840. The secrecy and mystery of the private lists of newspapers with circulation information of doubtful value were exploded once for all in 1869 with the publication over the protests of other general agents of the first issue of Rowell's *American Newspaper Directory*. L. H. Crall, generally credited with being the first modern newspaper representative, opened his office in 1875 and began to sell space for the Cincinnati *Times*, the Cincinnati *Enquirer*, the St. Louis *Globe Dispatch*, the Chicago *InterOcean*, and the Mil-

<sup>1</sup> Cf. *Editor & Publisher*, July 21, 1934, p. 61.

waukee *Sentinel*. The publishers of those newspapers agreed to pay him 15 per cent commission on such advertising as he could produce. Out of this idea grew the modern newspaper representative who looks after the interests of the newspaper exclusively.

**Special Representative.**<sup>1</sup> The special representative is employed by newspapers at strategic business and manufacturing centers where large or numerous advertising accounts are likely to be placed. He may be in the employ of individual newspapers or groups of newspapers on a straight salary or on a commission basis. He may represent one newspaper or several score of newspapers. There is no limit to the number as long as they are noncompetitive and he is able to represent them adequately and diligently. He must know advertising, and he must know his newspapers and their territory. Armed with convincing market and circulation information and prepared on behalf of the newspapers he represents to afford all the reasonable merchandising and advertising service that may be required, it is his business to sell the merits of the newspapers he represents to advertisers or to advertising agencies with accounts to place.

In reality the old general agent has been replaced by two functionaries: the *special representative* who is the agent of the newspaper and the *advertising agency* which serves the advertiser. The representative counsels the publishers for whom he acts and solicits a share in the general advertising accounts as they are placed. The agency gives the advertiser expert advice and professional assistance in the planning, preparation, and placing of advertising. Both the representatives and the agencies dealing in general or national accounts are to be found in strategic centers like New York, Chicago, St. Louis, Atlanta, New Orleans, San Francisco, and Los Angeles. There are about 175 recognized newspaper advertising representatives in the United States, while of several thousand advertising agencies nearly 500 are accredited by the American Newspaper Publishers Association.<sup>2</sup>

The rise of the special representative afforded the newspapers individual representation, aided them in maintaining their advertising rates, improved their collections, furthered the preparation of market data and made expert advice available to

<sup>1</sup> *Ibid.*

<sup>2</sup> Cf. *Editor & Publisher Yearbook*, 1936, pp. 117, 164ff.

the publishers. Concurrently advertising agencies became less concerned about buying space at bargain rates and gave more attention to serving the advertiser directly by preparing his copy and helping to plan his sales campaigns. The special representative helped to stabilize the business and showed the publishers how national advertising could be developed at a profit to the paper. At the same time the advertising agency was showing the advertisers how to buy space more wisely and use it more effectively.

Of the special representative, O. C. Harn, managing director of the A.B.C., said in an address before the Newspaper Representatives' Association of Chicago:<sup>1</sup>

The special representative is a very valuable factor in improving publishing and advertising conditions. While he represents the publisher and therefore naturally has the publisher's point of view, he is in a position to take a broader view than the individual publisher on specific problems. This is because he has the interests of several principals at heart. He can see how they all would be affected if the pet plan of one of them should be made effective generally. In this way he acts as a balance wheel. His detached viewpoint is valuable to the particular publisher with whom he feels himself forced to disagree, for he can save his principal from making disastrous mistakes.

The special representative today is a specialist in every sense of the word.<sup>2</sup> Paul Block & Associates, for example, represent 19 large newspapers, including Mr. Block's own newspapers, maintain offices in seven cities, and employ more than 60 trained newspaper solicitors in a total personnel of nearly 200. The 24 Scripps-Howard newspapers are represented by their own national advertising department with sales offices in eight cities. All its employees work on salary instead of commission. The Hearst newspapers are represented by the Hearst International Advertising Service with Rodney E. Boone as manager and with offices in 11 cities. In the general field, it is the task of these special representatives "to be able to furnish the advertisers, the advertising agencies, and space buyers the same information pertaining to a city and newspaper that the local representatives of a newspaper would furnish a local department store or any

<sup>1</sup> Cf. *Editor & Publisher*, July 21, 1934, p. 61.

<sup>2</sup> Cf. *ibid.*, pp. 236ff.

other local advertiser."<sup>1</sup> By reason of the dual development of functions of the special representative and the modern advertising agency, space buying has been put on a scientific basis and guesswork has been largely eliminated. Dependable facts and information about newspapers are readily available, authentic data concerning a given trade area are to be had as a matter of course, and general advertising is more profitable for both publisher and advertiser.

**Advertising Agency.**<sup>2</sup> Although nearly a century has passed since the advertising agency first appeared, it was only after the turn of the century that general newspaper advertising became a force to be reckoned with and, as described, only since America's entry into the World War that it attained anything like its present proportions. As the general newspaper representative grew into the special representative the advertising agency took on new characteristics also.

Even as late as 1910, no merchandising service was provided for advertisers, the A.B.C. had not been organized, newspaper advertising rate cards were unstable, the volume of so-called national advertising was small, and the newspapers themselves were not organized to handle such advertising. That all of this was changed in the next decade was due to a number of factors, one of the most important of which was the expansion of the advertising agency to something like its present proportions.

In the early days, as the veteran E. E. Calkins described it, "advertising agents, even the biggest and best, did little to help their clients with copy, and nothing at all with art and typography. What they were concerned with was rates, buying and selling space. White space was sold like white flour—buy in the cheapest, sell in the dearest, market. Agents accumulated space by various devices and sold it to customers as chance offered."

George P. Rowell was a pioneer in this field at a time when authentic information concerning the names of newspapers, their advertising rates, their circulation, and the size and character of their place of publication was practically unknown. In the same way, J. Walter Thompson, founder of the agency of that name, pioneered in the magazine field. In the new scheme, the

<sup>1</sup> Cf. *ibid.*, p. 240.

<sup>2</sup> Cf. E. E. Calkins, "How Agencies Grew with Advertising," *Editor & Publisher*, July, 21, 1934, p. 53.

space buyer in the advertising agency, as Calkins put it, became the key man who "knew to the fraction of a decimal point just how little the newspaper publisher could be bullied, bribed or cajoled into accepting for his space. The two great unsolved mysteries of the advertising business were the real circulation of the medium, and the actual bed-rock cost of its space."

Conditions were unsatisfactory in other respects. Not only did a sort of trial-and-error method prevail with respect to rates but there was about as much variety typographically. How advertisements were set depended largely upon the ideas and facilities of the individual papers. Column widths varied considerably. Mechanical, advertising, and business policies differed with individual papers. National advertisers were irked by local rules but the patent-medicine advertisers, the first large national advertisers, obtained uniformity by using plates. It is plain that the newspapers were slow to appreciate the possibilities of national advertising.

Calkins set the decade 1900-1910 as the period of growth of the advertising agency, but it was a steady rather than a sudden development. "Plan, copy, art, typography, intelligently composed lists of mediums, the 15 per cent commission, stabilization of rates, research and merchandising," he testified, "became part of the agency service in the years before the World War. Today few business organizations are better equipped, more efficient or more progressive than the first rate advertising agency."

The newspapers, he pointed out, eventually saw the light with the result that there was "a flood of information about circulation, territory, local trade conditions, a miniature picture of the milieu the newspaper served. Rates were fixed and the elephantine rate card . . . was transformed into a simple price list that anyone might understand." Newspapers, in short, became the principal advertising medium, a position they have maintained despite the competition of magazines and, more recently, the challenge of the radio.

Modern advertising, Calkins observed, is amply supplied with methods, resources, and techniques with the result that it is "vaster, more pervasive, infinitely more interesting than fifty years ago, more necessary but more expensive, relatively less effective because of sheer ubiquity, but gaining something from

that, too." Because of "injudicious rivalry and slavish imitation, excess, extravagance, brag and vulgarity," it is vulnerable to such critics as Chase, Schlink, and Rorty to whom the public is inclined to lend a ready ear. "It is up to the advertising agent, to his taste, his sense of proportion, his realization of which side his bread is buttered on," Calkins concluded, "to use the facilities he has created and developed so that the buying public will find advertising its most dependable guide."

**Agency Commission.** Years ago the compensation of the advertising agent who places an account was fixed at 15 per cent. Although this arrangement is in general use, its validity is challenged by some of the largest advertisers who argue that it is based upon "an outworn conception" of advertising.<sup>1</sup> It is defended by the agencies and is accepted by most advertisers and used by practically all newspapers.

The critics of this system point out that in the beginning the agent was a mere seller of space but that over the years he has tended to become, in the language of one of them, "a confidential partner of the advertiser." They concede that the commission system, based on a percentage of the money spent, was right and proper when the agent was simply a broker of space bought and sold. But they contend that conditions have changed and that the function of the agent as well as his relation to the advertiser has changed also. Their objection to the commission system is something of a piece with their feeling against what seems to them unwarranted discrimination in rates.

The whole matter of the commission system and agency relationships has been the subject of several special studies in recent years. The American Newspaper Publishers Association at its 1922 convention in principle confirmed the commission arrangement and opposed any rebating of commissions to the advertiser. With the marked increase in general advertising by large advertisers and under the stress of the depression, the question was raised anew in 1932. This led to a study by Professor James W. Young, of Northwestern University, which it was hoped would be definitive. When the Young report, presented in May, 1933, upheld the agency system in general, the Association of National Advertisers declined to accept it and undertook one of its own, which resulted in the Haase report.

<sup>1</sup> Cf. *Editor & Publisher*, Apr. 28, 1934, p. 12.



**1922 Resolution.** The resolution adopted by the publishers at their 1922 meeting read as follows:<sup>1</sup>

Whereas, the purpose of the publisher in allowing a differential to the recognized advertising agent is to enable said agent to render adequate service to the advertiser; therefore be it

Resolved, By the American Newspaper Publishers Association in convention assembled, that the advertising agent cannot render adequate service in return for inadequate pay, and that inadequate service does not lead to the success of the advertiser. Therefore the publisher pays for service he does not get when any portion of the differential is turned over to the advertiser; and be it further

Resolved, That the splitting of the differential in any form directly or indirectly by the advertising agent with the advertiser is immoral and destructive to the best interests of the advertiser, the publisher and the agent, and should not be permitted to continue.

**Young Report.**<sup>2</sup> This report reached three main conclusions: (1) that the present method of advertising agency compensation "is the most practicable one for maintaining the true and long-run interests of all advertisers and all publishers"; (2) that the rate of commission "is not excessive for the structure as a whole"; and (3) "that all advertisers and publishers should bear, in proportion to volume, a share of both the direct and indirect costs of the structure."

The study by Professor Young brought out wide differences in the results achieved by various advertising agencies under varying conditions. For example, one account which used more than \$1,000,000 worth of space in 1931 was shown to have been handled at a net loss to the agency of \$37,700. It developed that even in a given agency two accounts of about the same size may yield widely varying rates of net profit, or that the same account, handled by different agencies, may produce materially different rates of net profit, or that in a given agency the same account may vary widely in profit from year to year. It was found that the costs and profits of agencies vary in part according to the nature of the product advertised, in part by the nature of the media used, in part by the degree of success of advertising at the particular moment, in part by the temperament and organization of the advertiser, and in part by other factors. The

<sup>1</sup> Cf. *ibid.*, Dec. 1, 1934, p. 7 (resolution reprinted).

<sup>2</sup> Cf. *ibid.*, May 20, 1933, pp. 3-4.

Young report emphasized that the use the advertiser makes of his space is much more important than the cost of the space. In the face of criticisms that agency commissions are unsound, uneconomic, and unfair, a poll of 92 leading advertisers made by Professor Young disclosed that only 19 believed them to be excessive, 25 others were somewhat dissatisfied, while 67 were "entirely satisfied or at least content."

**A.N.A. Report.**<sup>1</sup> The Association of National Advertisers declined to accept the Young report and authorized a study of its own. Among the objecting advertisers were such important ones as General Motors Corp., Chrysler Corp., Procter & Gamble, General Foods Corp., R. J. Reynolds Tobacco Co. It was argued that the data gathered for the Young report were insufficient to justify the conclusions, that the report gave too much attention to periodicals and not enough to newspapers, and that it did not clarify the legal relationship of the agent with the advertiser on the one hand and the publisher on the other.

The result was the Haase report whose conclusions follow: (1) the advertising agent is the agent of the advertiser only and as such owes him undivided loyalty; (2) the advertiser pays the agency and his money flows through the agent to the medium; (3) the present rate of compensation was set by agents, and the owners of advertising mediums, influenced and guided in their decision by agents, are not of prevailing importance in determining the rate; (4) the chief fault of the discount (commission) system is its seeming rigidity; (5) the discount (commission) system has been modified in actual business practice, four basic arrangements now being in use; and (6) the advertiser is free to make any terms he wishes with the advertising agent who cannot, legally or ethically, obligate himself to the advertiser if he is already bound to the publisher.

The attitude of the advertisers was summed up in these words: "Any agent or owner of an advertising medium can, with perfect safety, set the terms upon which he will do business, but when he undertakes to prescribe a course of conduct for businesses other than his own, then he is confronted with the highly important question of restraint of trade." The advertisers, in short, argued that the advertising agent is no longer a middleman but is solely their agent and that as such it is entirely right and proper for

<sup>1</sup> Cf. *ibid.*, June 10, June 24, 1933; Nov. 17 and Nov. 24, 1934; Mar. 9, 1935.

them jointly to fix the basis on which they will do business without interference by the newspaper or other medium.

**Advertising Service.** From the hit-and-miss methods of a generation ago, advertising has taken on some of the aspects of a fairly exact science. If the medium, the message, the methods, and the time are right, the results of a well-planned advertising campaign can sometimes be forecast with surprising accuracy. Unlike formerly, advertising is no longer sold on the basis either of bulk or sentiment. It is a well-established fact that quality circulation backed by intelligent merchandising service form a well-nigh unbeatable combination.

Consumer studies are made by the newspapers themselves, by advertising interests, and by independent agencies. They are frequently as revealing to the newspaper as they are convincing to the prospective advertiser. They cover a variety of matters such as reader and consumer habits, factors that influence buying, and a thorough and detailed analysis of the market afforded by given newspapers including such things as purchasing power, income, wholesale and retail outlets, bank clearings, home ownership, automobile registrations, and other pertinent factors.<sup>1</sup> Results have also been determined on the basis of what is known as "advertising penetration," which shows to what extent the advertising has been effective in terms of reader consciousness.<sup>2</sup> By a properly scientific study of the market and the medium, sales potentials can be worked out for certain kinds of goods.

Individual newspapers like the *New York Times*, the *New York Sun*, the *Chicago Tribune*, the *Cleveland Press*, and the *Los Angeles Times*—to name only a few—go to considerable effort and expense to provide adequate merchandising service for their advertisers, both general and retail. This includes dependable market data, lists of outlets, local tie-ups, etc. Such papers maintain their own research staffs or they may arrange with outside agencies for special studies and surveys for their own information and for the benefit of advertisers. The *Editor & Publisher Yearbook* lists nearly 500 daily newspapers which offer merchandising service.

The R. L. Polk Co. also makes such surveys and studies. It has conducted independent newspaper and market analyses,

<sup>1</sup> Cf. *infra*, pp. 263ff.

<sup>2</sup> Cf. *Editor & Publisher*, Sept. 16, 1933, p. 13.

*"Not another survey?"*

*"Exactly...and well worth it"*

We owe it to all advertisers to keep them fully informed about whatever changes may occur in the Detroit area. Obsolete facts may ruin any advertising campaign—may waste important appropriations. Fresh facts should be vitally important.

**AND SO WE HAVE MADE ANOTHER SURVEY.** 12,000 homes were visited by Ros Federal, to learn from impartial sources where The Detroit News stands TODAY.

This survey brings forth surprising information upon Detroit—its people and its activities.

The Detroit News proves once more the unshakable position of home coverage! And, like previous surveys, it establishes Detroit as the third city in home ownership and shows The News to have 63% of Detroit circulation!

It shows conclusively that the circulation of The News is highest where incomes are highest, lowest where incomes are low.

**The  
DETROIT NEWS**

THE HOME NEWSPAPER—74% HOME-DELIVERED IN DETROIT  
Member Metropolitan Sunday Newspapers  
New York: E. A. Klein, Inc. Chicago: J. E. Lutz

FIG. 21.—Detroit News promotion advertisement in the Chicago Daily News.

*e.g.*, in New York City and Columbus, Ohio. A new type of scientific analysis of local market conditions discloses not only where a given product is sold but how much a given market will absorb. This plan, sponsored by Major Market Newspapers, Inc., provides "sales potentials" for various kinds of merchandise by "putting the microscope" on local sales markets.<sup>1</sup> By this method, it is claimed that manufacturers, distributors, and dealers can be shown what the potential market amounts to and can then be sold on advertising schedules adequate to cultivate the market. It is also claimed that a study of the potential sales data as compared with actual sales may show a market high in potential sales greatly underadvertised, indicating either that the dealer setup needs strengthening or that not enough local advertising is being used to enable the dealer to get his share of the business.

Not all newspapers are in a position to go into such great detail concerning their circulations and markets as it is only the largest papers which are financially able or which need to go to, such lengths. But even small papers find it both necessary and profitable to afford some such cooperation to the advertiser either directly or through the representative of the paper. Even these same small papers can assemble and organize circulation and market data to this end—to their profit and that of the advertiser.

**Standard Advertising Contract.** For the sake of uniformity, mutual understanding, and helpfulness, a Standard Advertising Contract is in use. Based upon experience, it bears the approval of the American Newspaper Publishers Association, the American Association of Advertising Agencies, and other publishers' associations. It was revised in 1933 so as to clarify it and bring it up to date.<sup>2</sup>

In the revised form the conditions affecting terms of payment were reworded to make it plain that the publisher will "hold the agency solely liable for payment," thus avoiding any possibility of imposing double liability for payment on the advertiser. Also included was a statement that the agency "will not rebate to its client any part of the commission." Further, all provisions for terms of guarantee of circulation were eliminated.

<sup>1</sup> *Cf. ibid.*, June 24, 1933, p. 22.

<sup>2</sup> *Cf. ibid.*, July 8, 1933, p. 7.

Parties to the contract are not permitted to change the conditions except that portions may be crossed out before the order is sent to the publisher. All special conditions must appear prominently on the face of the contract. The standard conditions follow:<sup>1</sup>

**1. Terms of Payment.**

*a.* The agency agrees to pay and the publisher agrees to hold the agency solely liable for payment for the advertising covered by this contract.

The agency personally agrees to pay for advertising covered by this contract at the office of the publisher or his authorized representative on or before the last day of the month following that in which the advertising is published unless otherwise stipulated on publisher's rate card on which this contract was based, or when cash discount is deducted but payment date not specified on the publisher's rate card, on the 15th day of the month following.

Bills must be rendered not less often than monthly, but failure to do so shall not constitute breach of contract.

*b.* The agency agrees to pay in the manner specified in paragraph (*a*) for all drawings, composition, cuts or mats if furnished by the publisher at the request of the agency provided it is the practice of the publisher to charge for such service.

*c.* Cuts and mats shall be sent to the publisher prepaid. If they are not, the publisher may accept them, and pay transportation and import charges and the agency shall promptly reimburse the publisher.

*d.* If at the end of the advertising period named in the contract or upon prior termination of the contract for any cause, the agency has not used the full amount of advertising contracted for, the agency shall pay to the publisher such additional sum on all advertising so published as shall be equal to the difference, if any, between the amount due at the rate named in the contract and the amount due at the rate applicable to the quantity of space used, according to that schedule of advertising rates of the publisher on which the contract was based, and upon such expiration or termination said additional sum shall become immediately due and payable. Short rate bills must be rendered within sixty days after the expiration of the contract period, otherwise the publisher agrees to a settlement at the rate named in the original contract. Unless otherwise expressed on the face hereof, this contract may be canceled by the agency, or less space used, in accordance with the provisions of this paragraph.

*e.* Any bill rendered to the agency by the publisher shall be conclusive as to the correctness of the items therein set forth and shall constitute

<sup>1</sup> *Ibid.*

an account stated unless written objection is made thereto by the publisher or the agency within sixty days from the rendering thereof.

*f.* The publisher reserves the right to cancel the contract at any time upon default by the agency in the payment of bills, or other breach, or in the event of any material violation on the part of the agency of any of the conditions herein named; and upon such cancellation all advertising done hereunder, including short rates or other charges under this contract, and unpaid, shall become immediately due and payable. In case of delinquency in payment or impaired credit of the agency the publisher shall have the right at any time to change the requirements as to terms of payment for further advertising under this contract as he may see fit.

*g.* In all cases where date of payment is material, unless otherwise stipulated the postmark date on the envelope properly addressed to the publisher or to his representative shall be considered the date on which payment was made.

## **2. Rates.**

*a.* All rates shall be published. There shall be no secret rates, rebates, or agreements affecting rates. All rates shall be furnished agencies if requested.

*b.* "Publisher's rate card" shall be understood to mean that schedule of advertising rates of the publisher upon which this contract is based.

*c.* The rate stated in the contract is the minimum rate at which an equal or less amount of space, for the same class of advertising, to be published in a like position, under the same conditions, within the same period of time, can be secured.

*d.* If additional space is used within the period covered by the contract, where the publisher has a schedule of graduated rates, any lower rate shall be given if earned, according to the publisher's rate card on which this contract is based.

## **3. Advertising Material.**

*a.* The subject matter, form, size, wording, illustration and typography of the advertising shall be subject to the approval of the publisher but unless otherwise authorized in advance no change shall be made without the consent of the agency.

*b.* If the publisher is unable to set any advertisement in the type or style requested, he may set such advertisement in such other type or style as in his opinion most nearly corresponds thereto, and the advertisement may be inserted without submission of proof unless proof before insertion is requested on the face of the order.

*c.* Where cuts, electrotypes or material furnished by the agency occupy more space than specified in the contract or insertion order, publisher should immediately communicate with the agency for definite instructions. If the publisher is unable to secure definite instructions from the agency, the advertising shall be omitted.

d. If agency has contracted for a series of insertions in a publication, and before closing date insertion order and copy for next issue have not been received by publisher, publisher shall notify agency and follow agency's instructions.

e. Advertisements ordered set in "space as required" shall be measured from office ad rule to office ad rule.

#### **4. Proof of Insertion.**

a. The page containing the advertising or, at the request of the agency, a copy of each issue in which the advertising appears, shall be mailed or otherwise supplied to the agency, which shall be deemed to have received such copy or page unless the publisher is notified in writing of the non-receipt thereof within thirty days after the date of publication. The publisher may mail or otherwise supply an affidavit of publication in lieu of a second copy or page containing the advertisement. Failure to forward or furnish such copy, page or affidavit shall not constitute a breach of contract.

#### **5. Circulation.**

a. Unless the publisher is a member of the Audit Bureau of Circulations, the agency shall be entitled, upon request, to a statement of net paid circulation verified by a certified public accountant, or in lieu thereof to the right to examine the publisher's circulation books.

#### **6. Omission of Advertising.**

a. Failure of the publisher to insert in any particular issue or issues invalidates the order for insertion in the missed issue but shall not constitute a breach of contract.

In newspapers the advertising must appear in all regular editions issued on the date for which the advertising is ordered. Advertisements omitted from any particular edition or editions must be reported to the agency and if received in time and omitted through fault of publisher must be made up or adjusted unless otherwise instructed.

Unless otherwise stipulated, the publisher shall have the right to omit any advertisement when the space allotted to advertising in the issue for which such advertisement is ordered has all been taken, and also to limit the amount of space an advertiser may use in any one issue.

#### **7. General.**

a. The agency agrees that it will not rebate to its client any part of the commission allowed by the publisher.

b. In dealing with agencies, the publisher shall follow a uniform policy to avoid discrimination.

c. Unless later date is specified in publisher's rate card, advertising shall begin within thirty days from the date of this contract, or contract becomes null and void.

d. A waiver by the publisher of any default or breach by the agency shall be considered as a waiver of any subsequent default or breach of the same or any other provisions hereof.



## Suggested Periodical References

- ALLISON, J. C.: "Getting National Advertising," *National Printer Journalist*, October, 1935, p. 105.
- ANONYMOUS: "Early Agency Days in Chicago," *Editor & Publisher*, July 21, 1934, p. 92.
- : "Newspaper Representatives' Association of Chicago Active 34 Years," *Editor & Publisher*, July 21, 1934, p. 94.
- : "Six-point League Helped Mold Modern Advertising Practice," *Editor & Publisher*, July 21, 1934, p. 246.
- : "Strict Retail-General Designation Solves Problem for Coast Daily," *Editor & Publisher*, June 7, 1930, p. 22.
- : "The Special Representative's Field," *Editor & Publisher*, July 21, 1934, p. 61.
- BRANDENBURG, GEORGE A.: "National Copy Needs More Care," *Editor & Publisher*, Mar. 14, 1936, p. III.
- CALKINS, EARNEST E.: "How Agencies Grew with Advertising," *Editor & Publisher*, July 21, 1934, p. 53.
- KELTY, EUGENE S.: "Coast Manager Tells His Solution of Local-National Problem," *Editor & Publisher*, May 3, 1930, p. 44.
- MANN, R. S.: "A.N.A. Surveys Forced Combinations," *Editor & Publisher*, Aug. 11, 1934, p. 7.
- : "New Copy Technique Builds Sales," *Editor & Publisher*, Apr. 4, 1936, p. 7.
- : "Publishers Limit Local-National Survey to Search for Universal Definition," *Editor & Publisher*, Mar. 29, 1930, p. 5.
- : "What Is the Matter with National Copy?" *Editor & Publisher*, Apr. 11, 1936, p. 37.
- ROBB, ARTHUR: "New Local-National Definition Adopted by Newspaper Advertising Executives," *Editor & Publisher*, May 24, 1930, p. 5.
- SPEER, ROBERT L.: "Handling National Direct at a Profit," *National Printer Journalist*, May, 1935, p. 70.

## CHAPTER X

### CLASSIFIED ADVERTISING

Judged by present-day standards, the first paid advertising to appear in an American newspaper was classified advertising. In fact, much of the early advertising published in the colonial newspapers would now come under the head of classified advertising. It is perhaps significant that this initial paid advertisement was placed by a printer. It appeared in the third issue of John Campbell's Boston *News-Letter*, dated May 1-8, 1704, as follows:<sup>1</sup>

AT Oysterbay, on *Long Island* in the Province of N. York, There is a very good Fulling-Mill, to be Let or Sold, as also a Plantation, having on it a large new Brick house, and another house by it for a Kitchin & workhouse, with a Barn, Stable &c. a young Orchard and 20 acres of clear Land. The Mill is to be Let with or without the Plantation; Enquire of Mr. William *Bradford* Printer in N. York, and know further.

Until the idea of display advertising dawned some years later, all advertising appeared in this form. Much of it had to do with announcements by merchants, the departure of vessels for distant points, rewards for the return of runaway servants, the sale of slaves, and similar items. It was all very informally lumped together under the general heading of "Advertisements," the individual announcements being identified by two-line initial letters. By its miscellaneous nature as well as by its lack of display, it definitely resembled the classified advertising of a much later day.

As recently as a century ago, the advertising carried by newspapers was still in this form. In patterning his newspaper after the English penny press, Benjamin Day, founder of the *New York Sun*, seized upon the idea of a large volume of small advertisements for the dual purpose of interesting the reader and producing revenue. As Presbrey describes it, "Petty wants of

<sup>1</sup> Frank Presbrey, *History and Development of Advertising*, Doubleday, Doran, p. 126.

various kinds, and offers to exchange, were encouraged and gave additional reader interest to the paper. Help-wanted advertisements especially were solicited on the character of the Sun's circulation and were obtained in increasing number. These appeared under a classification of 'Wants.' Two or three lines in length, and not the kind of advertising for which space could be sold by the year, such advertisements paid a one-time rate of fifty cents."<sup>1</sup> To these were added presently similar advertisements of theaters and museums, excursions, and marriage and death notices.

**Importance of Classified.** From these crude and haphazard beginnings, classified advertising has developed into one of the most important departments of the newspaper. To the layman it is "want" advertising. It is that but it is a good deal more, as a glance at any good classified section will show. Some idea of the magnitude of the business can be had from the Media Records report that out of a total of 1,901,000,000 lines of advertising carried during 1935 by 365 papers in 95 leading cities, 300,247,167 lines were classified advertising, or a little less than one-sixth.<sup>2</sup> With the total value of all advertising in these papers estimated at \$400,000,000, their income from classified alone is said to have been somewhere around \$75,000,000.

Individual newspapers have developed classified advertising in varying degrees, and the development has been anything but uniform.<sup>3</sup> Many of the smaller newspapers in particular have failed to cash in on the full possibilities of classified as an important source of added revenue as well as an important service to their clientele. Yet, by its own admission, one newspaper in a city of 10,000 paid for a new, modern, and unusually well-equipped plant out of its profits from classified advertising alone in five years.

One hundred forty newspapers in the United States and Canada each exceeded 1,000,000 lines of classified during 1935.<sup>4</sup> The

<sup>1</sup> Presbrey, *op. cit.*, p. 192.

<sup>2</sup> *Cf. supra*, p. 136.

<sup>3</sup> An idea of the volume of business involved in the classified department of a large newspaper is afforded in the fact that the New York *Times* receives some 2,500,000 replies a year by mail to *Times* want ads with box numbers. *Cf. Editor & Publisher*, Aug. 22, 1936, p. 34.

<sup>4</sup> *Cf. Editor & Publisher*, Feb. 1, 1936, p. 30.

Chicago *Herald and Examiner* was first with a total of 4,829,654 lines of classified, of which 3,555,968 lines were published on week days and 1,273,686 on Sundays. Others in the first 10 were: Los Angeles *Times*, Detroit *News*, Chicago *Tribune*, New York *American*, Toronto *Telegram*, Los Angeles *Examiner*, San Francisco *Examiner*, New York *Times*, and the Toronto *Star*.

**Selling Classified.** For a long time classified advertising was treated as a sort of stepchild in the newspaper business office. That day is happily past and classified advertising is now recognized—and treated—as a specialty, which it is. Many newspapers, in fact, now start their advertising salesmen with a “course” in the classified department. As a matter of fact, newspapers which have highly developed their classified pages probably devote as much talent, energy, and ingenuity to this phase of the business as to any other.

Hit-and-miss methods of selling classified are distinctly outmoded. The value of trained personnel, of right principles, and sound methods has long been recognized. This was summarized by H. W. Connell, at that time classified advertising manager of the San Antonio *Express and News*, in a bulletin of the Southern Newspaper Publishers' Association as follows:<sup>1</sup>

The efficient management of a classified advertising department is one of the most complicated that the business offers. It requires an up-to-date knowledge of rate scaling, a thorough acquaintance with classification making, typography and makeup, an understanding of classified credit and collections, a constant vigilance to eliminate fraudulent announcements, and one of those odd persons called classified advertising manager who is happy to devote at least 12 hours a day of his time to its operation.

It has been said that the only problem about classified advertising is to make it profitable. But to be profitable, it must be used, it must be read, it must give results and satisfaction, and the price must be right. These accomplishments are within the reach of small as well as large newspapers. In fact, some of the smaller dailies make a much better showing with their classified departments than do their large contemporaries.

Take the Janesville, Wis., *Gazette*, for example. By the persistent use of the right methods some years ago, it boosted its

<sup>1</sup> Cf. *ibid.*, June 29, 1935, p. 32.

classified section from four columns to two pages daily.<sup>1</sup> A stable classified section like this guarantees the paper a steady income at a good rate, besides increasing the usefulness of the paper to its community. Such an accomplishment, it has been said, calls for the psychology of selling small space, training telephone solicitors, and writing original promotion copy.

The *Gazette* put its own house in order and then proceeded to comb its territory for all possible sources of classified business. It put in a sound system of solicitation, billing, promotion, layout, and classification and changed its promotion to meet changing needs. It used four girls to solicit classified advertising by telephone and supplemented them with one or two men on the street. It watched all possible leads for new business, scrutinizing the day's news, exchanges, and old issues. It put a premium on six-month and yearly classified accounts and paid the girls a bonus for contracts.

**Telephone Solicitation.** Classified advertising is peculiarly adapted to telephone solicitation, but selling by this method calls for expertness. Girls are much better for this purpose than men. They need, however, to be taught the principles of salesmanship, to use positive statements but to avoid argument, and particularly to cultivate a smile in the voice. The telephone, too, opens a much wider field to the solicitor with respect to both time and distance. Such selling is not limited to ordinary business hours, and the solicitor can reach distant prospects within a few seconds and at a minimum of expense. The mere fact that the prospect is listed in the telephone book is in his favor as it is an index that his credit is good.

**Trained Ad Takers.** Many papers stress the fact that trained personnel is available to assist in the writing of classified advertisements. The average person knows in a general way what he wants to say in an advertisement, but, frequently, he does not know how to say it the best or most economical way. It is a definite service to the user and to the reader, therefore, to train competent help in the classified department. It has been estimated that the cost of training a competent girl for such work runs from \$400 to \$500, hence it will pay the newspaper to keep the labor turnover at a minimum.

<sup>1</sup> Cf. *ibid.*, May 26, 1934, p. 28.

The New York *Herald Tribune* has gone a step further at this point in helping the classified user with the issuance of a booklet on "How to Answer a Want Ad."<sup>1</sup>

**Classified Promotion.** It is one thing for a newspaper to get classified advertising. To get the reader to pay attention to it is another problem. To this latter end all sorts of devices are in use. Many papers make a practice of putting desirable comics and features in the classified section, relying upon their pulling power to get the reader to look at the classified ads themselves. A check of 30 newspapers, referred to elsewhere in this connection, revealed that the crossword puzzle, which remains a perennial newspaper favorite, and individual comics or comic strips were used most frequently for this purpose. Other features used included news pictures and the contract-bridge lesson.

Various promotional schemes are also used to lure the reader into the classified columns. One of the most common, because it is most effective, is to run an office advertisement with plenty of white space to show the specific results obtained by classified users. Another is to call special attention by means of a box or by an office ad used elsewhere in the paper to particular values or bargains offered in that day's classified columns. Still another is to offer free movie or other amusement tickets daily to a given number of readers whose names, chosen at random from the city or telephone directory or some similar source, are sandwiched between ads in the classified section.

Another frequent device is to use timely streamers or banners across the top of the classified pages. These not only add to the appearance of the pages but can be useful promotionally. Some typical streamers follow:

For Your Protection—5 Safety Points—When You Buy a Journal Safety Pledge Used Car.—*Ohio State Journal*.

Smart Money Is Buying Real Estate! Buy a Home Now and Profit by the Rise in Values.—*Columbus Dispatch*.

Follow the Success of Others—Advertise—Buy and Sell the Want Ad Way.—*Macon Telegraph*.

Save Time and Money—Shop by This Page.—*Wooster Daily Record*.

Buy Sell and Rent thru the Classified.—*Mansfield News-Journal*.

Could You Use Extra Money? . . . Read These Pages Daily.—*Akron Beacon Journal*.

<sup>1</sup> Cf. *ibid.*, July 6, 1935, p. 27.

Vacant Properties Pay No Bills—Rented Ones Do! List Your Vacancy Now.—*Erie Daily Times*.

Get There First . . . Read Morning Help Ads.—*Pittsburgh Post-Gazette*.

A THOUSAND VOICES HAVE SAID



"Thank You!"

The Herald and Examiner Help Wanted pages after some jobs every day than all other Chicago newspapers combined! And every day an increasing number of these jobs are being filled . . . We KNOW this to be true. Literally hundreds of employees, each on the job, have been moved to express their thanks for our long-extended help wanted program that has made such a large selection of jobs possible. Some of them had dropped out of some finding work again. Others were warm, grateful because they had found better, more suitable positions than they had previously held. Their warmest thanks has been the happiest kind of proof that the Herald and Examiner help wanted program has been extremely successful.

Further proof has been the expressions of gratitude from employees who have submitted for help in the Herald and Examiner. They have had many applicants to choose from and have been delighted with the efficient type of help they've been enabled to employ. If YOU are an employer and if YOU need Help, to all means take advantage of the extremely low rates offered in the Herald and Examiner—the for a 15-cent Help Wanted ad that runs three straight days. Just phone Headquarters 3122 and ask for an order!

IT'S THE HERALD AND EXAMINER NOW FOR

"Help Wanted"

FIG. 22.—Chicago *Herald and Examiner* classified advertising promotion.

Apparently there is no limit to the range or ingenuity of classified advertising promotion. Whatever forms it takes, it is one of the fundamentals of the business. No newspaper ever built up its classified department without promotion, or main-

tained or enlarged it without continuing its promotional campaigning.

The Chicago *Tribune* several years ago added 250,000 lines of classified in one year through a combination promotion.<sup>1</sup> This included intensive newspaper and radio promotion, the introduction of an ad-writing service, the proper use of investigations and surveys, strong sales solicitations, the addition of news pictures to the Sunday classified section, a "hidden want ad" competition, and a friendly approach to advertisers on the part of the entire sales force. The ad-writing service aided greatly in building good will and in improving the advertising copy. The news pictures were added because the surveys showed that readers are greatly interested in them. The radio promotion was built around human-interest stories told by want-ad takers in 150 broadcasts over WGN, the *Tribune* station.

The San Francisco *Examiner* put on a real estate classified promotion campaign on the theme, "Golden Ground around the Golden Gate."<sup>2</sup> In pressing this campaign, the *Examiner* used the following: broadsides to every real estate dealer, company, and corporation in San Francisco and 26 near-by towns and cities announcing the campaign; daily display ads, four columns by 10 inches deep; radio talks by real estate men; presentations by salesmen and reprints of promotional material; page one boxes, used every other day on page one, part two; frequent news stories; window cards for cooperating dealers; rack cards; souvenir reprints of radio talks; streamers to spot the real estate columns.

A number of newspapers, including the San Antonio *Express* and *Evening News* and the Rochester *Democrat & Chronicle* have given free want ads to children, the purpose being, of course, to impress their elders with the usefulness and effectiveness of classified advertising. The *Express* and *Evening News* offered free want ads to children under 16 who wished to sell, acquire, or trade anything during a given month.<sup>3</sup> It was called the "Children's Store," and the offer was limited to children who brought their own copy. The ads were limited to 23 words for a week's insertion. The advertiser's name or telephone number was

<sup>1</sup> Cf. *ibid.*, Dec. 30, 1933, p. 14.

<sup>2</sup> Cf. *ibid.*, June 2, 1934, p. 18.

<sup>3</sup> Cf. *ibid.*, Oct. 27, 1934, p. 18.



required with each ad. The *Democrat & Chronicle* a few months earlier ran a free barter column for children.<sup>1</sup>

Other novel promotion stunts used in recent years might include the following:

Page One Box, "19 Killed"—indicating the number of want ads stopped the previous day because the advertisers got results.—*Philadelphia Record*.

Star used to indicate property for rent or sale near schools.

## RESULTS

**Sold to First Caller**

*"I had any number of calls from my ad in The Inquirer after I had sold my car to the first one who appeared."*

*This is the satisfactory report of Mr. Howard Short, 6012 Yocum St., after his want-ad had appeared one day in the USED AUTOMOBILES column of The Philadelphia Inquirer.*

↓

THE INQUIRER leads in want-ad advertising because it brings results. And it brings results because the combined morning and Sunday circulation of almost a million reaches more readers . . . more actual prospects . . . than any other Philadelphia newspaper.

**The Philadelphia Inquirer**

**"WANT-AD HEADQUARTERS"**

Rittenhouse 5000 Broad 5000

FIG. 23.—Classified promotion of a favorite type.

Fifty gallons of gas given to each purchaser of a used car through classified advertisement. (217 gas books thus given away).—*Los Angeles Times*.

Free-car washes given for six months with each used car sold through classified advertisement.—*Los Angeles Times*.

Free advertisements carried on lost pets.—*Houston Chronicle*.

Giving away \$10 bills on the street.—*Los Angeles Times*.

Real life loan stories.—*Los Angeles Herald & Express*.

The *Boston American and Sunday Advertiser* reaped a harvest of two and a half additional pages each Sunday for four weeks

<sup>1</sup> Cf. *ibid.*, July 21, 1934, p. 12.

# RECOMMENDED BUSINESS SERVICE

The following business concerns guarantee satisfaction to Post-Gazette readers. Any complaint found necessary to be made to The Post-Gazette will receive attention.

96 **Services Offered** ASPHALT COMPANY. 96 **Services Offered** PAINT AND PAPER STORE.  
 BARNES WALLPAPER—Paint Company.  
 FISH MARKET.  
 GEORGE WHEELER.

Pittsburgh Post-Gazette

**Business Services Listed in Today's Want-Ads**

CARPET, RUG and upholstery Cleaning. A. B. C. Carpet Cleaning.

FLOOR SANDERS for rent, 7, 8 and 12-in. machines. Wilson Floore, 237 E. Town.

GUTTERING AND SPOUTING 5-room house, \$18 up; roof repairs. FA-4735.

PAPER HUNG and removed by steam, low rates. Free estimates. UN-9764.

SCAVENGER—Reliable; kindling all ready for furnaces. FA-2854.

FURNACES CLEANED, re-ferred, estimates without obligation. AD-2887.

OMAR—Original, green non-weathering paper. All dealers or LA-7517.

Turn to the Want-Ad Section The Dispatch Want-Ads

**ON THIS PAGE**

Bids and Proposals.....	Columb
Dancing Schools.....	1
Dogs, Birds, Pets, Poultry.....	2
Employment Agencies—Men.....	2
Employment Agencies—Women.....	7
Help Wanted—Men.....	5
Help Wanted—Women.....	6
Instruction.....	3
Lost and Found.....	2
Medical and Dramatic.....	2
Personals.....	4
Situations Wanted—Men.....	4, 5
Situations Wanted—Women.....	5, 6
Trade Schools—Men.....	2
Trade Schools—Women.....	3
Travel Opportunities.....	3

Page index, Chicago Herald and Examiner

**Business Places 12 For Rent**

HARTWELL AVE., 119 Three floor business section., New insulated roof, reasonable. MEIrose 6286.

STORAGE—Out of flood district: 2 floors, approximately 30x60. MAIN 0150

**Offices, Deskroom 13 For Rent**

A SELECTION OF DESIRABLE OFFICES, \$25 UP. NEAVE BLDG., 4th and Race.

INGALLS BLDG., Fourth and Vine. Desirable, this Bldg. Let us submit sketches of office layouts to meet your requirements. Reasonable rentals.

STAHMANN-GRAVES, INC., 307 Ingalls Bldg. CH 2682.

PRIVATE OFFICE in Keith Bldg.; \$25. PA 7639.

Columbus Dispatch

Cincinnati Enquirer

Fig. 24.—Helps for want ad readers and advertisers.

with a Who's Who directory of Greater Boston. The Los Angeles *Times* somewhat similarly netted 6283 additional classified advertisements with a tabloid reprint of all advertisements in the automotive classifications in the Sunday issue mailed free to 40,000 Chevrolet, Ford, and Plymouth owners in its territory, and by blanketing the community with a sample classified section containing a hidden name stunt with free theater tickets as the reward.<sup>1</sup>

The Janesville, Wis., *Gazette*, referred to above, found it profitable to establish friendly relations with auctioneers in connection with the farm auctions.<sup>2</sup> It gave an annual dinner for the auctioneers in its territory, it paid them a commission on classified business they produced which ranged from \$8 to \$17 per auction, and the *Gazette* also provided food at auctions which were advertised in the paper. This policy not only paid in advertising and in good will but contributed toward a 3000 gain in circulation which justified an increase in advertising rates.

**Classified Rates.** It is a general rule in newspaper offices that the classified advertisement should yield enough to cover its cost, including the white space used and a proportionate share of the overhead, plus a reasonable profit. In general, the rate is somewhat higher than the average open rate and probably somewhat less than the general rate. It is usually also based on a sliding scale with the result that the rate falls as the number of insertions increases. The classified rate varies considerably. The transient or irregular advertiser generally pays a higher rate than the steady customer. The cash customer pays less than the charge account. Some classifications are charged at a lower rate than others as, for example, Rooms for Rent and Situations or Employment Wanted. Most papers fix a minimum charge regardless of the number of words or lines in the advertisement.

Two systems of classified rates are in general use. One is the line rate, in which the cost to the user is determined by the number of lines in his advertisement, regardless of the number of words. The other is the word rate in which, similarly, the user pays so much per word just as in a telegram, regardless of the number of lines the words make. The argument as to which is the better arrangement has been going on for years with no sign

<sup>1</sup> Cf. *ibid.*, Feb. 23, 1935, p. 18.

<sup>2</sup> Cf. *supra*, p. 182.

of settlement. A survey made in 1935 covering 717 papers revealed that 354 operated on the word rate and 352 on the line rate, while some used one method for local classified and the other for foreign.<sup>1</sup> Each will be examined in some detail.

*The Word Rate.* The chief advantage of the word rate is that it simplifies computation. This is particularly useful for the transient user and the small professional advertiser who are the backlog of all classified advertising and who rarely know how many lines their advertisement will make. Further advantages of the word rate as described by James McGovern, of the *Pittsburgh Press*, in an address before the Newspaper Classified Advertising Managers' Association follow:<sup>2</sup> it eliminates unintelligible abbreviations, costly oversets and undersets, and while tending to reduce the inch value, would more than make up in good will, in popularity, and in acceptability—and probably in increased gross revenue—any loss so sustained. By contrast, he argued, the line rate is a source of antagonism, misunderstanding, and complaint, and is responsible for most of the serious complaints and adjustments in the classified department. These, he explained, “originate invariably in the inability of the ad takers to quote the exact number of lines an ad will occupy, and the antagonism created in the advertiser's mind when we endeavor to explain the impossibility of squeezing a 20-word ad into two lines of space. Unintelligible abbreviations thrive under such conditions, resulting in reader confusion and eventual loss of reader interest.”

The *Chicago Herald and Examiner*, national pacemaker in classified advertising, uses the word rate.<sup>3</sup> It based its sales-promotion campaign for several years on such themes as “Economy Want Ads,” “A New Plan of Figuring Your Want Ad Cost,” and “Easy to Read—Easy to Figure.” Its rate structure was designed to undersell that of competitors and yet by producing multiple insertions to reduce the composition and bookkeeping costs and thus to make the volume high and the rate profitable. It also aimed at a high Sunday volume by putting a premium on a seven-time order and giving the customer the privilege of making one entire change of copy in that time. Where a large

<sup>1</sup> Cf. *Editor & Publisher*, July 6, 1935, p. 24.

<sup>2</sup> Cf. *ibid.*, July 7, 1934, p. 25.

<sup>3</sup> Cf. *ibid.*, Apr. 21, 1934, p. 32; also, Apr. 28, 1934; May 19, 1934, p. 32.

## Classified Advertising RATES

Rates are by the line irrespective of the number of words. Estimate live (S) average words of six (6) letters each to the line.  
Minimum—three lines.  
Contract rates furnished on application.

**TRANSIENT**  
 1 time, per line ..... 250  
 3 times, per line ..... 150  
 6 times, per line ..... 150  
 26 times, per line ..... 110

**RULES AND REGULATIONS**  
 The closing time for ads to appear in the same day's issue is 9:45 a. m.  
 The Beacon Journal is responsible for one incorrect insertion only. Be sure to read your advertisement. Phone corrections before 9:45 a. m. the second day.  
 Non-secutive insertions take the one-time rate each insertion.  
 Advertisements canceled before expiration are charged rate earned according to actual number of days run.  
 "Situation Wanted" and "Wanted to Rent" advertising must be paid in advance.

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**PHONE YOUR ADS  
DIAL Jefferson 6161**

**Akron Beacon Journal**  
 ASK FOR AN "AD WRITER"  
 (Collections Made After Publication)

## The Dayton Daily News

Standard Classified Advertising Rates  
 Effective Oct. 1, 1934.  
 Subject to Change Without Notice.

Lines	1	2	3	5	7	10
Words	Day	Days	Days	Days	Days	Days
2	\$ .44	\$ .84	\$ .90	\$1.20	\$1.54	\$1.70
3	.18	.53	.52	.68	.88	.94
4	.24	.80	.52	.68	.88	.94
5	.30	.86	.80	.90	1.10	1.16
6	.36	.92	.86	.96	1.16	1.22
7	.42	.98	.92	1.02	1.22	1.28
8	.48	1.04	.98	1.08	1.28	1.34
9	.54	1.10	1.04	1.14	1.34	1.40
10	.60	1.16	1.10	1.20	1.40	1.46
11	.66	1.22	1.16	1.26	1.46	1.52
12	.72	1.28	1.22	1.32	1.52	1.58

**CLASSIFIED ADVERTISING INFORMATION**

The above classified rates indicate the cost of classified advertisements run consecutively without change of copy. These rates apply to all classification except Business Service and Situation Wanted. Business Service advertisers get 25% cash discount for 10-day ads. Situation Wanted advertisements cost 6c per line, per insertion. Minimum price 25c. Payment must accompany copy.

Death Notices, Cards of Thanks, in Memoriam and Lodge Notices are published at \$1 for 10 lines or less, 10c a line for each additional line. Count six average words, of about six letters to each word, as a line. Two lines is the minimum space accepted for any classified ad.

Classified ads are accepted over the telephone as an accommodation. In return for this courtesy, the advertiser is expected to remit promptly.

## Phone Your Ad— 23-281

Have it Charged!

**TIMES WANT AD RATES**

**12c** Per Line  
Per 1 Time

**11c** Per Line  
Per 3 Times

**10c** Per Line  
Per 6 Times

Minimum charge, 24c

All display ads appearing under classified headings are charged at the rate of \$1.10 per inch.

**CONTRACT RATES** furnished upon request.

**CORRECTIONS** of errors in classified ads must be made before the second insertion. No allowance will be made for more than one incorrect insertion.

**ADS ORDERED** for six days and stopped before that time will be charged for the actual number of times the ad appeared, charging at the rate earned.

Fig. 25.—Classified line rate cards of the Akron Beacon Journal, Dayton Daily News, and Erie, Pa., Times.

advertisement was placed for the Sunday issue, a six-time order called a "rate-holder" of 12 words was permitted the advertiser, thus making a seven-time order. The *Herald and Examiner's* campaign was also based on the principle: "Get the want ad before it becomes a voluntary ad." To this end, a house-to-house canvass was made and classified ads in opposition papers were followed up promptly. For promotion, the newspaper, billboards, radio, and direct mail were used.

Similar policies are followed by other important papers, such as the *Indianapolis Times*, the *Washington News*, and the *Baltimore Post*. The first named had the lowest seven-time rate of any of the local newspapers yet standardized at 3 cents a word. It put the emphasis on four- and seven-time orders by offering the public one extra insertion with a three-time order or two extra with a five-time order; in other words, four insertions for the price of three or seven for the price of five. It reported its voluntary business from classified increased 300 per cent in six months. Similarly, the *Washington News*, with a basic rate of  $2\frac{1}{2}$  cents a word, offered 16 insertions for the price of 10.

A criticism of these bargain offers is that in effect they amount to unwarranted price reductions. The critics point out that the publishers are seeking additional revenue, yet by this method they sacrifice revenue for lineage. An objection to the word rate itself is that it does not readily take into account the extra space consumed by oversize type, centered words, catalogue listings, and the like. The objectors feel strongly on the question for, as one of them predicted, "If the publishers of the country don't scotch this movement they will live to regret it."

*The Line Rate.* Stout arguments can readily be marshalled in favor of the line rate. These may be summarized as follows: it means a higher net rate per inch to the paper than the word rate; it eliminates the problem of long words; it is simpler for the accounting department; it is useful for comparison with display rates; it conforms to the current general practice of computing space in terms of lines.

One problem in connection with the word rate is that many classified advertisements run over into an extra line by only one or two words. These additional words yield little extra revenue while the remainder of the line is a total loss. On the line basis, the entire line is paid for since the space is used even though it is

not solid composition. An example cited by Loyal Phillips, at that time classified advertising manager of the Omaha *World-Herald* is a case in point.<sup>1</sup> He reported that a newspaper survey revealed 51 advertisements in one column with a total of 112 words in the terminal lines of the advertisements or about 2.2 words each. For these, the paper received an average of 5 cents a word at the word rate or \$5.60 for the 51 lines. On a corresponding line rate, it would have received \$12.75, so that the use of the word rate here meant a loss of \$7.15 per column or about 35 cents an inch.

Oversets can be greatly reduced or eliminated by the proper operation and use of the line rate. One paper reduced the oversets to only six in 1000 advertisements. This was achieved by counting 35 letters, spaces, and punctuation marks per line instead of 38. In addition, clerks and solicitors were penalized 25 cents for each overset. No abbreviations were permitted under this system.

**Classifications.** While classifications are fairly well standardized, they vary greatly in number with individual newspapers. In general, the larger the newspaper the greater the number of classifications. The largest number found by the author in a survey of 30 representative newspapers of all sizes was 153 in the case of the Chicago *Herald and Examiner*. Some newspapers number their classifications, and some still print their classifications daily, while others do not. In some cases newspapers print a classification list in the Sunday issue but not on week days. The *Herald and Examiner* prints a small index in the upper outer corner of each classified page for that page alone for the convenience of users.

The number of principal classifications need not exceed 10. For all ordinary purposes, all such advertisements can be included under one of the following heads: Announcements, Employment, Real Estate, Business Services, Financial, Livestock, Merchandise, Automotive, and Miscellaneous. Most newspapers break several of these up into major subdivisions as, for example, Real Estate, which becomes For Rent or For Sale, and Employment which becomes Help Wanted and Position or Situation Wanted. Each of these is further subdivided according to the policy of the individual newspaper and the volume of such advertising.

<sup>1</sup> Cf. *ibid.*, Oct. 6, 1934, p. 20.

As an additional service to users, a number of newspapers such as the *Detroit News*, the *New York Times*, and the *Chicago Herald and Examiner* maintain an extensive "Lost and Found" service. An effort is made to bring losers and finders together and a permanent record is kept of articles advertised in their columns as lost. Another service to users is to run a daily listing of the box numbers to which replies have been received together with the number of such replies in each case.

The classified ad index used by the Columbus, Ohio, *Dispatch* illustrates about 150 of the classifications in more or less general use. It follows with 12 major subdivisions:

#### CLASSIFIED AD INDEX

##### ANNOUNCEMENTS

1. Death Notice
2. Card of Thanks
3. Obituaries
4. In Memoriam

} Page 6

5. Cemetery Lots
6. Funeral Directors
- 6a. Funeral Flowers
7. Lodge Notices
8. Religious—Social Events
9. Information

- 9a. Where to Dine
- 9aa. Beer Directory
- 9b. Transportation
- 9c. Bus Transportation

10. Stolen Automobiles
11. Lost

- 11a. Found

##### EMPLOYMENT

- 12a. Help Wanted Male—Trades
- 12b. Help Male—Agents, Salesmen
- 12c. Help Male Miscellaneous

13. Help Instruction

14. Help Male and Female

- 14a. Male and Female—Sales-work

- 15a. Female—Housework—Cooks

- 15b. Help Female—Sales-women

- 15c. Help Female Miscellaneous

16. Employment Agencies

17. Situation Wanted Male

18. Situation Wanted Female

##### WANTED

19. Wanted to Buy

- 19a. Building and Loan Certificates

- Wanted Real Estate 60a

- Wanted Business Opportunities 70a

21. Wanted to Rent

22. Wanted Room—Board-Room

23. Wanted to Lease

24. Wanted to Exchange—Swaps

25. Wanted to Borrow

- Wanted Automobiles 89c

27. Wanted Miscellaneous

##### EDUCATIONAL

28. Educational

- 28a. Kindergartens

29. Music—Dancing—Dramatics



BUSINESS SERVICE

- 30. Business Announcements  
(Under 55 subdivisions)
- 31. Osteopathy
  - 31a. Professional
- 32. Chiropractic
- 33. Medical
- 34. Detective
- 35. Beauty Parlors—Manicuring
- 36. Patent Attorneys
- 37. Dressmaking
- 38. Character Loans
  - 38a. Character Bank Loans
  - 38b. Money to Loan—Personal
- 39. Chattel Loans
  - 39a. Association Personal Finance Companies
- 40. Tours and Excursions
- 41. Auto Trips and Travel
  - 42a. Return Loads Wanted
- 43. Express and Hauling
- 44. Where to Eat
  - 44a. Homes for Aged or Invalids

RENTALS

- 45. Room and Board
  - 45a. Rooms Unfurnished
  - 45b. Rooms Furnished
  - 45c. Rooms for Housekeeping
- 46. Suburban Property for Rent
- 47. Houses for Rent
  - 47a. Transfer and Storage
- 48. Furnished Houses and Apartments for Rent
- 49. Flats and Apartments
- 50. Storerooms for Rent
- 51. Office and Desk Room
- 52. Garages for Rent
- 53. Farms for Rent
- 54. Miscellaneous for Rent
- 55. For Lease

- 55a. Light Manufacturing—Lofts

- 56. Summer Cottages—Resorts

- 56a. Winter Resorts

REAL ESTATE FOR SALE

- 56. Summer Cottages—Resorts

- 56a. Winter Resorts

- 60. Houses for Sale

- 60a. Wanted Real Estate

- 61. Suburban Property

- 62. Lots for Sale

- 63. Real Estate Investments

- 64. Exchange Real Estate

- 65. Builder—Builders' Supplies

- 65b. Home Modernization

- 66. Farms for Sale

- 67. Lands for Sale

FINANCIAL

- 68. Money to Loan—Real Estate

- 69. Financial

- 70. Business Opportunities

- 70a. Business Opportunities Wanted

LIVESTOCK

- 71. Poultry and Supplies

- 71a. Dogs, Cats, and Pets

- 71b. Aquariums, Fish, etc.

- 72. Horses, Vehicles, Livestock

MERCHANDISE

- 73. Musical Instruments

- 73a. Phonograph Repair

- 73b. Piano Tuning and Repairs

- 73c. Radios, Parts, Repairs, Rentals

- 73d. Refrigerator Repair

- 74. Sewing Machines for Sale

- 75. Typewriters, Adding Machines

- 75a. Office Supplies and Equipment

- |                                       |  |
|---------------------------------------|--|
| 76. Coal, Coke, Wood for Sale         | 87a. Automobile Painting                     |
| 76a. Coal Yards                       | 87b. Automobile Radios                       |
| 76b. Coal Truckers                    | 87c. Auto Repairs—Welding                    |
| 77. Machinery and Tools               | 87d. Automobile Storage                      |
| 77a. Contractors' Supplies            | 87e. Tires, Accessories, Re-<br>pairs        |
| 77b. Farm Equipment—Sup-<br>plies     | 87f. Auto Tops, Equipment,<br>Repairs        |
| 77c. Machinery Repairs                | 87g. Automobile Wrecking                     |
| 77d. Feeds                            | 87h. Automobile Parts                        |
| 78. Electrical Equipment              | 88. Airplanes for Sale                       |
| 79. Flowers—Plants—Shrubs—<br>Trees   | 88a. Tractors for Sale                       |
| 80. Diamonds—Watches—<br>Jewelry      | 89. Trucks and Delivery                      |
| 81. Food Mart                         | 89a. Truck—Automobile<br>Bodies              |
| 82. Store Fixtures and Equip-<br>ment | 89b. Automobiles for Rent                    |
| 83. Clothing—Furs for Sale            | 89bb. Trailers                               |
| 83a. Clothing on Credit               | 89c. Automobiles Wanted                      |
| 84. Miscellaneous for Sale            | 90. Automobiles for Sale                     |
| 84a. Auction Sales                    | 90a. Automobile Auctions                     |
| 84b. Public Sale                      | DISPLAY CLASSIFIED                           |
| 85. Boats—Marine Supplies             | 95. Automobiles for Sale                     |
| AUTOMOTIVE                            | 96. Business Notices                         |
| 86. Motorcycles and Bicycles          | 97. Miscellaneous                            |
| 87. Body and Fender Repairing         | 99. Farm and Garden (on Real<br>Estate Page) |

**Guaranteed Results.** One kind of classified promotion that appeals to the user of such advertising is to guarantee the results. One month a year, for example, the San Francisco *Chronicle* has used this sort of campaign as a means of getting new business.<sup>1</sup> The scheme is simple: to renew classified advertisements placed on a weekly basis for an added week if the results are not satisfactory. The *Chronicle* began this practice in 1931. In 1933 experience showed that about 30 per cent of the copy was run for the second week. Similarly, the Mobile *Press and Register* invited advertisers to run their copy for seven consecutive days with an offer to repeat it for an additional week if results were not obtained within three days.<sup>2</sup> That this type of promotion is not adopted by more newspapers might be taken to cast some doubt upon its validity.

<sup>1</sup> Cf. *ibid.*, Dec. 16, 1933, p. 28.

<sup>2</sup> Cf. *ibid.*, Apr. 21, 1934, p. 32.

**Classified Censorship.** One of the best ways for a newspaper to build reader confidence in its classified columns is to exercise strict control over those columns and to adhere to rigid standards as to what will be accepted for them. This should apply to the entire section but in particular to the "Help Wanted" and "Business Opportunities" classifications. Opinion seems to be agreed on this point. The notice carried by the Cincinnati *Enquirer* illustrates the general practice: "All advertisements are restricted to their proper classification, style and type. The Enquirer reserves the right to edit or reject any advertisement."

"Uncensored classified is a deadly poison and not too slow to destroy the good will of any newspaper," according to C. M. Carroll, former president of the Association of Newspaper Classified Advertising Managers.<sup>1</sup> "The same man who would rip things open if his editors permitted publication of polluted news or his advertising manager accepted a fraudulent display advertisement, is frequently unaware that his readers' confidence is being viciously undermined by the wrong kind of three- and four-line advertisements. . . . In the interest, first, of the public and, second, of the newspaper as a commercial enterprise, the same vigilance that walls the news and the display advertising must be maintained towards the agate columns."

Similarly, Norton Cole, of the Syracuse *Post-Standard*, told the New York state division of the National Association of Classified Advertising Managers that "The good advertisement is the one that an advertising salesman would answer himself or give to one of his best friends to answer."<sup>2</sup> And A. H. Van Duyn, formerly of the Oklahoma City *Daily Oklahoman*, added, ". . . if you do put in a strict censorship, put it in for everyone or no one. There must be no exceptions for friends or any one else. What little lineage you may lose from chisellers will probably be more than made up by reputable advertisers with increased respect for your medium."<sup>3</sup>

The abuses for which censorship is a remedy are covered under a code of ethics adopted by the Newspaper Classified Advertising Managers' convention in 1934, later indorsed by the Newspaper

<sup>1</sup> Cf. *ibid.*, Aug. 4, 1934, p. 16.

<sup>2</sup> Cf. *ibid.*, Jan. 26, 1935, p. XIII.

<sup>3</sup> Cf. *ibid.*, June 22, 1935, p. 6.

Advertising Executives' Association.<sup>1</sup> Under this code the newspapers would bar:

1. That which intentionally causes the loss of money to readers either directly or indirectly.
2. That which causes injury to health or morals of readers.
3. That which evades or fosters the evasion or violation of any law, municipal, state, or national.
4. That which criticises, directly or by implication, an individual, race, creed, religion, organization, institution, business, or profession.
5. Using newspaper classified advertising in such a way as to destroy the confidence of either or both readers and advertisers in classified advertising, or any legitimate business or professional activity.
6. Requesting misclassification of advertisements when such misclassification may be, or is, detrimental to the newspaper or detrimental or unfair to advertisers using classifications requested.

In addition, newspapers were advised to bar outright or to censor rigidly: personal advertisements from fortune tellers, clairvoyants, or astrologists when such services are illegal or the advertisers obviously are unable to perform a valuable service; homework ads; help-wanted ads calling for deposits, money for kits; beauty ads; out-of-town school ads; Mexican divorce ads.

Of 130 newspapers queried in a survey reported by *Editor & Publisher*, 63 said they had a definite censorship code for classified advertising and 67 others disclosed that they censored copy according to their individual judgment.<sup>2</sup> Some newspapers operate jointly in this respect, others individually, and some in cooperation with outside agencies such as the local Better Business Bureau.

Individual newspapers go still further to protect themselves, the legitimate advertiser, and the reader. Some have standing offers of rewards for the apprehension of persons misusing the classified columns. The *Chicago Herald and Examiner*, for instance, carried a standing notice to the effect that it would pay \$100 for "the arrest and conviction of an advertiser fraudulently obtaining money through want ads published in its columns." It paid \$100 to a woman, for example, who exposed another who had sold her an "Oriental" rug through its want ad columns.<sup>3</sup>

<sup>1</sup> Cf. *ibid.*, June 23, 1934, p. 7.

<sup>2</sup> Cf. *ibid.*, Aug. 18, 1934, p. 26.

<sup>3</sup> Cf. *ibid.*, Apr. 7, 1934, p. 28; cf. also *ibid.*, July 7, 1934, p. 14.

Others carry standing notices either in box form or in italics like the following:

*Washington Star*: The Star makes every effort to have the advertisements appearing under its Help Wanted Classifications contain accurate statements of the nature of employment being offered.

Advertisers are requested to cooperate in this regard, and those answering advertisements will please notify the Classified Department of the Star of any misleading statements.

*Chicago Tribune*: The Tribune does not knowingly accept Help Wanted advertisements which misrepresent the nature or terms of employment, or advertisements for Sales Help which do not indicate the type of product or service to be sold and the form of compensation. Report any misrepresentations or requests for a cash bond, deposit, or investment for samples not stated in the advertisement to the Tribune, Superior 0100, Local 328 (for complaints only).

*New York Times*: Three business references required of all advertisers in the Business Opportunities columns.

*Cleveland Press*: The Press, in accordance with a ruling established many years ago to safeguard its readers, does not accept advertisements for children to board unless properly licensed by the Department of Public Welfare. (Homes accepting child with parent require no state license.)

A similar notice is carried by the *Cleveland Plain Dealer* under the classification, Children Boarded.

The *Christian Science Monitor* publishes the following notice under the general heading of Local Classified:

Advertisements under this heading appear in this edition only. Rate 30¢ a line for one or two insertions, 27¢ a line for three, four and five insertions within a week, and 24¢ a line for six or more consecutive daily insertions. Minimum space three lines, minimum order four lines. (An advertisement measuring three lines must call for at least two insertions.) An application blank and two letters of reference are required from those who advertise under most of these headings. Write or call for detailed information.

The *Detroit News* runs a number of standing heads. Under "Wanted—Male Help" and "Wanted—Female Help" it announces:

The *Detroit News* does not knowingly accept in this classification advertisements which misrepresent the form of compensation. Do

The Tribune does not knowingly accept automobile advertising which misrepresents the year of the car. If you wish to confirm the Year model of a used car advertised in its columns, secure the serial number (which determines the year model) and telephone the Tribune, Superior 0100, Local 326, for verification.

Chicago Tribune

#### WANTED—MALE HELP

The Detroit News does not knowingly accept in this classification advertisements which misrepresent the form of compensation. Do not include original or valuable papers of recommendation when answering box ads. Report any violation of this rule or any request for a cash bond, deposit or investment for samples not stated in the advertisement to The Detroit News, Randolph 2000, Classified Advertising Manager.

Detroit News

The New York Times welcomes information from readers to aid its efforts to keep its advertising columns clean. The Times will pay a reward of \$100 to any one causing the arrest and conviction of a person or firm obtaining money under false pretenses through fraudulent advertising published in its columns.

The New York Times

New York Times

The Star makes every effort to have the advertisements appearing under its Help Wanted Classifications contain accurate statements of the nature of employment being offered.

Advertisers are requested to co-operate in this regard, and those answering advertisements will please notify the Classified Department of The Star of any misleading statements.

Washington Star

#### Children Boarded

The Press, in accordance with a ruling established many years ago to safeguard its readers, does not accept advertisements for children to board unless properly licensed by the Department of Public Welfare. (Homes accepting child with parent require no state license.)

Cleveland Press

Fig. 26.—Protecting the want ad user.

not include original or valuable papers of recommendation when answering box ads. Report any violation of this rule or any request for a cash bond, deposit or investment for samples not stated in the advertisement to The Detroit News, Randolph 2000, Classified Advertising Manager.

Its notice under "Business Opportunities" reads:

The Detroit News does not knowingly accept in this classification advertisements which misrepresent in any form. Report any violation of this rule where fraud or misrepresentation of copy is proven to The Detroit News, Randolph 2000, Classified Advertising Manager.

It follows a similar policy with respect to machinery and supplies, and automobiles. The Chicago *Tribune* goes a shade further in regard to the latter. It makes the following offer:

The Tribune does not knowingly accept automobile advertising which misrepresents the year of the car. If you wish to confirm the year model of a used car advertised in its columns, secure the serial number (which determines the year model) and telephone the Tribune, Superior 0100, Local 328, for verification.

**Typography.** Most newspapers have rather definite restrictions on the typography and makeup of the classified section. This is done to insure some degree of uniformity, to prevent some advertisers from literally blotting out others by the use of type that is too large or too black, and to control the "color" of the page. Although agate is the standard classified type size, much larger type sizes are permitted, particularly in display classified. But in such cases the type is limited to light faces or to inline or outline faces. The Chicago *American*, for example, permits type faces as large as 48 point as well as italic in 12 and 14 point in display classified.<sup>1</sup> Most papers also put some limitations on the use of cuts in the classified section. The survey previously referred to disclosed that 45 per cent of the papers queried permit the use of cuts. Of these about two-fifths require that they be screened while the remainder publish them as ordered.

**Display Classified.** This is a hybrid sort of advertising. It is really quasi-display advertising in the classified section. It consists of advertisements which have a particular appeal on the classified page but differ from other classified advertisements

<sup>1</sup> Cf. *ibid.*, Feb. 3, 1934, p. 39.

in size and typography. It is peculiarly adaptable for such purposes as real estate, used cars, and personal loans. It is restricted as indicated above, however, with respect to type sizes and faces as well as illustration. It lends itself particularly to long-time classified contracts.

**Collections.** The sheer volume of classified advertising multiplies the difficulties of bookkeeping and collecting. The bulk of the insertions are small advertisements that run two or three times and then stop. It is important, therefore, not only to check the validity and the legitimacy of the advertisement but the credit rating of the advertiser before publication. It has been said that collecting for want ads is more important than getting the business originally. Collections are sometimes difficult to make from persons who failed to get the results they expected or to which they thought they were entitled and who are, therefore, reluctant to pay.

One method of handling accounts is to divide them between professional, *i.e.*, regular users and the so-called "T and T"—telephone and transient users.<sup>1</sup> The latter are said to comprise about 35 per cent of the total. Naturally, the chief difficulty in collections comes from this quarter. It has been recommended that persons placing advertisements under any of the following classifications for the first time be required to pay cash as experience shows them to be poor credit risks: Business Opportunities, Situations Wanted, Personals, Legal Notices, Oil and Mining, Board and Room. When they have established credit, the requirement can be waived. The Los Angeles *Evening Herald & Express* operates a "copy and censorship" desk where all advertisements are checked for credit and to detect fraud or misrepresentation.

Transient accounts are usually billed upon the expiration of the advertising. In some cases a cash discount is given if the bill is paid within 10 days. The subsequent procedure that might be followed is:<sup>2</sup> (1) duplicate invoice mailed 15 days after expiration; (2) phone call 25 days after expiration to get promise of payment; (3) first collection letter 30 days after expiration; (4) second letter 40 days after expiration; (5) third letter 50 days after expiration; (6) fourth letter 60 days after expiration. In

<sup>1</sup> Cf. *ibid.*, July 14, 1934, p. 31.

<sup>2</sup> Cf. *ibid.*, Sept. 14, 1935, p. 22.



some cases the customer's account is permitted to run until his credit limit is reached when he is notified by phone or by mail.

**Routing Copy.** Two or more copies of all classified advertisements are usually made on forms provided for the purpose, the number depending upon the size of the paper and the system it follows. The copies are in different colors for purposes of identification. After being checked for accuracy, for legitimacy, and for credit, one copy goes to the composing room, one goes to the billing department, and the third may be kept for 30 days or more in the classified department itself. If any disputes, controversies, or questions arise they will usually crop up within a few days. It is usually unnecessary, therefore, to keep more than one permanent record on file.

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## CHAPTER XI

### THE RATE STRUCTURE

The matter of rates has long been a pressing and difficult newspaper problem. A newspaper has only two things to sell: white space to the advertiser and the printed paper to the reader. At first the reader supplied most of the income to the newspaper, but, as advertising developed, the advertiser became the principal source of revenue and circulation income became secondary. Since 1929, this situation has changed somewhat but the sale of advertising space is still the chief financial prop of the newspaper.

All things considered, copy prices for newspapers are far better stabilized and standardized than are the rates for advertising space. This is because fewer factors enter into the copy price of the newspaper than into its advertising rates. Except on Sunday and in a few instances on Saturday, the copy price of a given newspaper is always the same regardless of the number of pages it contains. Thus a reader who gets a 14-page paper on Saturday or 18 pages on Monday for his 2 cents may get an issue of 48 pages or more on Friday for 2 cents. The copy price is generally based upon such factors as what the reader is able to pay, what he is willing to pay, what he is used to paying, and upon what rival newspapers charge.

At one time there was a direct relationship between the copy price and advertising. In fact, it was the custom for some years in the United States to give the yearly subscriber the additional privilege of advertising space without extra charge. The merchant paid \$40 for a year's subscription to a given newspaper and in return received a copy of each issue, plus the right to advertise his wares or services.<sup>1</sup>

It is only in recent years that scientific cost finding has come to play a real part in the determination of advertising rates. Even now many newspapers, particularly the smallest ones, fix their

<sup>1</sup> Cf. Frank Presbrey, *History and Development of Advertising*, Doubleday, Doran, p. 177.

rates by various rules of thumb. This situation has been inherited from the earliest newspaper times, but it is also partly a matter of professional negligence and even ignorance. After allowing for the variable factors involved, there is no question but that the advertising rates of some papers are too high, and, more frequently, those of others are too low. In the one case the advertiser is not getting his money's worth, and in the other the publisher is not receiving what he should.

Newspaper advertising rates and the policies that determined them have varied greatly from time to time. Early in the seventeenth century, as Presbrey points out, the advertiser was permitted to name his own price.<sup>1</sup> This applied to the public registers under James II and Charles I. Some years later the rate for an "advice," as advertisements were called, depended not upon the amount of space used but upon the occupation or station in life of the advertiser.<sup>2</sup> For a workman the fee was 4s., for a bookseller 5s., for a physician 10s., and, in the case of land to be sold, it was 1d. per £ sterling of value. At the beginning of the eighteenth century the customary charge by London newspapers was 1s. regardless of the number of lines, but the advertisements were usually from 8 to 10 lines deep. Fixing the rate at 2d. per line led to an increase in the size of advertisements.

In the United States a fairly general practice was to give unlimited space for \$32 a year.<sup>3</sup> The advent of the penny papers a century ago led to gradual changes in advertising rates, policies, and practices. The "square" was made the unit of advertising space, ranging from 10 to 16 lines deep. Six lines in *The Sun* in 1839, for example, sold for \$30 a year, or \$3 a month, or \$1.75 a week, or 50 cents a day. Similarly, *The Herald* charged \$30 a year for one square, or \$3 a month, \$1.25 a week, 50 cents a day.

About 75 years ago, the advertising agency entered the picture. Although it has since played an important role in the brokering of advertising, it was anything but a stabilizing influence at first. In some ways it was responsible, in fact, for making a bad situation worse. Under the prodding of advertising agents, much newspaper space was sold for what it would bring. Publishers advertised one rate and sold through agents at a much

<sup>1</sup> *Ibid.*, p. 36.

<sup>2</sup> *Ibid.*, p. 37.

<sup>3</sup> *Ibid.*, p. 197.

lower rate and even then received only a fraction of the proceeds. As a result, the rate situation was thoroughly chaotic in the period after the close of the Civil War.

Presbrey describes it as follows:<sup>1</sup>

Newspapers had rate cards but the price the paper eventually got depended upon how badly it wanted the business and how well the advertiser or agent could bluff. A first demand by the paper for \$500 might, before the bargain was struck, be reduced to \$50. Ink, newsprint, type and other material used in newspaper making were accepted in payment for space, and this gave opportunity for a new crop of agents, who made bargains at both ends and sold the acquired space for cash. Ink manufacturers and type founders usually had space to sell in the papers they served, and they, too, were advertising agents in a way. When the newspaper could get neither cash nor supplies it sometimes would accept anything it could get—clothing, household articles, foodstuffs even—and sell or give these commodities to its employees. This was known as “swap” advertising.

With such demoralization in rates it was possible for the shrewd space broker to make a very good living. Newspaper rate cards were based upon an expected loss of 25 per cent from bad credits. Sure pay usually resulted in at least that much off the card rate. The agent's commission was 25 per cent. If he did not get more than that he was not as smart as his confreres, for most of them managed to get a good deal more. The agent who had the best knowledge of a newspaper's financial condition and the business methods of the men who managed it, and knew whether “No” meant just that or was subject to change, was the man who made the most money.

A few newspapers, like the New York *Herald*, refused to pay any commission, but others paid as much as 75 and even 80 per cent.<sup>2</sup> Space worth \$2000 might yield as little as \$600 to the newspaper. According to Rowell, one of the pioneers in the field, agents themselves were sometimes authorized to fix the rates, and the newspaper would regard itself as bound thereby.

While newspapers doubtless suffered from this lack of a sound general policy with respect to advertising rates, they were also at fault in another matter. Until fairly recent years, the circulation figures and other information concerning the circulation of a publication were regarded as anything but the business of

<sup>1</sup> *Ibid.*, p. 263.

<sup>2</sup> *Ibid.*, p. 267.

advertisers or competitors.<sup>1</sup> It was the custom of newspapers, as has been described, to present "estimated" or "claimed" circulation figures. In many cases such figures were obviously padded for the purpose of impressing or, worse, of deceiving the advertiser. Some publishers probably did not really know what their paid circulation was because the same laxity prevailed in respect to circulation as to advertising.

Since the organization of the A.B.C. in 1913 this condition has been greatly improved. While a minority of dailies are members of the A.B.C., a large proportion of the really important papers belong to it, and its influence has been felt throughout the publishing and advertising industries to the advantage of both. Through this agency, advertisers have a sound, tangible yardstick by which they can measure and analyze the circulation of daily newspapers which are A.B.C. members. The situation sometimes arises, especially in the larger cities, where one or more competing papers bear the A.B.C. stamp and the rival or rivals do not, which may lead to the suspicion that the latter are unable or unwilling to meet so rigid a circulation test. The A.B.C. yardstick goes well beyond the requirements of the so-called "government report" or sworn statement made by the publisher to post-office authorities as to his average daily net paid circulation for the preceding 12 months. It makes two things definitely possible: to determine whether advertisers are getting their money's worth in terms of circulation in the advertising space they buy and to compare the circulations of different newspapers which are A.B.C. members.

**How Advertising Is Sold.** Advertising has been sold in various units, including the page or fractions of a page, the column inch, the square, and the line. Even these units vary with the size of the format used by a given publication. Magazine space is still quoted on the basis of a page. Some newspaper space, too, is sold by the page or half or quarter page, but even in such cases the rate is generally quoted on the basis of a line. The column inch, as the name suggests, is that space one column wide and 14 lines deep. The line, which is the most common unit of advertising space now in use, is a line of agate type.

Each of these units has some disadvantage. An obvious objection to the page or fractional page is that it is too large a

<sup>1</sup> Cf. *supra*, p. 98.

unit for many advertisers whose business or whose purse does not justify the use of such space. This is also true to some extent of the column inch and of the square. In addition, the latter is a rather arbitrary unit which, in the mind of the layman or the person unfamiliar with advertising, suggests nothing specific or tangible by which he can visualize it.

The line, being roughly  $\frac{1}{14}$  inch, is small enough to suit the purpose of close measurement and is a unit which the layman can understand and visualize. Its disadvantage is that while it is fixed in respect to depth or point size, it still varies somewhat in length. This is due to the fact that although agate is a fixed type size,  $5\frac{1}{2}$  point, newspaper column widths are not standardized. They may be 12 or  $12\frac{1}{2}$  ems and in some cases 13 ems wide. In terms of space this makes a difference of 4, 4.16, or 8.33 per cent, respectively, in the area sold.

As between individual newspapers, the advertising rate will vary according to: (1) the volume of circulation; (2) the quality of the circulation; (3) competition; (4) production costs; and (5) prestige of the newspaper itself.

As between advertisers, the line rate quoted by most newspapers will vary according to: (1) whether they are general or retail advertisers; (2) if the latter, whether they are large, regular users of space; (3) the position of the advertising; (4) the kind or classification of the advertising; (5) whether color is used; and (6) the kind and amount of advertising or merchandising service given.

**Bulk Circulation.** Other things being equal, the newspaper with the largest circulation generally gets the highest rate for its advertising. A newspaper with 100,000 circulation is obviously a far better advertising medium ordinarily than one with 25,000 circulation because it reaches four times as many potential customers of the advertiser. But even if the quality of the two circulations is the same, which is rare, the advertising rate of the larger paper is not in direct proportion to its circulation. That is to say, as the volume of circulation increases, the line rate rises also but not in direct proportion, for otherwise the rates for publications with extremely large circulations would be prohibitive.

Because of this rate differential in favor of bulk circulations, it is sometimes definitely to the advantage of advertisers to con-

concentrate their messages in a few large newspapers rather than to spread their advertising in many small newspapers with a combined equal circulation. To illustrate, two great metropolitan newspapers have a combined circulation of about 2,200,000. The open line rate of the one is \$1.65 and that of the other is \$1.40, or a total of \$3.05. Five other leading newspapers have a combined circulation approximately equal to that of the two and with a combined open line rate of \$4.49. In other words, to reach 2,200,000 newspaper buyers through the two newspapers costs approximately 50 per cent less than to get the attention of an equal number of prospective customers through the five newspapers cited.

**Quality Circulation.** The quality of circulation is frequently much more important to the advertiser than the volume of circulation. This is particularly true if the advertiser handles only quality merchandise or if he is dependent upon a small, select clientele of relatively high purchasing power. The circulations of some large newspapers are spread over such expanses of territory as to make them of doubtful value to the retail or local advertiser. Other factors are involved, of course, and it is unwise to generalize too far. Most retail advertisers, however, prefer concentrated circulation of proved quality to bulk circulation with slower and less certain returns. With the general advertiser, the situation may be different, and extensive coverage may be distinctly to his advantage.

To illustrate again, newspapers like the *New York Times*, the *New York Herald Tribune*, and the *Christian Science Monitor* appeal to the cream of the newspaper reading public from the standpoint of intelligence and potential purchasing power. As a result, the returns to their advertisers are frequently higher than from competitors with larger circulations. This will depend, of course, to some extent upon what is advertised as well as upon other factors. But in consequence of this reader confidence and their proved value to the advertiser, such newspapers are in a position to enjoy somewhat higher rates than some of their competitors. The *Christian Science Monitor*, for example, has an open rate of 80 cents a line for all editions, based on a circulation of 126,000. By contrast, another Boston newspaper with 361,000 circulation has a flat rate of only 60 cents a line. Much of the circulation of the *Monitor*, of course, is outside of Boston, but the fact remains that it is preferred or quality circulation and



for this reason the *Monitor* is in a position to charge more for its space.

**Competition.** How much competition a newspaper has from other newspapers and to some extent from other media is also a factor in determining rates. In recent years an increasing number of newspapers in smaller cities have achieved a monopoly as far as local competition is concerned. This has been brought about by purchases, mergers, and the elimination of weaker papers. In some instances two dailies remain, but they are under joint ownership. It might be supposed that where a newspaper enjoys such a monopoly, it is in a position to fix highly favorable rates. This is true to some extent and such newspapers have an advantage just as any monopoly is apt to. But they must be on their guard against pressing their advantage lest their steady advertisers find the rates irksome or the field looks so inviting as to attract the attention of possible competitors.

Where local newspapers are jointly owned or managed, it is a common practice to offer the advertiser what are known as combination rates, which are lower than the sum of the individual rates of the two papers. This is also done with daily and Sunday papers similarly operated. This encourages the use of more advertising space. It has the advantage of economy for the advertiser and more revenue for the newspaper.

In cities where there is newspaper competition without the likelihood of a merger, the existence of the other paper or other papers is always a deterrent to widely different rates. One newspaper cannot afford to have its rates so high that, regardless of its claims to preference as an advertising medium, advertisers are compelled in self-defense to use a less effective competing medium. If such competitors are anywhere nearly equal in their net paid circulation, their rates are apt to approximate each other. Further, unless it makes an appreciable gain in circulation or can demonstrate some other distinct advantage, one newspaper cannot arbitrarily raise its rates without the possibility of losing accounts to its rival or rivals. Rate adjustments are sometimes made by mutual agreement among the newspapers concerned. Where it is possible, such a procedure is to their mutual benefit.

**Production Costs.**<sup>1</sup> These are perhaps the most variable factors involved in determining rates. So many elements enter into the costs of production that it is difficult to catalogue them.

<sup>1</sup> Cf. *infra*, pp. 301ff.

In this respect newspapers are somewhat like individuals in that one seems to thrive on a modest budget, lays something aside for a rainy day, always meets his financial obligations, and, without making a splurge, seems to be able to afford everything necessary to a comfortable living. On the other hand, his neighbor with a comparable income and similar obligations has difficulty in making ends meet, he does not always buy wisely or well and, generally speaking, leads a sort of hand-to-mouth existence.

So with newspapers. Even through the depression which began in 1929, some publications had the foresight to trim their sails before the economic storm struck in all its fury. In the years that followed they had to retrench, of course, but they continued to show a profit. On the whole, as has been pointed out, newspapers generally made a good showing by contrast with other kinds of enterprise during this period of stress.

Regardless of external conditions, the production costs of newspapers will vary greatly. One is housed in a costly plant in an expensive location, while its immediate competitor is content with a more modest layout in a cheaper location. Besides the initial outlay this involves such important factors as return on the investment, maintenance and depreciation, and realty taxes and assessments. Of two competing newspapers of comparable size, one may have an efficient plant well operated while its rival suffers from an inefficient layout and from poor management. One newspaper may have a circulation which calls for long hauls and a large outlay for transportation, including both equipment and manpower. Its rival, on the other hand, may enjoy the advantage of a concentrated circulation which it can handle at much less expense with a consequently larger margin of profit.

It is fundamental, therefore, that in determining their advertising rates and in fixing their copy prices, newspapers should do so on the basis of exact cost finding. It is at this point that newspaper management frequently breaks down, and publishers proceed more or less by rule of thumb. To arrive at the proper rates to charge, the publisher should first determine his average costs over a period of reasonable length and build thereon in terms of circulation and the factors discussed above. These costs should include the following: labor, based on a careful study of the expense and production in each department, especially the mechanical; materials; new equipment; overhead,

including maintenance, depreciation, taxes and assessments, dividends on preferred stock, interest on and retirement of notes or bonds, if any, and interest on investment. To this should be added a reasonable profit commensurate with the business done, the risks taken, and the services rendered. Because of the business hazards involved in newspaper publishing, it has been held that 16 per cent constitutes a reasonable profit.

**Prestige.** Among the nearly 2000 dailies published in the United States are a number which are conspicuous for their editorial excellence, for news enterprise, for public service, or for the high returns they yield to the advertiser. The resultant prestige which they enjoy is reflected in reader confidence. This is an intangible quality which takes time to cultivate but which, once attained, the newspaper must hold and seek to improve. This prestige is made up largely of confidence in the medium on the part of both readers and advertisers. It is reflected to some extent in good will and is one of the most valuable assets a newspaper can have. A newspaper which has proved its superiority over the years to the definite satisfaction of both readers and advertisers is in a highly enviable position which should be reflected to some extent in its rate card.

#### ADVERTISING DIFFERENTIALS

**General vs. Retail Advertising.** Almost without exception, newspapers maintain a sharp rate differential between the general or national advertiser and the retail or local advertiser. There are a number of reasons for this practice, chief of which is the fact that the newspaper pays commissions to its representative who solicits the business as well as to the advertising agency, representing the advertiser, which buys the space. The mechanics of this arrangement will be examined in more detail but it suffices here to say that as a rule the differential is not much more than enough to offset the commissions involved.

There is considerable debate as to the soundness of this practice. General advertisers are exerting increasing pressure upon the newspapers in an effort either to bring about the adoption of a basic open rate applicable to all advertisers or at least to lessen the gap between the two rates. They argue in substance that there is no valid reason why they should pay a

higher rate than the retail advertiser and that the present general practice is unwarranted discrimination.<sup>1</sup>

The situation has been complicated by the fact that an increasing volume of general advertising has been placed in recent years through local outlets. These may be owned or operated by the manufacturer who is also the general advertiser. They may have a working or even a contractual arrangement with him, and in many instances it is no doubt true as newspaper publishers and advertising managers assert that sharp practice occurs which amounts to downright rate evasion at the expense of the newspaper. This comes about through the placing of general advertising through retail advertisers, thus getting the benefit of the local or retail rate. The situation is further aggravated by the fact that general advertisers who refrain from or who are not in a position to effect such rate evasions find themselves at a disadvantage with more fortunate or less scrupulous competitors and at the same time are unable to obtain any appreciable concessions from the newspapers to offset this.

It would be rather difficult to show just what the differential is in dollars and cents between the general and the retail rate. Most newspaper advertising rates that are given in such media as *Standard Rate & Data Service*, the *Editor & Publisher Yearbook*, and the *Ayer Newspaper Directory* are open or general rates. Even where retail advertising rate cards are available so many factors enter into the advertising contract that it is hazardous to generalize about the rates. But in most cases it is probable that the general or open rate is at least 40 per cent higher than the retail open rate.

At least two major suggestions have been made to solve this difficult and irritating problem. One is to equalize or adjust rates so as to eliminate or minimize the gap between them. The other is to set up special classifications. These may vary somewhat in form but each has its special advocates. The existing system, of course, still has its defenders.

**Rate Equalization.** What amounts to an equalization of general and retail rates has been worked out by individual newspapers in different ways. This may take the form of reducing the general rate to the level of the retail rate plus the agency commission, or of abolishing the local rate on some classifications.

<sup>1</sup> Cf. *Editor & Publisher*, Oct. 17, 1936, p. 11.

Perhaps the most conspicuous convert to rate equalization was the St. Louis *Post-Dispatch* which abolished the differentials between retail and general advertising except for the amount of the agency commission, thereby enabling agencies "to buy display advertising, whether general, automotive, or financial, in the *Post-Dispatch* on the same net basis as retail advertisers."<sup>1</sup> The change involved an increase of 1 cent a line on all local advertising in the weekday issues and reductions ranging as high as 6½ cents on general advertising where a sliding scale replaced the old flat rate. Sunday rates were lowered on both sides.

In commenting on the change, George M. Burbach, advertising manager of the *Post-Dispatch* was quoted as saying:<sup>2</sup> "We are making no apology for past rate cards. We felt that rate differentials previously in force could be justified by good arguments. Under present conditions, however, we feel that there is no more reason to charge the national advertiser one rate and the local advertiser another rate, than there would be to sell apples from one side of a cart at one price and from the other side to buyers at a different price."

A comparison of the new rates of the *Post-Dispatch* follows:<sup>3</sup>

	Retail, cents	General, cents
Open.....	42	45
1,000 lines.....	40	
2,000 lines.....	38	44
5,000 lines.....	36	42
10,000 lines.....	35	41
25,000 lines.....	33	39
50,000 lines.....	32	38
75,000 lines.....	31½	37
100,000 lines.....	31	36½

This move by the *Post-Dispatch* attracted wide attention. Locally, the *Globe-Democrat* followed suit with reductions applying to contracts but with no change in its retail rates while certain special classifications remained on a flat basis but at the new

<sup>1</sup> Cf. *ibid.*, May 30, 1936, p. 6.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

reduced rate.<sup>1</sup> The *Star-Times* pointed out that it had narrowed the gap between retail and general rates in 1932. The *Kansas City Star* congratulated the *Post-Dispatch* in promotion advertising but called attention in good humor to the fact that "the *Kansas City Star* has been good in the matter of local-national rate differentials for half a century, whereas the reform of the *Post-Dispatch* dates back a month."<sup>2</sup>

Elsewhere, the *Post-Dispatch* move was commended by agency men and by large general advertisers. Other publishers were bombarded with pleas and arguments to do likewise. David Stern, the New York-Philadelphia-Camden publisher, was one of these. In reply, he cited the low milline rates of his papers and contended that milline rates rather than differentials were the important thing.<sup>3</sup> He pointed out that his New York *Evening Post* sold space on the guaranteed basis of 205,000 circulation at 30 cents a line, making a milline rate of \$1.46 which, with the lone exception of the *Philadelphia Bulletin*, he emphasized, "is the lowest milline rate of any standard-size evening paper in the United States." Similarly, his *Philadelphia Record* brought 45 cents a line or a milline rate of \$1.50 on the basis of 300,000 circulation which with the exception of the *Chicago Tribune*, he commented, "is the lowest milline rate of any standard-size morning paper in the United States." He pointed out further that no newspaper in the United States guaranteed a lower milline rate than his two and that there were 30 United States dailies with a milline rate lower than that of the *Post-Dispatch* whose scale, he added, gave rate decreases to all advertisers using 5000 lines or more a year with increases for all advertisers using less than 5000 lines. The *Post-Dispatch* declined to comment on this.

The Wilkes-Barre *Times-Leader* and the Wilkes-Barre *Record* abolished rate differentials between retail and national advertising on automotive, electrical, and financial advertising "as well as advertising coming from all types of local distributors of nationally advertised products."<sup>4</sup> This involved no change in rates but a discontinuance of local rates on specified types of

<sup>1</sup> Cf. *ibid.*, June 6, 1936, p. 13.

<sup>2</sup> Cf. *ibid.*, July 18, 1936, p. 17.

<sup>3</sup> Cf. *ibid.*, Aug. 22, 1936, p. 6.

<sup>4</sup> Cf. *ibid.*, June 27, 1936, p. 46.

advertising, all of which must now pay the general rate regardless of whether they are placed locally, directly, or by agencies. Commissions or discounts on these classifications are limited to recognized agencies. In varying forms this plan has been adopted by a large number of newspapers. It was also urged before the A.N.P.A. convention as affording at least a partial solution of the rate differential problem. A survey revealed that at least 120 dailies have a single rate for all automotive advertising, whether general or retail, besides clauses in their contracts with the retailer forbidding him to pass on his rate to firms from which he buys goods.<sup>1</sup> The Janesville, Wis., *Gazette* set its general rate at 6 cents a line gross, less 15 per cent agency commission and 2 per cent for cash. Its retail rates were advanced to a point where, on the average, they would meet the net national and in some cases would be higher.<sup>2</sup>

**Classifications.** A classification rate system has also been advocated as a solution of the general-retail rate question. John E. Finneran, Scripps-Howard advertising director, declared that the advertising brokerage system is costing the newspapers millions of dollars through diversion of retail rates.<sup>3</sup> This comes about, he charged, through (1) buying of space by retailers who bill the distributors at the price the retailers pay; (2) charging manufacturers more than the retail but less than the general rate; (3) the retailer paying the retail rate but charging the manufacturer the general rate, pocketing the difference himself. As a solution, he suggested that classification rates be set up for certain products such as mechanical refrigerators, radios, automobiles, gasoline, tires, etc. This would result, in effect, in retail, classification, and general rates. Actually, this is simply an extension of the policy that now prevails locally with respect to amusement, political, and other special classifications. As a further curb on diversion, it has been variously suggested that general copy placed through a retailer be limited to 20 per cent of his total space in any one day if the retail rate is to apply.

**Conflicting Viewpoints.** One point of view in this perennial controversy was brought out by John Benson, president, Ameri-

<sup>1</sup> Cf. *ibid.*

<sup>2</sup> Cf. *ibid.*, May 2, 1936, p. 6.

<sup>3</sup> Cf. *ibid.*, pp. 3, 16; also *ibid.*, Apr. 25, 1936, p. 5.

can Association of Advertising Agencies, speaking before the Inland Daily Press Association.<sup>1</sup> He said, in part:

What do we agencies expect the publisher to do? We expect no miracles to happen. But we do expect of the publisher a new policy in his rate making, a trend away from widening differentials and more regard for the welfare of national advertising. We think he should treat his customers alike and give them all a fairly equal chance to win.

We expect him to abandon the idea of looking to the national advertiser to recoup losses in the retail field. We expect him to protect the advertising agency as the developer of business for him, have firm rates and stick to them. We believe he should earn and hold the confidence of his local contemporary, so that they can cooperate.

Similarly, Walter A. Burke, Pacific Coast regional executive of the A.A.A.A., declared at a meeting of the Northern California Newspaper Advertising Managers' Association that the existing system of differentials had brought about an unbalanced rate structure that resulted in discrimination, placed an unnatural burden on the advertising of one group, reduced the advertising effect of the space used, encouraged the extension of special allowances in other directions, and cheapened the value of newspaper space in the eyes of retailers because offered so cheaply.<sup>2</sup> He also warned that newspapers would have to look to some other source of revenue if the current trend resulting from widening retail-general rate differentials continued.<sup>3</sup>

Remarks of Irl W. Brown, of the Texas Daily Press League, before the Texas Press Association convention, represent the opposite viewpoint.<sup>4</sup> He argued that the general advertiser was not justified in claiming the same rate as the local advertiser when the former does nothing, he said, to build up local interests, pay local taxes, contribute toward meeting local payrolls, or create local values. As against this the local advertiser continually helps to promote local interests. The Texas publishers were also cautioned that "if you cut your national rate your local rate has got to come up, and your local advertisers can not afford to

<sup>1</sup> Cf. *ibid.*, June 6, 1936, p. 9.

<sup>2</sup> Cf. *ibid.*, p. 34.

<sup>3</sup> Cf. *ibid.*, Apr. 4, 1936, p. 36.

<sup>4</sup> Cf. *ibid.*, June 20, 1936, p. 12.



pay the rate based upon a large circulation, much of which lies outside the local trade territory."<sup>1</sup>

**Large vs. Small Advertiser.** Another common practice among newspapers is to give the steady retail advertiser who is a large and consistent user of space the benefit of a preferential rate. This is usually based upon what is known as the sliding scale. The theory behind this is that a large customer is always a preferred customer. Since he is regular in his use of space, the sales and other overhead expense incident to handling his account is less than on small individual accounts each of which calls for sales effort and expense. Such a policy encourages the use of more space. While this is the general practice, it should be noted that it applies only to retail or local advertising. A few newspapers, however, believe in a flat scale as being fairest to all advertisers, easiest to administer, and simplest to apply. Within limits the Robinson-Patman Act, described in the following chapter, represents an attempt to end some discriminatory practices by legislation.

To illustrate the sliding scale, a large newspaper has a weekday open rate of 90 cents a line. An advertiser signing a contract to use 5000 lines a year is entitled to a discount of 1 per cent. For 10,000 lines the discount is 2 per cent, for 15,000 it is 3 per cent, and for 25,000 it is 4 per cent. Above this figure the discount increases as follows:

Contract, Lines	Discount, Per Cent
30,000	5
40,000	6
50,000	7
75,000	8
100,000	12

Thus by applying the discount at 100,000 lines, the 90-cent rate becomes 79.2 cents. Similar discounts are given for space in the Sunday paper for which the rates are frequently higher than for the daily because of a considerably larger circulation. In lieu of the space discounts just described, what are known as time discounts may also be given. These are, in effect, a premium or concession for regularity of advertising. An advertiser is not ordinarily eligible for both space and time discounts simul-

<sup>1</sup> Quoted, *ibid.* Cf. also report of J. S. Gray, *Editor & Publisher*, Oct. 17, 1936, p. 52.

taneously. In addition to these, it has been the practice of some newspapers during the depression to offer "temporary" or "interim" discounts as a further incentive to both volume and regularity on the part of the advertiser. All of these devices, as a matter of fact, are inducements to the advertiser to use more space and to use it regularly. In these ways, the newspaper endeavors to encourage the use of advertising space and, to some extent, to minimize the seasonal fluctuations that occur in advertising.

**Position Advertising.** Many variations in rates come about through the position or location occupied in the paper by the advertising. The larger the newspaper the more detailed and complicated are its position rates. The smaller the paper the fewer are its rules apt to be in this respect. Advertising which is placed anywhere in the paper without special consideration as to location is said to be "R.O.P.," *i.e.*, run-of-the-paper advertising. Unless it qualifies for space or time discounts, such advertising is paid for at the paper's open rate. An advertisement has "full position" when it is next to editorial or other reading matter on two sides, and "half position" when there is reading matter on one side. "Island" advertisements, now rarely seen except in small newspapers, are those entirely surrounded by reading matter.

Since the object of all advertising is primarily to attract the attention of the reader, many advertisers seek to make certain that even the casual reader will see their advertising message by specifying preferred locations in the paper. For this preferred treatment the newspaper properly charges extra. These locations may be on a given page or in a given department or section of the paper or in a special position on a page. For advertisements of less than a page, the easiest way to attract the attention of the reader is to place the advertising at the top of a column or next to reading matter, or both. It may also be next to or following reading matter, or the reverse. In this connection it is a common practice to require such advertising to be at least a certain size. For example, one metropolitan paper fixes 14 lines as the minimum space acceptable for a designated page, and 28 lines as the minimum for a designated position. Further, it gives no discounts on position rates which are in addition to the regular rates.

Most large newspapers in the United States no longer accept first-page display advertising. There are a few exceptions, however, such as the *Wall St. Journal* and the *Boston Transcript*. First-page advertisements of a few lines, known as "readers" or "liners," are still accepted by even such papers as the *New York Times*. These also call for a higher rate. Other pages in the paper which call for such advertising surcharges usually include first and last section pages, the more important inside news pages such as pages two and three, the page opposite the editorial page, and departmental pages or sections such as sports, amusements, markets, financial, women's, and society.

One metropolitan paper has an open rate of 68 cents a line. Its position charges, per line extra, are as follows:

Position	R.O.P.	Top of column	Top and next	Next or following	Following and next
Designated position.....		\$ .38	\$ .48	\$0.38	\$0.48
Page 2 or 3 (ordered).....	\$0.86	1.46	1.81	1.21	1.36
Page 2 or 3 (publisher's option).....	0.78	1.38	1.73	1.13	1.28
Pages 4, 5, 6, or 7 (publisher's option).....	0.43	0.78	0.88	0.78	0.88
Pages 8, 9, 10, or 11 (publisher's option).....	0.15	0.55	0.70	0.55	0.70
Pages 12, 13, 14, or 15 (publisher's option).....	0.10	0.50	0.60	0.50	0.60
Sporting page.....	0.13	*	*	0.53	0.63
Opposite editorial page.....	0.23	0.63	0.73	0.63	0.73
Amusement page.....	0.23	*	*	0.63	0.73
Woman's page.....	0.23	*	*	0.63	0.73
Society pages.....	0.13	0.53	0.63	0.53	0.63

\* Not sold.

Many papers, particularly smaller ones, add a fixed percentage to the open rate as a surcharge for position advertising. The rate card of one, chosen at random, reads, "preferred position—35%." Another, somewhat larger, adds surcharges as follows: next to reading, 15 per cent additional; following and next to reading, 25 per cent extra; pages two or three, 25 per cent; sports, social, or back page, 25 per cent. Still another, apparently with limited facilities or space, advertises: "Position not guaranteed

but placed following or next to reading matter when possible." The Cleveland *Plain Dealer* charges 25 per cent extra for next-to-reading position and 50 per cent extra for first-following-and-next-to-reading.

**Classification.** Most large newspapers vary their rates to some extent according to the kind of display advertising carried. In some cases these display classifications are few, and in others the lists are rather long. Generally speaking, amusements, including sporting events, and financial and political advertising pay higher rates, while a few, such as for bona fide charitable agencies and schools, are charged at somewhat less than the open rate. The higher rate is charged partly on the theory of what "the traffic will bear" and in the case of amusement and automotive advertising because of the practice of running free publicity matter with it. Lower rates may be accepted for some classifications either because the advertisers are presumably less able to pay the regular rate or as a matter of inducement.

**Color.**<sup>1</sup> A growing number of American newspapers have installed facilities for color printing. As an additional effective means of attracting reader attention, these newspapers offer the advertiser the option of one or more colors besides black. As a rule the use of color is limited to full page or other large advertisements. Surveys are cited to show that color advertising outpulls black and white advertising of similar size and character by 53 per cent. The claim is therefore made that since the surcharge for color is only 15 to 30 per cent, depending upon position and other factors, the use of color gives a "readership bonus" of from 23 to 38 per cent. Such advertising is ordinarily confined to the largest advertisers, but many small newspapers are now equipped to provide color for advertising. The extra charge is justified, of course, by the fact that each additional color calls for separate plates and special inking.

**Special Service.** Most newspapers render every possible service to the advertiser and cooperate with him fully. Necessarily there is a limit, however, to how far the newspaper can go in such matters, both in fairness to other advertisers and in justice to itself. For example, if a newspaper not only assists an advertiser to plan his campaign but through its art staff supplies him with drawings and has special cuts made, such service may prop-

<sup>1</sup> Cf. *infra*, p. 394.

erly be regarded as extra and an additional charge for it is entirely in order.

### RATE YARDSTICKS

So many elements enter into the fixing of newspaper advertising rates that it is necessary to have some means of comparing the rates of publications whether they are direct competitors or not. A number of formulae have been devised to this end, but none of them is entirely satisfactory. As in other lines, "figures can lie and liars can figure" and each publication is naturally interested in interpreting its rate and circulation to its own best advantage. The yardsticks in use are the milline, the truline, the purline, and the mil-unit.

**The Milline.** This is the advertising rate of any publication in terms of 1,000,000 circulation. It is equally applicable to magazines and to a limited extent to the radio. It makes possible a comparison of two media whether they are alike or diverse. It yields a ready answer, but the difficulty is that the answer is frequently too simple and does not take into account all of the factors involved. The milline is obtained by dividing the circulation of each publication concerned into 1,000,000 and multiplying the line rate by the resulting quotient. It can be expressed as follows:

$$\text{Line rate} : X \text{ (milline rate)} :: \text{circulation} : 1,000,000$$

or

$$\frac{1,000,000}{\text{Circulation}} \times \text{line rate} = \text{milline rate}$$

The smaller the circulation of a publication the higher will be its milline rate. Conversely, the greater the circulation of a paper, the lower will be its milline rate. To illustrate, the milline rate of a great metropolitan paper whose open rate is \$1.40 a line and whose circulation is 771,190 is \$1.82. By contrast, the milline rate of a small-town daily in the same state which has a circulation of 978 and a line rate of 4 cents is \$40.90.

**The Truline.** This is a formula widely used by papers which have highly concentrated circulations. The Scripps-Howard newspapers are perhaps its chief advocate. It is based upon what they call effective circulation, *i.e.*, it is the advertising rate in terms of that portion of the circulation which produces sure and

steady returns for the advertiser. It can be expressed as follows:

$$\frac{\text{Total circulation}}{\text{Effective circulation}} \times \text{line rate} = \text{truline rate}$$

It is evident that as the circulation of a newspaper is 100 per cent effective, its truline rate will be identical with its line rate. Conversely, the greater the proportion of a newspaper's circulation which is ineffective in producing advertising results, the higher will be the truline rate and the greater the discrepancy between it and the line rate.

**The Purline.**<sup>1</sup> Following a survey, the *Los Angeles Times* claimed that 40 per cent of the readers of a competing newspaper were on relief, and it argued in consequence that 40 cents of every dollar spent for advertising space in that paper was wasted on nonbuying families. This was not literally true, of course, but unquestionably their value as potential customers was low. Under depression conditions, the *Times* contended that "the famed Milline and other evaluations based on total circulation help little in determining the *true costs* of advertising today. What is needed is a measure of *the cost of reaching those families with money to spend.*" It found its answer in the purline, the formula for which is:

$$\frac{\text{Line rate} \times \$1,000,000,000}{\text{Purchasing power of readers}} = \text{purline}$$

Applying this formula to recent data compiled in Los Angeles, the *Times* found the purline rates of the five Los Angeles papers to be as follows: *Times*, 65 cents; Paper *B*, \$1.89; Paper *C*, \$1.37; Paper *D*, \$1.30; and Paper *E*, \$1.87. Whether the use of this formula will spread remains to be seen.

**The Mil-unit Plan.** As a means of checking newspaper *versus* magazine advertising costs, Frank R. Elliott, of Indiana University, devised a novel scheme.<sup>2</sup> He found that the average space used by 66 large national advertisers in nine leading magazines in 1933-1934 was a full page, that the average circulation of these publications was 1,348,324, and that their average rate for a black and white page was \$3744.44. Stated another way, it cost an average of \$2799.35 per magazine to reach

<sup>1</sup> Cf. advertisement in *Time*, Oct. 14, 1935, p. 43.

<sup>2</sup> Cf. *Editor & Publisher*, Jan. 12, 1935, p. 9.

1,000,000 readers. Similarly, Elliott found that the average space used by the same advertisers during the same period in the *New York Times*, the *Chicago Tribune*, the *St. Louis Post-Dispatch*, and the *Indianapolis News* was 106 inches. Further, the average circulation of these papers was 394,885, the average cost of their advertising space \$8.035 per column inch or \$851.71 for the average space-unit of 106 inches, making a total of \$2156.85 to reach 1,000,000 readers. The comparison follows:

Space unit cost in magazines studied per million readers.....	\$2799.35
Space unit cost in newspapers studied per million readers.....	2156.85
Difference in favor of newspapers.....	\$ 642.50
Percentage.....	(29.7)

From all of the foregoing discussion it is evident that the matter of newspaper rates is extremely complicated. It should be equally plain that conditions vary so greatly that any standardization of rates is quite out of the question. The problems involved, however, make it all the more necessary that each newspaper publisher or newspaper manager should know his business thoroughly. Three newspapers, for example, have respective circulations of 4982, 5753, and 10,301, yet all three have the same line rate of 4 cents.<sup>1</sup> Even allowing for differences in the quality of the three circulations, it is difficult to explain why the advertising rates should be identical except on the basis of slipshod methods or haphazard policies. It is a fair guess that the rate is too high in the cases of the two smaller papers or too low in the case of the largest. The chances seem in favor of the latter.

The larger newspapers for the most part have the rate situation fairly well in hand. They watch their costs. They have the benefit of accurate accounting and sound methods. There remains considerable room for improvement, however, on the part of many of the smaller papers.

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## CHAPTER XII

### TRUTH IN ADVERTISING

Experience shows that some degree of advertising control is both desirable and necessary in newspaper management. These restrictions are generally known as advertising censorship. Such regulation may be internal, *i.e.*, imposed voluntarily by the newspaper itself; or it may be external, as where it comes from a group or is required by law. External control of advertising may be voluntary or involuntary depending upon the source of the regulation.

The details of advertising censorship vary greatly with individual newspapers but all newspapers are subject to some form of advertising regulation. The postal rules and regulations and certain other federal laws, for example, affect all newspapers. Most states also have laws which likewise fix limitations upon the publishing of advertising. With all due respect to formal law, it may be said, however, that the most effective censorship of advertising is that which is set up and enforced by the newspapers themselves. This regulation has been adopted as a protection alike to readers, advertisers, and the newspapers.

Advertising censorship is commonly thought of as applying to the contents of advertising. This is perhaps the more important aspect of regulation but another phase has to do with the appearance or the physical characteristics of advertising. This latter, imposed by the newspapers themselves, has to do chiefly with the kind and size of type, the blackness of illustrations used, and the borders and other typographical devices called for in the copy.

Some newspapers such as the *New York Times*, the *Chicago Tribune*, and the *Christian Science Monitor*, to name only three, have adopted strict regulations governing advertising copy. The strictness of such regulations generally depends upon the enlightenment of the publisher and the conscience of the newspaper.<sup>1</sup>

<sup>1</sup> The Hackensack, N. J., *Bergen Evening Record* lost two advertisers because it declined to follow policies they believed vital to their interests. A liquor firm withdrew its account when the publisher would not be respon-

The great majority of newspapers, however, have long since recognized the need for and the value of some kind of self-regulation with respect to advertising. In some cases this is expressed in detailed and intricate rules enforced and applied by the individual newspaper. In other cases only general principles are laid down and their application in specific cases is left to the discretion of responsible executives.

Some newspapers maintain an advertising censorship department. Besides statutory regulation and individual censorship, the publishers in some cities have found it wise to agree upon a collective policy. In quite a number of cities such as New York, Cleveland, and Los Angeles, there is very close cooperation between the newspapers and the local Better Business Bureau in regulating advertising copy. If the Bureau in such a city enters a complaint against certain advertising, it is the practice for the newspapers to refuse to accept further copy from the advertiser cited until he has made his peace with the Bureau.

The chief aim of advertising censorship is to protect the public. The purpose of such regulation, therefore, is to eliminate misleading, inaccurate, and fraudulent advertising. The criteria of the acceptability of advertising are honesty, common sense, good taste, the responsibility of the advertiser, and the legitimacy and morality of the copy. Objectionable copy might come from almost any source due to excessive zeal or downright design on the part of the advertiser, but it is most likely to be found in patent medicine and other medical advertising, financial advertising, and certain kinds of low grade or doubtful retail advertising. Each of the foregoing will be considered in some detail.

### FEDERAL REGULATION

There has been a growing sentiment in recent years for the federal government to take a larger hand in the regulation of all kinds of advertising. The Postal Regulations have long forbidden the publication of advertisements of lotteries and games of chance. Reproductions of postage or revenue stamps, cur-

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sible for censoring the copy of local retail liquor dealers, while a gasoline company did likewise because it objected to editorial advocacy of a 5-cent gasoline tax. The publisher declined to go beyond the elimination of fraud and libel. *Cf. Editor & Publisher*, Dec. 21, 1935, p. 30.

rency, and coins are likewise forbidden.<sup>1</sup> But this touches only part of the problem and even then the enforcement varies with individual postmasters and different postal administrations. For a time some dependence was put upon the Federal Trade Commission which has authority to issue "cease and desist" orders. The Commission proceeded to take such action against advertisers which it found guilty of deceptive practices. But the U. S. Supreme Court held in the *Raladam* case that the Commission had no authority to regulate morals or to intervene merely on the theory of protecting the consumer, and it limited the Commission's jurisdiction to acts which constituted actually unfair competition.<sup>2</sup>

Steps have been taken to strengthen the hands of the Commission in this respect. The Wheeler-Rayburn bill was introduced in the second session of the 74th Congress to give the Commission power to proceed against "unfair or deceptive acts and practices in commerce." This would include advertising. Speaking before the senate committee on interstate commerce, Elisha Hanson, general counsel for the A.N.P.A., expressed objections to the bill. The measure failed to pass.<sup>3</sup>

Another form of abuse attacked in legislation introduced in the same session of Congress was that known as advertising allowances whereby manufacturers make large allowances to customers for advertising purposes. The evil of this practice was that it amounted to a discriminatory rebate which was enjoyed by those strong enough to exact it, and, from the standpoint of the newspaper, it constituted a diversion of advertising which contributed to the loss of general advertising. The Robinson-Patman Law was drawn to put an end to such discriminatory advertising allowances and other similar concessions to large purchasers.

Under the terms of the measure as passed, if advertising allowances are granted they must be granted to all customers on proportionately equal terms and an accounting must be made of such allowances. Further, any such allowances must be expended to advertise the products of the firm making the grant.<sup>4</sup> But the law applied to commodities, and the question was raised whether

<sup>1</sup> Cf. *infra*, pp. 369ff.

<sup>2</sup> Cf. *Editor & Publisher*, Jan. 25, 1936, p. I.

<sup>3</sup> *Ibid.*; also June 27, 1936, p. 20.

<sup>4</sup> Cf. *ibid.*; also Feb. 15, 1936, p. 10; and May 16, 1936, p. 12.

newspaper advertising is a commodity or a service. The unofficial view was that it is a service.<sup>1</sup>

**Obscenity.** The legal prohibition against the publication of obscene or vicious news clearly extends to advertising matter. This is covered not only by the Postal Regulations but by the common law and by state statutes. It has been held to apply even to a newspaper advertisement which in itself was not obscene but which advertised obscene books, photographs, or other matter and thereby led to their sale or to their being sent through the mails.

**Libel.** Similarly, the rules governing libel in news or editorial matter also apply to advertisements. Libel in advertising, however, is much more rare than that from other sources. It is most likely to occur, if at all, in personal notices or in political advertising. In such cases, the publisher is technically as liable for damages as the advertiser.

**Lotteries.** Advertisements of lotteries are illegal under both federal and state laws. They are somewhat different, however, in their application. The state regulations are aimed particularly at the publication of such matter while the federal regulations cover its transmission through the mails. There has been some agitation to get the government to take a somewhat more liberal attitude in its interpretation and enforcement of the rules and regulations governing lotteries. As matters stand, it is about as great an offense to advertise a lottery as it is actually to conduct the lottery. The prohibition extends particularly to small gift enterprises conducted by merchants and others to stimulate their business. The present policy of the Post Office Department, in the language of a resolution adopted by the California Newspaper Publishers' Association, "has resulted in strong embarrassment, a severe burden and a vast amount of inconvenience and criticism to newspapers."<sup>2</sup> This is because the advertisers wish the newspapers to publicize such enterprises and blame the newspapers rather than the government for their inability to do so. The Association formally urged that the government distinguish "between lotteries of a demoralizing influence and lotteries that are simple and innocent amusement, whereby money is raised for good and worthy purposes."

<sup>1</sup> Cf. *ibid.*, Aug. 22, 1936, p. 8.

<sup>2</sup> Cf. editorial in *Publishers' Auxiliary*, Apr. 4, 1936.

**Paid Reading Matter.** A federal statute requires that all editorial or other reading matter published in a newspaper, magazine, or other publication which is paid for must be plainly marked "Advertisement."<sup>1</sup> The purpose here again is to protect the reader as well as the honest advertiser. The penalty for violation of this law is a fine of not less than \$50 nor more than \$500.

#### STATE STATUTES

The laws of the various states affecting advertising not only duplicate the federal statutes in some respects but go well beyond them in many ways. The power of the federal government over newspapers, as a matter of fact, is largely confined to its control over the mails and over interstate commerce. In this way the states are in a position to impose local restrictions in other directions so long as they do not interfere with the constitutional guaranty of freedom of the press. The states can thus deal with matters which are outside of federal jurisdiction. While some of the state statutes regulating advertising are aimed at the advertiser rather than at the newspaper, it behooves the latter to help see that they are observed.

**Fraudulent and Misleading Advertising.** Among the most common provisions to be found in the state codes are those designed to protect the public against fraudulent and misleading advertising. These laws are directed at the advertiser rather than at the publisher unless it can be shown that the publisher was a party to the fraud or deceit. In general, they prohibit the advertisement of false statements regarding the value, price, or method of producing or manufacturing merchandise or professional work. They strike particularly at fake fire, bankrupt, sacrifice, or closing out sales.

They are illustrated by the Michigan statute (Section 16990) relating to false and deceptive advertising. It should be noted, however, that it specifically exempts the publisher or employee who innocently has a hand in the publication of such advertising. It reads as follows:

Any person, firm, corporation or association, who with intent to sell or in anywise dispose of merchandise, securities, service or anything offered by such person, firm, corporation or association, directly or

<sup>1</sup> Cf. *infra*, p. 368.

indirectly, to the public for sale or distribution, or with intent to increase the consumption thereof, or to induce the public in any manner to enter into any obligation relating thereto or any interest therein, makes, publishes, disseminates, circulates or places before the public, or causes, directly or indirectly to be made, published, disseminated, circulated or placed before the public in this state, in a newspaper or other publication or in the form of a book, notice, handbill, poster, bill, circular, pamphlet or letter, or in any other way, an advertisement of any sort regarding merchandise, securities, service or anything so offered to the public, which advertisement contains any assertion, representation or statement which is untrue, deceptive or misleading, or calculated to subject any person to disadvantage or injury through the publication of false or deceptive statements, shall be guilty of a misdemeanor and shall be liable to a fine of not more than one hundred [100] dollars for each offense or to imprisonment in the county jail for a period of not more than ninety [90] days or, in the discretion of the court, to both such fine and imprisonment: *Provided, however,* That the provisions of this act shall not apply to any owner, publisher, printer, agent or employee of a newspaper or other publication, periodical or circular, who in good faith and without knowledge of the falsity or deceptive character thereof, publishes, causes to be published, or takes part in the publication of such advertisement.

**Social Diseases and Birth Control.** A number of states have laws prohibiting advertisements of treatments and cures of venereal and other "private" diseases. Some of them hold the publisher equally liable with the advertiser for a violation of the law. Included with these and similar bans are advertisements of various treatments and drugs. The prohibition extends even to advertising oneself as a specialist in such diseases or to offer one's services therefor. Similarly, some states forbid the advertisements of any drugs, preparations, or instruments having to do with birth control or abortion or advertising where information on the subject may be obtained.

An Iowa statute (Section 13190) relating to obscene literature and articles for immoral use is fairly typical. It follows:

Whoever sells, or offers for sale, or gives away, or has in his possession with intent to sell, loan, or give away any obscene, lewd, indecent, lascivious, or filthy book, pamphlet, paper, drawing, lithograph, engraving, picture, photograph, writing, card, postal card, model, cast, or any instrument or article of indecent or immoral use, or any medicine, article, or thing designed or intended for procuring abortion or pre-

venting conception, or advertises the same for sale, or writes or prints any letter, circular, handbill, card, book, pamphlet, advertisement, or notice of any kind, giving information, directly or indirectly, when, where, how, or by what means any of the articles or things hereinbefore mentioned can be purchased, or otherwise obtained or made, shall be guilty of a misdemeanor and be fined not more than one thousand nor less than fifty dollars, or be imprisoned in the county jail not more than one year, or both.

Some states have separate statutes dealing with abortifacients. California is one of these. Section 317 of its penal code provides:

Every person who willfully writes, composes or publishes any notice or advertisement of any medicine or means for producing or facilitating a miscarriage or abortion, or for the prevention of conception, or who offers his services by any notice, advertisement, or otherwise, to assist in the accomplishment of any such purpose, is guilty of a felony.

**Divorce.** Many states have passed laws to prohibit advertising which offers to procure or to aid in procuring divorces in the state or elsewhere. Such statutes have been aimed also at the procurement of Mexican divorces whose validity has not always been above suspicion.

The New York law (Chapter 41, Section 120) on this matter reads as follows:

Whoever prints, publishes, distributes or circulates, or causes to be printed, published, distributed or circulated any circular, pamphlet, card, hand bill, or advertisement, printed paper, book, newspaper or notice of any kind offering to procure or to aid in procuring any divorce or the severance, dissolution, or annulment of any marriage, or offering to engage, appear or act as attorney or counsel in any suit for alimony or divorce or the severance, dissolution or annulment of any marriage, either in this state or elsewhere, is guilty of a misdemeanor. This section shall not apply to the printing or publishing of any notice or advertisement required or authorized by any law of this state.

**Lotteries.** The state laws are fairly uniform on this subject. That of Pennsylvania (Title 18, Section 1563) covers the selling or advertising of lottery tickets or policies. It follows:

If any person shall sell, or expose to sale, or cause to be sold or exposed to sale, or shall barter or exchange, or cause or offer to be bartered or exchanged, or shall advertise or cause to be advertised for sale, barter or exchange, any lottery ticket or share, or part thereof, or any lottery



policy or any writing, certificate, bill, token or other device purporting or intending to entitle, or represented as entitling the holder or bearer, or any other person, to any prize to be drawn in any lottery, or any part of such prize or any interest therein, or shall in any newspaper, magazine or periodical owned or controlled by him publish or cause to be published, any advertisement of any lottery ticket, share, policy, writing, certificate, bill, token or device aforesaid, or of any lottery drawing or lottery scheme, or any prospectus scheme, or other advertisement of any company, association, corporation, partnership, individual or individuals conducting, managing or controlling any lottery, or acting as agent therefor, such person shall be guilty of a misdemeanor, and, on conviction, be sentenced to an imprisonment by separate and solitary confinement at labor, not exceeding two years, and to pay a fine not exceeding one thousand dollars, or both or either, at the discretion of the court. . . .

**Political Advertisements.** As a means of dealing with corrupt practices in elections, a number of states have adopted statutes dealing with political advertisements. The purpose of such laws is to fix responsibility for such advertising and to punish its misuse. In this connection, Section 36-2432 of the Oregon code provides:

No publisher of a newspaper or other periodical shall insert, either in its advertising or reading columns, any paid matter which is designed or tends to aid, injure, or defeat any candidate or political party or organization, or measure before the people, unless it is stated therein that it is a paid advertisement, the name of the chairman or secretary, or the names of the same, or the name of some voter who is responsible therefor, with his residence and the street and number thereof, if any, appear in such advertisement in the nature of a signature. No person shall pay the owner, editor, publisher, or agent of any newspaper or other periodical to induce him to editorially advocate or oppose any candidate for nomination or election, and no such owner, editor, publisher, or agent shall accept such payment. Any person who shall violate any of the provisions of this section shall be punished as for a corrupt practice.

**Advertising Debts.** It is against the law in some cases to advertise debts. Maine has a provision to this effect (Chapter 141, Section 7). It reads as follows:

No person, firm or corporation shall publicly advertise for sale in any manner whatever, or for any purpose whatever, any list or lists of debts,

dues, accounts, demands, notes, or judgments, containing the names of any of the persons who owe the same. Any such public advertisement containing the name of but one person who owes as aforesaid, shall be construed, as a list within the meaning of this section. Any person, firm, or corporation violating any of the provisions of this section shall be liable in an action of debt to a penalty of not less than twenty-five dollars, nor more than one hundred dollars, to each and every person, severally and not jointly, whose name appears in any such list.

**Misuse of the National Flag.** Some states prohibit the use of the United States flag in advertising matter. The theory is to preserve the flag from disrespect and misuse. Such statutes do not, however, forbid the use of the flag by newspapers in other ways.

**Liquor Advertisements.** States with prohibition laws have usually forbidden newspapers to carry advertisements of notices for sale of intoxicating liquors in dry territory.

**Dental Advertising.** A number of states have laws which restrict advertising in behalf of dentists. The Ohio law (Section 1325), for example, provides among other things that the state dental board may warn, reprimand, discipline, or suspend or revoke the license of a dentist who

. . . makes use of any advertising statements of a character tending to deceive or mislead the public or . . . advertises or publishes . . . false, fraudulent or misleading statements of his superior skill or knowledge or the superior nature of his methods of treatment or practice; or advertises prices for professional service; or advertises by means of large display, glaring light sign, or sign containing as a part thereof the representation of a tooth, teeth, bridge work or any portion of the human head; or employs or makes use of advertising solicitors or publicity agents; or advertises any free dental work or free examination; or advertises to perform any dental operation painlessly; . . . All advertising by any medium whatever, including radio, must conform to the requirements of this section.

Another Ohio statute (Section 1329-1) forbids the practice of dentistry or dental surgery under the name "of any company, association, or corporation" and directs further that no person shall "advertise his name in connection with any dental office or offices unless he is himself personally present in said office. . . ."

**Insurance Advertising.** As a protection to the public, some states limit advertising which solicits insurance business to those

persons or agencies licensed by the state to engage in such business within its boundaries. The Ohio provision (Section 665) reads in part as follows: ". . . No person, firm, association, partnership, company and/or corporation shall publish or distribute, receive and print for publication or distribution any advertising matter wherein insurance business is solicited unless such advertiser has complied with the laws of this state regulating the business of insurance, and a certificate of such compliance is issued by the superintendent of insurance."

**Real Estate Advertising.** Likewise for the protection of the public and of honest brokers, various states have regulated the activities of real estate practice. The Ohio board of real estate examiners, for instance, has authority under the state law (Section 6373-42) to investigate the activities of and punish any licensee who in any transaction involving the leasing or sale of an interest in real estate is guilty of continued or flagrant misrepresentation or the making of false promises through agents or salesmen, or advertising, and it may suspend, revoke, or refuse to renew the license of any licensee who at any time has "published advertising . . . which was misleading or inaccurate in any material particular, or in any way has misrepresented any properties, terms, values, policies, or services of the business conducted. . . ."

**Physical-endurance Contests.** Public feeling against various kinds of freak physical-endurance contests in recent years has led to some legislation designed to curb them. The Ohio statute (Section 13395), passed in 1935, makes it unlawful "to maintain, operate, promote, conduct or advertise" or to aid or participate in "any marathons, marathon dances, walkathon, talkathon, skatathon or any other human physical or mental endurance contest or race of a like or similar character or nature, under any name whatsoever, continuing for a period of twelve or more hours . . ."

#### INTERNAL CENSORSHIP

The insistence of newspapers upon truth in advertising is a matter of good business as well as one of good conscience. Even if there were no such laws to protect the public, reliable newspapers would feel their responsibility in this respect. As a matter of fact, most newspapers go far beyond the requirements of the

law in setting up standards of advertising truth and dependability and in requiring the advertiser to abide by such regulations. This is done not only in the public interest but as a protection to the conscientious advertiser and to eliminate the unscrupulous advertiser.

It is a universal rule among newspapers that all advertising copy is subject to the publisher's approval. For a newspaper to follow any other policy would open its columns to all kinds of abuses. The determination of what is objectionable advertising is therefore largely in the hands of the newspaper itself. In most cases this simmers down (1) to the responsibility of the advertiser, the validity of his advertisement, and whether he can and will make good on the offers or proposals contained in his advertising, and (2) as to whether the advertising is in good taste. On these simple and fundamental bases a newspaper can readily deal with questionable financial, insurance, and medical advertising, for example, or exclude that which would offend the ordinary standards of decency, morals, and good taste. Newspapers are particularly alert to detect and weed out fraudulent and misleading advertising.<sup>1</sup> This is done not only as a matter of simple honesty but because if the public is victimized by one such advertiser its confidence is likely to be shaken in all forms of advertising.

The New York *Times* and the New York *News* are two examples of newspapers which maintain advertising censorship departments. Before insertion in those newspapers, each advertisement is read by employees who by long training and experience know their rules and regulations and watch for questionable statements. The *Times* further makes continual investigations to determine the accuracy of statements in advertisements. In this connection it consults frequently with the New York Better Business Bureau. The *Times* likewise refers all questionable medical advertising to its own medical department, to the county medical society, to the Academy of Medicine, to the city health

<sup>1</sup> The Chicago *Tribune* brought suit on behalf of two sisters against a millinery store proprietor who advertised for expert help for the week before Easter, promising to pay \$7 a day. Instead he gave the sisters \$15 each for five days' work. The paper sued to protect the integrity of its want-ad columns and on the ground that his published offer amounted to a contract to pay the amount specified. Cf. *Editor & Publisher*, May 16, 1936, p. 24.

authorities, and to others. With financial advertisers, the *Times* generally requires that a detailed confidential questionnaire be filled out besides a commercial agency report on the prospective advertiser. The *Times* not only has its own Advertising Index Expurgatorius but has regulations covering individual classifications. In the course of enforcing the regulations, the *Times*, like other conscientious newspapers, annually rejects advertising contracts running into large figures.

Under the terms of its Index Expurgatorius, the *Times* will not accept advertising which falls under the following classifications:

1. Fraudulent or doubtful advertisements.
2. Offers of something of value for nothing; advertisements that make false, unwarranted or exaggerated claims.
3. Advertisements that are ambiguous in wording and which may mislead.
4. Attacks of a personal character; advertisements that make uncalled for reflections on competitors or their goods.
5. Advertisements holding out the prospect of large guaranteed dividends or excessive profits.
6. Bucket shops and offerings of undesirable financial firms.
7. Advertisements that are indecent, vulgar, suggestive, repulsive or offensive.
8. Matrimonial offers.
9. Objectionable medical advertising of products containing habit-forming or dangerous drugs; offers of free medical treatment, advertising that makes remedial, relief or curative claims (either directly or by inference), not justified by the facts or common experience.
10. Offers of homework.
11. Advertisements which request money for samples or articles.
12. Mailing lists offered for sale.
13. Advertisements of depilatories or other methods of removing superfluous hair, of hair dyes; and preparations to "grow new hair."
14. Advertisements of fortune telling, dream interpretations, individual horoscopes and nativity writings.
15. Any other advertising that may cause money loss to the reader, or injury in health or morals, or loss of confidence in reputable advertising and honorable business, or which is regarded by The New York Times as unworthy.

The New York *Sun* bases its acceptance of advertising upon its conformity to regulations which are similar to those of the *Times*

in principle but differ from them somewhat in detail. The *Sun* "will not knowingly publish":

1. Advertisements that are not in harmony with the tone and character of The Sun.
2. Fraudulent, misleading or doubtful advertisements.
3. Objectionable financial advertising.
  - a. Offerings by firms not rated or reputed to be sound and reliable.
  - b. Offerings of securities with unusually or unreasonably large guaranteed dividends or other excessively large financial returns.
  - c. Offerings of speculative financial securities offered to the public as investments.
4. Advertisements attacking personal character or reflecting unwarranted discredit on competing products or services.
5. Advertisements of clairvoyants, fortune tellers or readings of numerology.
6. Advertisements of matrimonial agencies or massage parlors.
7. Objectionable medical advertising.
  - a. Guaranteed cures or announcements claiming remedy and relief, directly or indirectly, not justified by facts or experience.
  - b. Offerings of free medical treatment.
  - c. Products containing drugs that might endanger life or health, or that are habit-forming.
  - d. Medications for the purpose of flesh reducing.
  - e. All methods for face lifting or for the permanent removal of superfluous hair.
8. Indecent or vulgar advertisements, offensive either in direct presentation or by suggestion in text or in illustration.
9. Announcements of contests not officially approved by the United States Post Office Department.

As against the rather detailed regulations enforced by the *Times* and the *Sun*, some newspapers simply lay down general policies and judge advertising contracts and advertising copy on their individual merits from the standpoint of censorship. An advertising executive of one important newspaper reported that "even though we are carrying over 20,000 different advertising accounts on our books, our censorship is pretty much individualized and we have comparatively few blanket rulings." Another explained: "We have purposely refrained from printing

rules for censorship—we prefer to treat each piece of retail copy submitted separately. It has been our experience that clever copy-writers can find ways of getting around any rules laid down for censorship, and because we cannot anticipate what these copy-writers might send in, we prefer to have one general rule and then watch the copy.”

**Competitive Copy.** Among the more common restrictions placed upon advertisers by newspapers are those limiting superlative claims made for merchandise or services or which in any way make invidious comparisons with or cast reflections upon business competitors. The usual procedure in such cases is to request the advertiser to revise his copy to conform with the requirements of the newspaper in such matters, or to reject the copy entirely.<sup>1</sup> One New York newspaper, for example, insists that advertisers in the retail field confine their statements to their own stores and avoid comparisons with other advertisements.

The Fair Play Standards recommended to advertisers by the New York Better Business Bureau are prefaced by the observation that it is self-evident that “advertising which is fair to the public, fair to the media which convey the advertising message, and fair to the property interest which all business has in the goodwill of the buying public, should be based on these fundamentals:

That all statements and accompanying illustrations be accurate and truthful in fact and in the impression they create.

That all statements, in fact and in effect, be fair to all competitors.

That all statements be designed to conserve and to increase, and in no way to impair, the public confidence in all legitimate advertising and in all legitimate business.

On this basis it is recommended that the following be regarded as unfair trade practices and be omitted therefore from all advertisements:

1. Statements or allusions which in any way disparage or reflect adversely upon the prices, service or merchandise of any other store or stores.

<sup>1</sup> In a cereal advertisement the claim was made that 1 cent’s worth of the cereal contained “as much Vitamin B for keeping fit as in three cakes of fresh yeast.” An agency handling advertising for a yeast manufacturer protested the copy to newspapers. The Scripps-Howard and Hearst interests ruled against the comparative advertising. An official of the cereal company said that only 4 out of 64 newspapers declined the copy. Cf. *Editor & Publisher*, Oct. 5, 1935, p. 36.

2. Statements which proclaim a policy or effort to undersell others and statements which claim that the advertiser's prices are *reduced* for the purpose of being below the price of a competitor or competitors.

3. Statements which quote a price found elsewhere in which it is claimed that the advertiser's quoted price is lower for the same or equivalent or comparable merchandise.

4. Any claims which cannot be substantiated fully, especially statements of value which are the advertiser's opinion unsupported by clear proof.

In its application of these principles, the New York *Times* has adopted the following policies:

General Statements—untrue, deceptive or misleading statements or illustrations are not acceptable.

Competitive Claims Which Refer to Quality or Price—(a) statements or representations which refer to the goods, price, service or advertising of any competitor are not acceptable; (b) statements which claim to undersell competitors are not acceptable.

Competitive Claims in Policy or Business Methods—(a) statements which make or imply comparisons must confine those comparisons to the individual advertiser's own merchandise, services, prices or business methods; (b) statements of fact, if generally known, and susceptible of definite proof are acceptable.

"Bait" Offers—"Bait" offers of merchandise wherein the customer is denied a fair opportunity to purchase are not acceptable.

In many instances the superior claims that are made by an individual advertiser relative to his store, its prices, service, or merchandise, can be revised to meet the censorship requirements of the newspaper. Examples of such copy cited by the *Times*, before and after revision, follow:

UNACCEPTABLE	ACCEPTABLE AS REVISED
The lowest price ever offered	The lowest price we ever offered
Will surpass anything you could possibly find	Will surpass anything we could possibly offer
The most worth-while socks you can buy	Really worth-while socks for you to buy
The most astounding values in history	The most astounding values in our history
The most exquisite perfume in the world	One of the most exquisite perfumes in the world
These are the greatest late model values in town	These are extraordinary late model values



UNACCEPTABLE	ACCEPTABLE AS REVISED
Rentals lower compared with like accommodations	Rentals low compared with like accommodations
We have never seen such beautiful linens	We have never before sold such beautiful linens
We have been told that ours is the largest assortment in the city	We have been told that ours is one of the largest assortments in the city

Certain kinds of competitive advertising are barred or restricted by some newspapers. Because of the opposition of local florists who are advertisers, a few newspapers decline to carry the family's request to "Please omit flowers" in death and funeral notices.<sup>1</sup> Similarly, some newspapers have rules governing advertisements as to long-distance automobile transportation on a "for hire" or "share the expense" basis to which the railroads and bus lines sometimes object on the ground that they are both heavy advertisers and taxpayers and this practice amounts to unfair competition. The ethics of this sort of censorship is somewhat debatable and the practice is open to question.

**Medical Advertising.** Responsible newspapers are chary of accepting any kind of medical advertising unless the reliability of the advertiser and the validity of the advertising can be established beyond question. This is particularly true of so-called patent medicine advertising toward which the public is especially gullible. The aid of outside professional and governmental agencies is frequently enlisted in passing judgment upon such copy. The example of the *New York Times* has already been cited. The *Washington Star* for many years has submitted all medical advertising about which there is any question to the drug control of the U. S. Department of Agriculture.

The *Chicago Tribune* has laid down detailed regulations governing the acceptance or rejection of medical advertising. It accepts the following:

1. Approved medical books and periodicals.
2. Approved procedures and proposals for preventive medicine.
3. Sanitary appliances.
4. Disinfectants, soaps and other cleansing agents.

<sup>1</sup> Cf. *Editor & Publisher*, Jan. 6, 1934, p. 32.

5. Ventilating and heating devices.

6. Mineral waters.

7. Health foods and curative remedies the worth of which is generally recognized by the medical profession, having the U. S. Government approval as to the alcoholic content of internal remedies which present no claims of extravagant results for the treatment of specific ailments, but which are, in the judgment of The Chicago Tribune, advertised for those purposes which will not tend to diminish in the minds of readers the necessity of proper medical attention, and subject to the following limitations which apply, especially, but not entirely, to curative medicines.

The *Tribune* does not accept advertisements of:

1. Physicians, surgeons and specialists in medicines.

2. Abortionists, remedies to produce abortion, instruments to produce abortion, remedies, instruments and appliances to prevent conception.

3. Remedies, drugs, appliances, and methods the proprietors of which have been convicted by the federal, or any state, or municipal government of violation of the Federal Food and Drug Act, the Sherley Law, or any state or municipal law of the same general character and intent as the above laws.

4. Remedies, drugs, appliances, and methods which have been brought into public disrepute by widespread charges brought by any federal, state, municipal, health or food department, by the American Medical Association, National Retail Druggists' Association, the National Dental Society, or any other well established reputable organization, or by any considerable section of the public press.

5. Internal remedies containing cocaine, morphine, heroin, or any other habit-forming drug.

6. Internal remedies, except laxatives and purgatives and those acceptable under rule 7 [above].

7. Local applications, sprays, inhalations, lotions, liniments, ointments, dyes and other local applications which contain wood alcohol, lead, cocaine, or any other substance that is poisonous or liable to do harm.

8. Hidden ads (prescriptions).

9. Remedies, drugs, appliances and methods for which extravagant and obviously impossible claims are made, such claims as are against the letter or the spirit of the Sherley Law. This applies if the claims appear on the label, in a circular or booklet, or in any advertising whatsoever.

10. Dental advertising.

11. Treatments of venereal diseases. Treatments of so-called diseases of men and women. An exception may be made if the treatments are offered by an institution organized not for profit, such institution being sponsored by a group of prominent, reputable citizens. All copy to be sponsored and edited.

12. Internal remedies used for flesh reducing or building.

13. "Cures" not accepted, nor is the word "cure" permitted in the copy of an advertisement that is accepted.

14. Trusses: No truss advertising accepted unless the trusses advertised are to be fitted to the user by an expert truss fitter.

15. No pile or hemorrhoid advertising.

**Financial Advertising.** It is particularly important that newspapers give careful scrutiny to financial advertisements of all kinds. If anything, this is more true since the onset of the depression than before. It is essential that the investing and borrowing public be protected, and it is a special responsibility of the newspaper to make certain that its columns are not knowingly used to prey upon that public. The pains which newspapers take to safeguard their readers against questionable financial advertising are on a par with those they take against doubtful medical or retail advertising.

So great was the need that the *Chicago Tribune* drew up a special code governing financial advertising and another for real estate copy. There were so many ramifications that the code for financial advertising embraced 41 rules covering the following points: qualification of stocks and bonds under the laws of Illinois, stock brokerage advertising, market letters, investment trusts, financial charts and magazines, general card advertising, preferred stock, common stock, bank and insurance company stocks, public utility stocks and bonds, savings systems, profit sharing certificates, income and sinking fund bonds, brokers dealing exclusively in preferred stocks, no par value stock, business chances, "money wanted" ads, chattel mortgage loans, patents, mining and oil lands and leases, oil royalties, organization expense rules, control taken by promoter, concealing liabilities, double items in balance sheet, inflation of net worth on sale of company, capitalization of sales, franchise capitalization, capitalization of good will, real estate given as a bonus, suspicious terms, help wanted with investment, territory for capitalization purposes, injurious advertising, puts and calls, professional incorpo-

rators, applicant convicted of fraud, state or national laws in copy, salesmen wanted, cooperative-farming and fruit-raising propositions, and financing.

The *Tribune* endeavors to safeguard the public and to protect its advertising columns. Its rule on business opportunities, for example, reads:

All advertising of businesses for sale, partners wanted in a business, or investment with or without help in any individual business must clearly state:

- a. The amount of money required.
- b. The specific interest which that money will purchase, and
- c. The business must show a profitable return for at least two years preceding the time of offering same for advertising purposes.
- d. Questionnaire must be filled out and *mailed* to the *Tribune*.

It is particularly careful to weed out suspicious terms. Its regulation on this point provides:

The words "guaranty"—"guaranteed investment"—"absolute safety"—"secured investment"—"stock investment"—"profit making"—"specialists in"—etc., are regarded with suspicion and must be used with care.

The use of the terms "transfer agent," "registrar," "trustee"—when used in connection with a reputable bank—and in such a manner as to convey the erroneous impression that the bank is the real party in interest—is not considered good advertising and copy containing same is not acceptable.

In all leasehold bond issues where the bonds are stated to be a first mortgage on the building and leasehold, care must be exercised in the manner of displaying the words "leasehold" and "first mortgage" so that it will clearly appear that the bond is the first mortgage on the *leasehold*.

Financial advertising is also restricted by regulations of the Federal Securities and Exchange Commission. These apply to advertisements of new issues of securities. Under them, advertisers at first limited themselves to mere announcement forms concerning the identities and prices of securities expressly permitted by the act which was passed in 1933. Under a new regulation issued May 2, 1935, issuers and underwriters were permitted to advertise securities at reasonable length without incurring additional liability.<sup>1</sup> This was expected to help stimulate the

<sup>1</sup> Cf. *ibid.*, May 4, 1935, p. 6.

flow of investment funds into industry. Under further amendments announced Oct. 12, 1935, the meanings of the regulation were again clarified and a number of legal doubts were removed, following which a group of important investment bankers adopted the "newspaper prospectus" method of advertising.<sup>1</sup> The A.N.P.A. set up a special committee to deal with the problems arising under the act which affected newspapers. The committee assisted in clarifying and amending the original provisions.

### TYPOGRAPHICAL REQUIREMENTS

The average reader is generally unaware of the pains which the better newspapers take to maintain high typographical standards so as to improve the looks of the paper. The larger newspapers have gone to greater lengths in this respect than the smaller ones. In fact, many of the smaller ones still have ample room for improvement. The enforcement of such standards necessarily involves certain restrictions upon the advertiser. If this were not the case, each advertiser would have a free rein to use whatever type faces, illustrations, and borders he wished without any regard for the appearance or policy of the newspaper. The publisher plainly has a self-interest in this matter as well as the obligation of protecting other advertisers.

The *New York Times*, for example, has four typographical rules affecting display advertising. They have to do with borders, text, lettering and numerals, and illustrations and reverse cuts. The rules are:

1. Borders.—Limits are 6 points solid black for single and double column advertisements, 8 points solid blacks for larger.

2. No bizarre typographical arrangement of text in obvious violation of good taste is permitted. Type of heads must not be more than 12 points wide ( $\frac{1}{8}$  inch) in its widest stroke.

3. Solid black permitted on lettering up to 12 points wide. Numerals of greater width, or deeper than  $1\frac{1}{2}$  inches must be outlined.

4. No black reverse cuts permitted except trade-marks no larger than  $\frac{3}{4}$  inch in diameter. All illustrations to be no darker than the equivalent of a number 8 Ben Day when laid on metal. Where accents are required  $\frac{1}{8}$  square inch of solid black may be used, *but not as mass shading*.

<sup>1</sup> Cf. *ibid.*, Oct. 19, 1935, p. 15.

There are two main objects of all such rules: to keep the appearance of the paper fairly uniform by restricting all advertisers to certain limits as to text and display, and to prevent the paper from being too black. In the latter connection, woodcuts are now generally outlawed, and it is a general rule that all black masses shall be lightened or shaded. This can be done by using one of many Ben Day patterns to relieve the black. The same policy is followed with regard to reverse cuts unless they are trade-

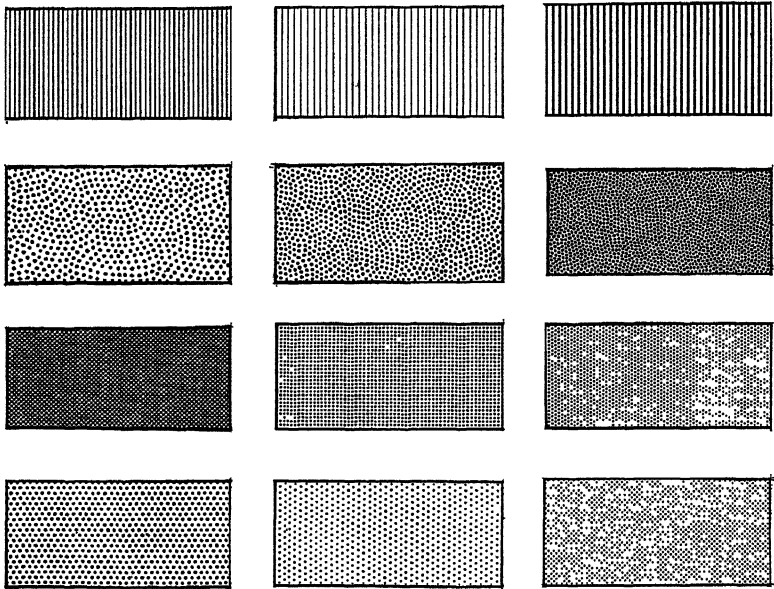


FIG. 27.—Ben Day effects. (Courtesy of *New York Times*.)

marks registered with the U. S. Patent Office and provided they do not exceed a certain size. Similarly, with large type, it is customary to require that it be treated with a Ben Day or that it be inlined to relieve the blackness. Heavy borders, which are similarly taboo, likewise lend themselves to bleaching in one way or another. Pictures of merchandise advertised for sale may be exempted from these rules provided they are bona fide half-tone reproductions of the merchandise. Some newspapers will not permit the entire display advertisement to be white on black—it must be white on a Ben Day background. Other newspapers reserve the right to outline and tool-engage any cut or part of a

cut which, because of its size and unusual blackness, is regarded by the publisher as disfiguring the paper. The *Chicago Tribune* similarly “reserves the right to lighten large bold face type and black backgrounds by stippling or ruling.” As a further deterrent, the *Washington Star* makes an extra charge for heavy black



FIG. 28.—Effects of lightening black masses. The illustration on the left is too black to be acceptable. At the right is the same picture after being lightened with Ben Day. (Courtesy of *New York Times*.)

display and reverse type. In some cases newspapers have staff artists redraw illustrations to make them conform to their typographical requirements.

It is a fairly common practice to set up different typographical rules for different sections of the paper. What is permitted on the financial pages, for example, may differ in some respects from what is prescribed for display classified, or amusements, or the radio page, or the religious page.

Credit for advertising reforms belongs to both publishers and advertisers according to Earle Pearson, general manager, Advertising Federation of America. The urge, he wrote for the Golden Jubilee edition of *Editor & Publisher*, came from within the industry and began before the public was really advertising-conscious.<sup>1</sup> Large sums have been expended, he pointed out, "to

\$55 \$55

**N N**

**N N**

FIG. 29.—Results of lightening large boldface type. (Courtesy of *New York Sun*.)

increase the believability of advertising and thereby add to its productiveness." "The worst that can be said of most of the bad advertising of today," he added, "is that it is in terribly bad taste. Some of it is full of deceit. Some claims are grossly exaggerated. By far the larger proportion of today's advertising is scrutinized and censored before publication, both by advertiser and publisher, for accuracy of statement and clarity of expression. . . ."

<sup>1</sup> July 21, 1934, p. 90.



All in all, the various types of advertising censorship here described are a token of the active conscience of the newspaper

## BORDERS

Solid black borders, wider than 6 points in single or double column, or wider than 8 points in three column or larger advertisements, are lightened to a degree equal to a No. 8 Ben Day laid on metal.

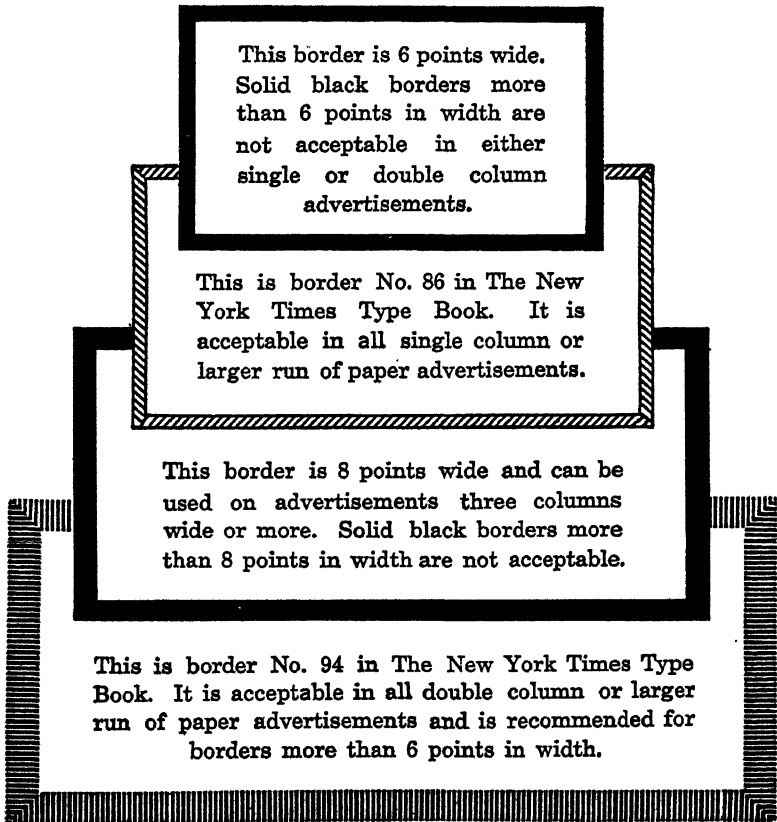


FIG. 30.—Acceptable borders. The New York Times prohibits solid black borders wider than 6 points in single- and double-column advertisements, and wider than 8 points in advertisements of three columns or more. Other types of borders are shown. (Courtesy of New York Times.)

and of its pride in its publishing standards. It is not pretended that the rules in effect are airtight and certainly they are not perfect. It is clearly to their credit that most of this censorship

is voluntary on the part of the newspapers, and it is an index of their sense of responsibility to their public. The details of this form of censorship change continually but the trend is clearly in the direction of more rather than less regulation.

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## CHAPTER XIII

### GENERAL PROMOTION

For nearly two centuries, the advertiser has made profitable and effective use of the advertising columns of American newspapers. In the last 50 years, particularly, the increasing dependence upon newspapers for help in the distribution of goods and services has been as impressive as it has been remarkable. Yet paradoxically the newspapers themselves have been among the last to be converted to the use of their own medicine.

This explains why the promotion function of the newspaper has been so slow in developing and why, even now, many newspapers are neither properly equipped nor organized for the purpose. More and more publishers, however, have come to see that adequate promotion is indispensable and that a well-organized, efficient department will quickly pay large dividends in good will, in favorable publicity, and in increased business.

The situation was described at the 1936 convention of the National Newspaper Promotion convention by George Bennehan, promotion manager of the New York *American*, as follows:<sup>1</sup>

The underlying trouble with newspaper promotion is that most newspaper publishers are backward in their attitude about advertising their own merchandise, in promoting their own properties. Promotion to them is still a necessary evil, an item of expense they resent and which they keep as low as they can and reduce as often as they can.

Most publishers still think that you don't need good paper, good printing, good art work or good thinking to produce a good promotion job. Most publishers don't want any planned promotion. They like to spend money when they've got something to spend it on. Yet they would hate to have advertisers in their own paper operate on the same basis. Retailers and manufacturers always have something to sell. So have newspapers.

A few, but certainly not more than a half dozen newspapers in the country today are doing a really intelligent job—with staffs that are

<sup>1</sup> *Editor & Publisher*, July 4, 1936, p. 7.

sufficiently large and sufficiently paid; with plans and budgets that are adhered to, with consistent efforts year after year, with a proper regard for the changing styles and techniques in art work, layout, copy and printing.

A similar view was expressed at the same convention by Don D. Patterson, national advertising director, Scripps-Howard newspapers, who declared that promotion managers have not yet received their just dues and asserted that they should be ranked with the major newspaper executives. He offered these criticisms and suggestions, in part:<sup>1</sup>

Newspapers are writing their advertising with adding machines. They are forgetting the human element in circulation.

Newspapers of the country are partly sold on promotion, but many question the dollar value of it. A newspaper is just as much a product to sell as soap, or any other commodity. A newspaper should sell its product (the newspaper as a whole) first—then sell the by-product: advertising.

Many editors are selling the public what they think it should have—not what the public wants. Few editorial or promotion departments have taken a square look at their public—what their public wants—where they live—what they read.

Circulation should not be sold by feeding digits into an adding machine to make thousands or millions. Circulation is human beings—families who work and play in the natural markets of our communities. Seek out the human element in circulation and interpret it dramatically. A newspaper should know the people of its community better than anyone else. It is a relatively easy job (by survey) to find out what they want.

When the advertiser pays the bill at the end of the month, the responsibility does not end there. As in the case of merchandise, our profit lies in the *resale*. Make a profit for the advertiser and he will repeat. Think about the resale! The alert promotion department isn't going to forget the advertiser after he is once sold.

No newspaper can afford *not* to have a promotion department. Most newspapers are under-promoted, and most of the promotion that exists needs dressing up.

The worst enemy of the newspaper business is the newspaper business. Newspaper promotion is in a groove—leaning too much on media records and the Department of Commerce—overlooking the human interest of the readers—writing ads with adding machines. The account executive is not interested in the story that newspapers have to

<sup>1</sup> *Ibid.*

present today. There is too much self-glorification in the newspaper business.

These are serious indictments. They constitute a challenge which progressive publishers can hardly ignore. But in some respects, publishers are a strange and contrary lot. Often they think nothing of large expenditures for new mechanical equipment and facilities, but their vision with respect to adequate and competent personnel is sometimes shortsighted. The hopeful thing is that the situation is improving, a special study by a committee of the National Newspaper Promotion Association disclosing a gain of 61 per cent in the personnel of established newspaper promotion departments since 1929, and more than two hundred newspapers with such departments.<sup>1</sup>

#### THE PLACE OF PROMOTION

One moot question is as to the place of the promotion department in the scheme of newspaper organization. As suggested in the discussion of circulation promotion, a variety and combination of plans are in use. It seems to be agreed that there is no ideal plan of organization since individual newspapers have different problems. It is pointed out that one stresses circulation, while another emphasizes advertising. Some have radio tie-ups and use them extensively while others do not.

All are agreed, however, that the promotion department is increasingly vital to the success of the newspaper and that its function is to advertise the newspaper itself. This may be done in limitless ways depending upon individual circumstances. It is essentially a part of the sales organization, but, to be most effective, it must work closely with all of the major departments, news as well as advertising and circulation, and even with the production or mechanical department on occasion. It functions best, moreover, on a definite budget with a reserve for contingencies.

The promotion department has been likened to an advertising agency with one account—the newspaper for which it works. Unless care is taken, however, it is apt to become a catchall for odd jobs no other department wants. Experience has shown that on newspapers which do the best promotion job, the department is responsible for everything that advertises the news-

<sup>1</sup> *Ibid.*, Sept. 7, 1935, p. 9.

paper. This includes the use of the newspaper's own columns as well as billboards, radio, direct mail, trade papers, contests, and house organs.

The tendency appears to be in the direction of centralizing promotion rather than to permit each department to handle its own. The former method has the obvious advantages of economy, unity, responsibility, and effectiveness while under the latter there may be overlapping or the individual departments may be working at cross purposes. In one-man departments on smaller newspapers, of course, this is simplified although such a man may be swamped with detail and find himself with little time for hatching ideas or really planning campaigns. Unlike the work in some other departments, promotion ideas are not to be plucked from bushes nor do they come on 5 minutes' notice. Effective promotion comes not so much from working as from thinking and planning.

The promotion man himself must have vision and imagination. He must also be able to work with others and have "a sound understanding of the fundamentals of selling, if not a great deal of experience." He may have had either advertising or circulation experience or even a department-store background. He may have been lifted from the news department, and, while this is uncommon, a good news man is better qualified in some respects for promotion work than other types of employees.

The size of the promotion department will vary with the size and needs of the publication and how much the publisher is convinced of its usefulness. The *Des Moines Register* and *Tribune*, which have been conspicuously successful with their promotion, had in 1936 a full-time professional staff of 10 persons in their promotion department. These were divided as follows: circulation, two; advertising, two; radio, two; classified, house organ, and contests, one each; manager. A newspaper of 150,000 circulation may have anywhere from one to six persons doing promotion, depending upon circumstances. As a rule the promotion head is responsible either to the business manager or directly to the publisher, preferably the latter.

The *Register* and *Tribune* were the 1936 winner of the *Editor & Publisher* award for the year's best promotion efforts. Their promotion rules are, therefore, of interest. A summary of them follows:<sup>1</sup>

<sup>1</sup> *Ibid.*, Apr. 11, 1936, p. 16.

1. Promotion must be tied in directly with sales efforts, either circulation or advertising.
2. All promotion must be planned as carefully and as completely as the largest national advertising campaign, with the pressure of time allowing of the only exception.
3. Promotion must have continuity, especially in the case of long-time features such as Wirephoto and "America Speaks."
4. The promotion must be quick on the trigger, ready to turn loose a barrage of material at a moment's notice when features and news break suddenly.
5. Promotion needs to be handled by a carefully organized, centralized promotion department.

For all practical purposes, there are only two steps in promotion: (1) to capture an idea or a fact that will help to sell the newspaper in the broadest sense of the word, and (2) to put the idea into effect or to capitalize upon the fact. The former rests primarily with the promotion department although ideas should be welcomed from any department. But for the latter step teamwork is necessary and for this purpose some newspapers find regular conferences of department heads useful in furthering promotion ideas and plans. Once they are under way, it should be taken for granted that the promotion staff and the department most concerned will work hand in hand.

Whether it realized it or not, whether it called its efforts by that name or not, no really successful newspaper ever attained success without sound and effective promotion. It might have been circulation or advertising promotion, or emphasis upon editorial excellence and integrity, or upon a combination of good qualities or high attainments. The records of newspapers like the *New York Times*, the *New York News*, the *Chicago Tribune*, and the *Des Moines Register and Tribune*—to name only a few of the more conspicuously successful—demonstrate this fact.

#### TYPES OF PROMOTION

While it is the function of promotion to increase the sales of the newspaper, including both circulation and advertising, this may be accomplished either directly or indirectly. A direct campaign may be launched with the purpose of obtaining more subscribers, selling more newspapers, or increasing the sale of advertising space. The indirect campaign will find expression in good will or institutional promotion calculated to produce favorable atten-



tion and publicity for the newspaper. One kind may be quite as important as the other.

Still another type is merchandising promotion. This has to do primarily with merchandising research in terms of the newspaper's market or its circulation. Most promotion managers seem to be agreed that research and promotion properly belong together, but there is a feeling that merchandising service—the servicing of advertising accounts—belongs with the advertising department since it is so closely identified with direct selling.

As circulation and classified promotion have been discussed, attention will be confined here to the following types: (1) institutional, (2) good will, and (3) advertising promotion, and (4) research.

**Institutional Promotion.** It may seem to be drawing a fine line to distinguish between institutional and good will promotion, yet there is a difference between the two. Both are good examples of indirect promotion. Institutional promotion deals with the merits of the publication as a whole, its professional attainments, its general claims to excellence, or its special facilities. It is usually general rather than detailed in its nature although it may be keyed to a specific fact or accomplishment, such as winning a Pulitzer prize or an Ayer award or some other distinction. The use of this type of publicity enables a newspaper to “blow its own horn” with varying degrees of modesty. Such promotion may have any or all of these advantages: it gets attention, it has repetitional value, it is frequently marked by dignity and restraint, and it has a cumulative effect.

Among examples of this type of promotion the following might be cited:

*Washington Post*: an advertisement in trade papers based on its having been awarded the Pulitzer prize for editorial excellence, for having placed third in the Ayer competition for typographical excellence, and for being third in the United States in retail lineage gains for the first six months of 1936.<sup>1</sup>

*Des Moines Register and Tribune*: a booklet entitled, “The Cactus and the Giraffe” on the theme of successful things that are different. (Unlike most large newspapers, 70 per cent of their combined circulation is outside of the city of publication.)<sup>2</sup>

<sup>1</sup> Cf. *ibid.*, Aug. 1, 1936, p. 25.

<sup>2</sup> Cf. *ibid.*, July 18, 1936, p. 24.

New York *Sun*: a perennial but always lively campaign on the key words, "After 3 o'clock" to emphasize that 80 per cent of the *Sun's* circulation is home-going circulation.<sup>1</sup>

New Orleans *Times-Picayune*: a full page advertisement in color with the slogan "Color Calls Crowds," to call attention to the paper's color printing facilities and the multicolor results possible from three-color plates.<sup>2</sup>

New York *American*: an advertisement in the New York *Journal* featuring the words, "Dear, Dear, Dear" and showing a man, his wife and their son writing a letter to the paper and featuring the fact that it receives some 493,000 letters a year from readers. A few typical reader questions are quoted.<sup>3</sup>

Cincinnati *Times-Star*: in mid-June it used an advertisement of a field of virgin snow built around the claim that the *Times-Star* covers Cincinnati like a blanket of snow.<sup>4</sup>

Kansas City *Star*: unique promotion under the caption, "Bum Showmen, That's What We Are!" and capitalizing upon a change toward equalizing the rate structure of the St. Louis *Post-Dispatch*. The *Star* commended the *Post-Dispatch* for taking the step but took occasion to point out that it had done the same thing 50 years earlier and had gone to greater lengths in so doing.<sup>5</sup>

**Good-will Promotion.** In the long run, institutional promotion will also frequently produce good will. As the name suggests, however, the latter type has to do with promotional efforts centered around one idea or event, singly or in series, whose specific object, although the public may never realize it, is to reap good will for the publication. This may take the form of an all-star football game or a boxing or wrestling bout whose net proceeds go to well-known charities. It may also be a direct appeal to the public like the New York *Times's* annual sponsorship of the "Hundred Neediest Cases." Financially no newspaper ever benefits directly from this sort of promotion, but in that intangible something known as good will it usually harvests large dividends.

The kind and number of this type of promotion are legion. Among the better known are the "Hundred Neediest Cases" of

<sup>1</sup> Cf. *ibid.*, July 25, 1936, p. 42.

<sup>2</sup> Cf. *ibid.*, July 11, 1936, p. 34.

<sup>3</sup> Cf. *ibid.*

<sup>4</sup> Cf. *ibid.*, June 20, 1936, p. 33.

<sup>5</sup> Cf. *ibid.*, July 18, 1936, pp. 17, 24.

the New York *Times*, which has come to be almost a national institution; the milk fund for poor children in New York, sponsored by the *Journal*; the "Good Fellows" appeal of the Chicago *Tribune* at Christmas time; and the football game between an all-star amateur team picked by popular vote and the championship professional team also promoted by the Chicago *Tribune* and affiliated newspapers.

Then good-will promotion naturally ties in sometimes with advertising promotion. This can be entirely legitimate without detracting in any way from the merit of the promotion itself. The good will sought may be from the public generally, or from readers, or from some specific part of either group. A partial list of good-will promotion stunts used lately by one or more newspapers follows, under a variety of classifications.

#### *General*

- A series of daily birthday greetings to well-known local persons
- Orchids to persons in the community for laudable civic deeds
- Free shamrock plants on St. Patrick's Day
- Free fingerprinting as a safeguard against accident or kidnaping
- Invitation guest editorials from local persons
- Sunrise Easter service
- Traffic-safety campaign
- Free movies or other entertainment for orphans or the aged
- Free children's party at amusement park, admission by coupon
- One-cent picnic, or "Nickel Day" for readers, admission by coupon
- Happiness party
- Stray-dog crusade
- Amateur radio program, sponsored weekly
- Campaign to get jobs for high-school graduates
- Grand opera
- Carnival of nations, recruited from racial groups
- Harvest festival

#### *Contests with appropriate prizes*

"Soap Box Derby" for boys; sponsored jointly by the Akron *Beacon-Journal* and the Chevrolet Motor Co., with more than 100 newspapers participating in 1936

- Pet parade or show
- Baby pageant
- Spelling bee
- Scholarship
- Amateur news section, using best articles submitted
- College beauty queen

*Educational*

Learn to swim week  
Homemakers' institute  
Cooking school  
Garden school  
Potato recipe  
Jam recipe  
Better homes show  
Small homes plans  
Auto show  
Charm school  
Travel club  
Hockey school  
Golf instruction for girls under 18

*Sports and games*

Checkers tournament  
Bowling and headpin tournaments  
Swimming meet  
Caddy golf tournament  
Hole-in-one contest  
Pinochle tournament  
Boxing tournament  
Fly tying competition  
Softball league  
Road race  
Bridge tournament  
Charity football, baseball, and other games  
Charity boxing or wrestling shows  
Track meet

*Hobbies*

Craftsmen's center  
Model planes  
Model boats

The possibilities are endless. Many newspapers have found that it pays to promote tours of their plants. They provide guides to explain the various operations, and some of them give souvenirs, such as descriptive booklets. Among these are the *Detroit News*, the *Philadelphia Inquirer*, and the *Baltimore Sun*. The *Chicago Tribune* also uses motion pictures effectively. The use of affiliated radio stations for good will and other promotion is spreading rapidly.

**Advertising Promotion.** As compared with other forms, advertising promotion is naturally built around the advertiser.

It is designed to convert him, to convince him, or to impress him as the case may be. It is usually couched in terms of the newspaper's market, its circulation, or some particular claim to advertising superiority. This may be expressed in total lineage, lineage gains, leadership in retail or general advertising, especially effective coverage of certain classes of readers, or the number of exclusive advertising contracts it holds in comparison with its competitors.

A favorite theme of this type of promotion is the particular advantages afforded by a given market: its compactness, its high purchasing power, its stability, and the effective coverage of that market possible through the use of the newspaper sponsoring the promotion. Competing newspapers are almost certain to respond with counter claims. This sometimes leads to interesting and even exciting results.

In the spring of 1936 the *Washington Post* ran an advertisement showing three diplomats labeled "Wealth," "Spending," and "Stability," respectively, toasting "America's Best Market," which was, of course, the nation's capital.<sup>1</sup> Facts and figures were cited to justify the toasts. The *Chicago Tribune* later commented editorially on a congressional survey of Washington's traffic problem which disclosed that the capital had one automobile for every 2.6 persons, the highest ratio in the United States. The *Tribune* cited this and the fact that 112,000 out of 165,000 persons gainfully employed there were on the federal payroll as proof of government extravagance.

This was taken up by the *Post* with a promotion advertisement which reproduced the *Tribune* editorial, and, written across the face of it in heavy black ink, it asked, "Can it be that Chicago is jealous?"<sup>2</sup> It then went on to emphasize again the fact that Washington is "the highest ranking city in the world for per capita expenditure in retail trade." It rebutted the *Tribune's* seeming aspersions on the city by pointing out: (1) that Washington was set aside by the founding fathers as the seat of government, and nothing more, and it was, therefore, not surprising that most Washingtonians worked for the government; and (2) that the explanation of Washington's unusually high per capita wealth lay not in overpaying government clerks but in the fact that it is entirely a white-collar city which naturally means

<sup>1</sup> Cf. *ibid.*, June 20, 1936, p. 33.

<sup>2</sup> Cf. *ibid.*, Aug. 8, 1936, p. 39.

more wealth, more spending power, and higher living standards than a mixed population.

☆

## *The New York Times Sunday Market Equals THE SIZE OF*



*Philadelphia*



*+ Cleveland*



*+ Columbus*

*The Sunday Times mass market of class readers  
is as large as these three great cities combined*

**PSYCHOLOGISTS** have a favorite test in which they confront you suddenly with a particular word and ask what other word or idea it suggests. For example, Italy—Mussolini; ice—cold; soft—cushion.

Advertising has many association phrases too. Say "class circulation" to the nearest advertising man and the answer will be "town-car trade."

Now this reply would be all right for most "class circulations," but not all. The New York Times certainly has "class circulation," but its three-quarters of a million reader-families are by no means confined to the "town-car trade." The Times is not only a quality market but also a "top men" market, capable of volume consumption of great quantities of merchandise.

It is easy to illustrate the Times market as a volume market. Take a city the size of Los Angeles. Add to it a city the size of Rochester. Suppose that in this combined city every family reads the same

newspaper. That newspaper would have a volume market, wouldn't it? Yet the weekday market of The New York Times is even greater.

Or visualize a city the size of Philadelphia. Add to it a city the size of Cleveland and another the size of Columbus. In this combined city also every family reads the same newspaper. That newspaper, too, would have a volume market that would make any advertiser's mouth water. Yet the Sunday market of The New York Times is even greater.

Another thought. Even though these combined cities matched the market of The New York Times in size, The Times market would still outstrip them in buying power, responsiveness and profit-making possibilities for advertisers.

For years advertisers have been aware of the tremendous influence wielded by the Times among high-income families. This influence is unequalled. But consider. There are in this country, according to the last official report, no

more than 50,000 individuals whose annual incomes exceed \$15,000. The Times reaches most of them, and does it more effectively, and more economically than any other medium. But assuming that The Times reached all of them, this would still account for only a small part of its total circulation of almost half a million weekdays and three-quarters of a million Sundays.

The bulk of The Times circulation goes to families in the great middle class. The fact that they are better able than many to indulge their wants makes them more responsive to advertising and better prospects for advertisers. It makes them a volume market of extra-profit prospects.

What brings Times families together into one compact, productive mass market for advertisers is not their extra-heavy bank accounts but an alert and intelligent interest in the news that is satisfied by The Times.

Their interest extends to all things and services advertised, to breakfast foods, low-priced automobiles, tooth paste, children's shoes and canned beans. Theirs, too, is a buying interest; and the experience of advertisers shows that the buying interest of The Times "top men" market is the foundation-stone of success in selling New York.

## The New York Times

"All the News That's Fit to Print"

FIG. 31.—Promotion based on the market theme.

The effectiveness of Des Moines *Register* and *Tribune* promotion and its emphasis upon its all-Iowa coverage have already been cited. But effectiveness inevitably draws fire and mid-1936

saw the Cedar Rapids *Gazette* using page one space in an indignant rebuttal of the claims of the *Register* and *Tribune* relative to "Iowa's Richest Market."<sup>1</sup> With a full column of comment under a byline on the first page, the *Gazette* declared heatedly that Cedar Rapids could not be covered by the *Register* and *Tribune* or any other newspaper, citing circulation figures to prove its point. It also laid claim for itself to "the largest total volume of paid advertising of any Iowa newspaper." The *Gazette* sent copies of this issue marked in red pencil and containing a yellow sticker bearing data to support its arguments to advertisers and others.

*Sources of Data.* Advertising and circulation claims used in promotion are usually based upon these sources: (1) federal or other governmental reports such as those issued by the Census Bureau of the Department of Commerce; (2) reports issued by independent agencies such as chambers of commerce and industrial bureaus; (3) market surveys made by professional research agencies such as the R. L. Polk & Co.; (4) surveys, studies, or investigations made by the newspaper itself.

While newspapers lean heavily upon this sort of material for promotion, they do not always do it most effectively. Promotion departments sometimes make the error of preparing material which appeals to the publisher or to some one else in the organization but which misses its mark as far as the advertiser is concerned. They are likewise guilty sometimes of not coming to the point of the argument or they defeat the very purpose of promotion by citing so many facts and figures and presenting so many charts, maps, and graphs as to leave the prospect confused instead of convinced. They must also be on their guard against any possible misunderstanding, misrepresentation, or distortion of facts which might rise up later to plague them. While it is right and proper to put the paper's best foot forward, it is dangerous to tell only part of the story or to overlook the fact that some untold portion may be exploited by a competitor.

By effective use of pertinent arguments and facts, even a small city newspaper can help to overcome the pull of metropolitan merchants and newspapers. A case in point is that of the East Liverpool, Ohio, *Review* which gave a new slant to the old theme of "buy at home." East Liverpool is located in the heart of what is

<sup>1</sup> Cf. *ibid.*, July 4, 1936, p. 28.

known as the tristate district embracing portions of Ohio, West Virginia, and Pennsylvania. Its merchants felt particularly the effects of competition from Pittsburgh.

The *Review* determined to do something about it. The resulting campaign not only resulted in good will for the newspaper but increased its lineage and improved the business of the community.<sup>1</sup> It ran a series of weekly advertisements aimed at consumers and designed to create a "shop East Liverpool" consciousness on their part. It included not only residents of East Liverpool but those of near-by smaller towns and communities as well. It was effectively tied in with a series of historical illustrated features taking in turn each town in the East Liverpool trading area. Some of the themes were: "Four hundred and seventy six stores in East Liverpool to serve your every need," "From East Liverpool to Hindustan—products from the markets of the world are for sale in East Liverpool," "Madame, when you think of shopping keep East Liverpool in mind," "Only 45 minutes away—East Liverpool is accessible to all," "Looking for and finding values in East Liverpool," and "East Liverpool merchants never fail to support our community whenever help is needed." One of the outside appeals read, "To our neighbors in Midland, Pa.: East Liverpool is a friendly city . . . and a profitable place to shop. . . . Remember: you owe it to your Midland (Pa.) merchants [*sic*] to shop his store first—if he cannot serve you—come to East Liverpool."

**Research.** Many sins are committed in the name of research and much that passes for research is anything but that. To be valid, research must be founded upon solid facts, and, to justify their use, the facts must be the result of patient and honest inquiry. A newspaper has every right to make the best possible case for itself in the eyes of readers, advertisers, and the public, but any misleading presentation, the use of half truths and prejudice are not only unethical and dishonest but defeat their own purpose.

What advertisers in particular are more and more interested in are impartial facts. They are not concerned with deafening claims and counterclaims as to circulation or lineage or any other special pleading unless they can be supported by provable facts, preferably from an unbiased source. It was for this very reason,

<sup>1</sup> Cf. *ibid.*, June 20, 1936, p. 14.



it will be recalled, that the A.B.C. was organized to the lasting benefit of both publishing and advertising.

Most large newspapers maintain their own research staffs. These may be part of the promotion department or auxiliary to the advertising department. In either event, it is essential that research results be exploited properly by the promotion department. Reports from outside sources such as government bureaus and departments, chambers of commerce, manufacturers' associations, and other agencies are, of course, legitimate sources of promotion material. Newspapers sometimes engage special agencies to conduct research for them, or the facts pertinent to newspaper reading and consumption may be a byproduct of an inquiry or census being conducted for local department stores or other interests.

Despite the emphasis upon research and the clamor of conflicting claims, all based upon "facts," the criticism is made that too often results of so-called research are founded on flimsy data and inconclusive inquiry. This point was raised by Dr. Daniel Starch, himself a well-known research specialist, in an address before the National Advertising Executives' Association convention in 1936.<sup>1</sup> What the newspaper industry needs, he asserted, is creative thinking based upon unbiased and unprejudiced research.

"Hardly one publisher in ten," he declared, "can tell you a really good story of facts about his paper, its readership, the acceptance of it and confidence in it, the buying power of its readers, and reliable facts as to the market reached. So much of the promotion is based on size of the circulation, lineage, and very little or none on quality."

What is needed, he went on, is: (1) to find out to what extent readers actually read the paper and the various parts in it; (2) to discover how much they read advertisements; (3) to prepare a measure of the market in terms comparable with similar measures elsewhere; (4) to find out what products and brands readers buy and use, and in what quantity; (5) to experiment with the physical typography and layout of the paper; (6) to do some first-hand creative thinking about the business.

The newspaper business, he insisted, needs an Edison or a Kettering who would know how to investigate the human factors

<sup>1</sup> Cf. *ibid.*, July 11, 1936, p. 5.

and create new things and test them. Too many editors, he added, think they know what parts of their papers are read, and by whom, when actually they are guessing. Another criticism he offered was that in many newspapers the position of advertisements in relation to editorial matter is haphazard.

Yet some newspapers go to the other extreme. They spend sizable sums of money for various kinds of research with one of two results: either the material is not worth anywhere near what it cost when it comes to using it, or the same or similar information might have been had from official governmental sources at little or no cost. The federal Bureau of Foreign and Domestic Commerce, for example, issues statistical manuals which are available to newspapers making surveys of their markets and communities.<sup>1</sup> These are particularly useful for newspapers which do not need or cannot afford extensive and expensive surveys.

Some newspapers issue annual editions of market guides with detailed data concerning their coverage, lineage, sales potentials, reading and buying habits and replete with statistics and graphs. Others publish special booklets and studies from time to time while some do both. The New York *Sun* is one whose annual market survey is outstanding. A few other promotional pieces which illustrate these practices include "Cake with Frosting," by the Tulsa *Tribune*, based on Tulsa's "remarkable purchasing power"; St. Louis *Post-Dispatch*, "Standard Market Data and New Information about St. Louis and Its Great Market, the Billionarea"; and the Chicago *Herald and Examiner*, "Vitamin V," based on its reader responsiveness, "the energy factor that increases sales."

The New York *Herald Tribune* has developed a scientific method of analyzing reader interest and reader response.<sup>2</sup> With a daily average of 1400 letters, it has a staff of 50 persons indexing, cross-indexing, and utilizing them in every possible manner. This voluminous correspondence is analyzed for the guidance of the editorial staff and some of the data are used for promotion. The number of letters increased from 45,908 for all of 1931 to 304,040 in the first nine months of 1934, the great bulk of them from women readers. These letter files are kept alive and are

<sup>1</sup> Cf. *ibid.*, July 4, 1936, p. 32.

<sup>2</sup> Cf. *ibid.*, Nov. 11, 1934, p. 5.

used for occasional questionnaires and as the basis for determining public taste.



With a hail to the harbingers of Spring . . . our women, bless their loyal hearts, are preparing to make Cleveland the best dressed town in America.

So one must expect to be surrounded in the Easter Parade by the work of the world's greatest couturiers . . . and delightful adaptations thereof now being proudly displayed and advertised by our alert, fashion stores.

*The Cleveland Press*

FIG. 32.—An example of seasonal retail advertising promotion.

In practice two kinds of research information are needed, according to William A. Thomson, director of the A.N.P.A.

advertising bureau.<sup>1</sup> One type is for the layman and the other for the advertising technician; the two should not be confused. The layman, by whom is meant either the reader or the advertiser, is interested in a few simple facts. To go into the technical details serves only to confuse him. The advertising specialist, on the other hand, who may be an account executive in an advertising agency, the advertising manager of the newspaper, or the advertising head of a big department store, wants more details. A simple presentation will not meet his needs. It is, therefore, up to the research staff to serve each interest in its own way.

**Joint Promotion.** Newspapers with similar circulations, or serving comparable markets, or giving combined coverage over a large territory such as a state or a region have found it advantageous to pool part of their promotional efforts aimed at general advertisers. This applies particularly to promotion in the trade publications.

Two general newspaper advertising promotion agencies have also been at work, the bureau of advertising of the A.N.P.A. and Major Market Newspapers, Inc. The latter was formed in 1924 as a cooperative enterprise to present important market data relative to cities of more than 100,000 population with 106 newspapers as the incorporators.

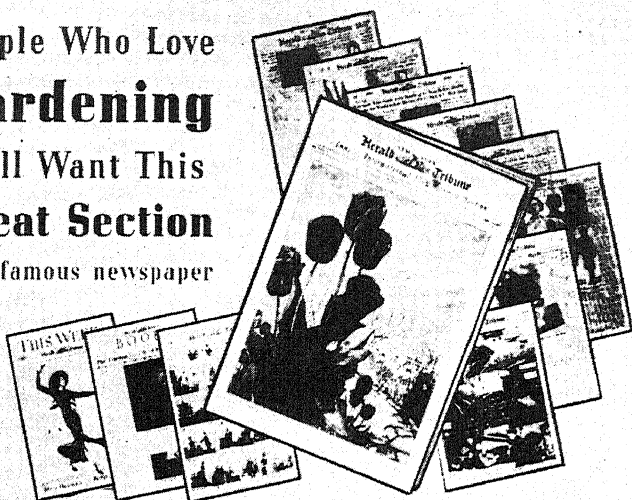
On the heels of a belated recognition that even competing newspapers have common interests and spurred on by evidence that newspapers were getting hardly more than the crumbs of increased advertising appropriations resulting from business recovery, efforts were redoubled for another form of cooperative promotion. This was known as the United Front movement with leading newspapers as the sponsors. A study of the billings of 25 leading advertising agencies showed that most of them were placing a smaller percentage of their advertising in newspapers in 1935 than in previous years.<sup>2</sup> From 1933 to 1935 these agencies increased their billings some forty or fifty million dollars of which increase the radio received 55 per cent, magazines 37 per cent and the newspapers only 8 per cent.

Still another form of cooperative promotion has been used since 1931 by a small group of important metropolitan newspapers including the *Detroit Free Press*, the *Cleveland Plain Dealer*, the

<sup>1</sup> Cf. *ibid.*, July 4, 1936, p. 32.

<sup>2</sup> Cf. *ibid.*, p. 3; Oct. 3, 1936, p. 3; Oct. 17, 1936, p. 5.

People Who Love  
**Gardening**  
 Will Want This  
**Great Section**  
 of a famous newspaper



## The Flower Show Garden Annual

Garden enthusiasts will find this big garden annual of the New York Herald Tribune, published March 14th, a practical guide for months to come.

Detailed articles will deal with such subjects as lawns, annuals, perennials, roses, shrubs, fruits, small gardens and landscaping. The articles are beautifully illustrated and the cover is reproduced in full color. Authorities on many specialized fields of gardening will contribute articles of lasting interest.

*To secure a copy of the March 14th edition, which includes the Annual International Flower Show Section, use the attached coupon. Delivered by mail, anywhere in the United States, a single Sunday issue is 15¢—a trial subscription to the Sunday edition for one month is 50¢.*

## Send Coupon TODAY

The Annual International Flower Show Section comes to you as an extra section of the regular edition of the Sunday Herald Tribune. Eleven other sections bring you a clear panorama of national and world news; the developments in aviation, science, shipping and motoring are reported; the arts, drama, the screen, books and music are discussed by eminent authorities; fashions, beauty, home decoration and cooking are treated by experts; a magazine presents first-run fiction and timely articles; there is an eight-page color comic section; the coverage of sports and finance is unsurpassed; a separate gravure section pictures the events and personalities in the news; and every Sunday during the year two or more pages are devoted to gardens.

Throughout the Sunday New York Herald Tribune is factual, accurate, brilliantly edited—broad in scope and geared to the tempo of 1937. It is America's **COMPLETE** Sunday newspaper.

**NEW YORK**  
**Herald Tribune**

*A European edition is published daily in Paris*

Circulation Department, New York Herald Tribune  
 210 West 41st St., New York, N.Y.

Please send me a copy of the Sunday, March 14th, New York Herald Tribune containing the Annual International Flower Show Section. I enclose 15¢ in stamps.

Please send me the Sunday New York Herald Tribune for one month. I enclose 50¢ in stamps.

*(This offer good in U. S., possessions, and territories)*

Name \_\_\_\_\_

Address \_\_\_\_\_

CT

FIG. 33.—New York *Herald Tribune* advertising in the Chicago *Tribune*.

New York *Herald Tribune*, the Chicago *Tribune*, and the Philadelphia *Public Ledger*. This is to exchange space with each other for promotional or institutional advertising designed to impress general advertisers. This has been done by trading space, the amount being computed roughly on the basis of the relative rates and circulations of the newspapers concerned.

**Radio Promotion.** A growing number of newspapers have been using the radio profitably for promotional as well as other purposes. A surprisingly large number of papers now own stations outright. In a few instances, however, they are under lease to newspapers, and there are also many working agreements for an exchange of radio time for newspaper space. Under the last arrangement, the newspaper uses the radio for exploitation purposes and permits limited use of its own display columns and perhaps some preference in its radio columns to stimulate interest in the programs and activities of the station.

Among the more important newspapers which have pushed the development of radio promotion are the Chicago *Tribune* with its own station, WGN, the Detroit *News* with WWJ, and the Milwaukee *Journal* with WTMJ. Because of physical and financial limitations, not every newspaper can have such facilities but their usefulness to promote good will, to attract attention to various departments or services of the newspaper, and even to sell time to advertisers has long since passed the experimental stage.

There can be no question as to the necessity of adequate and efficient promotion for a newspaper that makes any pretense at progress. The only real issue is whether the publisher has the foresight to see its possibilities or whether he waits for competition to drive him to it in self-defense. The results, of course, will be determined largely by the investment in brains and money but even small newspapers with a limited purse can find ways and means to carry on some kind of promotion. To follow any other course, as a matter of fact, is to hamstring the paper. Promotion has come to stay; it is only a question of how far it will go.

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## CHAPTER XIV

### NEWSPAPER FINANCING

The science or art of newspaper management is increasingly intricate and exacting. There was a time when it was commonly believed that anyone could run a newspaper. But that day is past along with the age when newspapers could be started on nothing, operated on a shoestring, and the publisher-editor considered himself fortunate if he could keep a roof over his head, his family in shoes, and his table supplied with the necessities of life.

The modern publisher must be a business man first, last, and all the time. If he does not conduct his newspaper on a business basis, he cannot adequately serve his readers or his community no matter how high-minded or public spirited he may be. If he is not sufficiently successful in business, he cannot achieve that degree of independence necessary to put him beyond the reach of the advertiser or of other pressure groups. If he cannot keep abreast of the publishing business in mechanical improvements, in better equipment, in higher business standards, and in better service to the public and to his customers, his publication suffers as a product, and it may not survive.

The number of daily newspapers in the United States is fairly well stabilized. If there are any tendencies, however, they are plainly in the direction of fewer and better newspapers, of a growing number of cities with only one daily newspaper, and the prospect of still more newspapers under chain or group ownership and control. If it is to survive in the face of this situation, the individual newspaper must build firmly and keep its house in order at all times. To do so it must be on a strong financial footing. This calls for sound organization, wise management, a good credit rating, and a long eye to the future. The combination of a strong business foundation and a liberal editorial policy will enable the newspaper to weather almost any economic storm that is apt to blow.

The chief elements of newspaper economics from the business standpoint include finance, production, distribution, valuation,

cost accounting, and credit practices. Because some arbitrary division of these is necessary, the financing of the newspaper, including its evaluation and credit practices, will be dealt with here. Production methods and cost finding will be considered in separate chapters. Distribution was discussed in the chapters on circulation.

**Newspaper Financing.** While the great majority of newspapers are incorporated, there are certain fundamental differences in the corporate setup of newspapers as against other kinds of corporations. In general, three types of securities may be issued by the newspaper corporation. These include common stock, preferred stock, and mortgage bonds. As a rule the common stock is closely held by the principal owners of the property. The preferred stock, if conditions warrant, may be offered to the public, but it is not often that newspaper mortgage bonds are so offered.

There are two views with respect to the holding of common stock. Many newspapers are the property of individuals, families, or small groups through ownership of all or most of the common stock of the corporation. In such cases it is the general policy to retain such stock and even to increase the holdings where possible. This is illustrated in the case of the Hearst publications. On the other hand, it was the fixed policy of E. W. Scripps, founder of the Scripps-Howard properties, to retain only a minimum of 51 per cent of the common stock, making the remainder available to employees who were encouraged either to buy stock outright, or on the installment plan, thereby making them partners in the common enterprise.

The story of how Adolph S. Ochs obtained control of the New York *Times* is well known.<sup>1</sup> When he reorganized the *Times*, it was incorporated with 10,000 shares of common stock, and a \$500,000 bond issue was arranged. Ochs himself bought \$75,000 worth of the bonds, which carried with it 1125 shares of stock. An additional 3876 shares, just enough to give him a majority interest of 5001 shares, were held in escrow to be turned over to him when the paper had paid its way for three consecutive years. In less than four years he had the 5001 shares. At the time of his death in 1935, he and his family still held the bulk of the common stock. He himself once said years later that he

<sup>1</sup> Cf. *Editor & Publisher*, Apr. 13, 1935, p. 7; Apr. 20, 1935, p. 9.

and his family owned and controlled 64 per cent of the \$1,000,000 common stock of the corporation, yet against this common stock four issues of preferred stock had been made as dividend payments, three of them after 1921. Of the remaining 36 per cent of the common stock of the *Times* held outside of the Ochs family in 1921, 25 per cent was held by former employees and 11 per cent represented the holdings of 28 other individuals or estates. By his will, Mr. Ochs distributed large blocks of both common and preferred stocks of the *Times* to relatives, associates, employees and others.

**Refunding Operations.** As a result of reorganizations and other conditions, a number of important newspapers have found it necessary or desirable to refund their securities in recent years. Bondholders of the Chicago *Daily News*, for example, were offered an opportunity in 1934 to exchange 6 per cent debentures maturing in 1936 for a new issue of 10-year 5 per cent debentures maturing Jan. 1, 1945.<sup>1</sup> The original issue of these bonds amounted to \$8,000,000 which had been retired at the rate of \$434,000 a year for nine years. The saving of 1 per cent on the remaining \$4,000,000 meant an economy of \$40,000 a year.

Also in 1934, the Chicago Times Co. was reorganized, its debt refunded, and the name changed to the Times Publishing Corporation.<sup>2</sup> The refunding was accomplished by the issuance of 10-year debentures to the International Paper Co. to cover the *Daily Times'* \$3,000,000 obligation to that firm. Further to secure the debt of the new corporation, the old company deposited all of the stock of the new corporation in escrow under an arrangement whereby it remained the property of the Chicago Times Co. but was to be turned over to the debenture holders if the *Times* failed to live up to the terms of the refunding. The original Chicago Times Co. was organized to take over the equipment, Associated Press franchise, and most of the assets of the old Chicago *Journal* "at a price of something less than \$2,000,000." A month later the market crash of 1929 occurred and the new publication lost money steadily.

Likewise in 1934, a number of other publications were involved in financial operations of one kind or another. The Kansas City

<sup>1</sup> Cf. *ibid.*, Dec. 22, 1934, p. 33; also, Apr. 13, 1935, p. 33; Apr. 20, 1935, p. 30.

<sup>2</sup> Cf. *ibid.*, Dec. 8, 1934, p. 11.

Star Publishing Co. increased its capital stock from \$5,000,000 to \$10,000,000.<sup>1</sup> The *Star* is distinguished for more reasons than one. Among other things it is unique because of the success of its staff-ownership plan which dates from 1926.<sup>1</sup> After being administered under a trusteeship following the death of the founder, Col. William Rockhill Nelson, a corporation made up of executives and workers on the *Star* purchased the newspaper for \$11,000,000. The only man ever to own a majority of stock in the new company was Irwin R. Kirkwood, son-in-law of Colonel Nelson. When Kirkwood died, the company still owed \$8,500,000 on the purchase price, plus interest of nearly \$425,000 annually.

Despite gloomy predictions that a newspaper like the *Star* could not be run on such a cooperative basis, the Star Company by Jan. 1, 1936 had reduced its indebtedness to the Nelson trust to \$3,062,907.82. In 1935 alone, it paid off \$987,356.04 on the principal with \$173,073.11 in interest, and in 1934 a total of \$1,117,761.73, of which \$893,958.78 was principal. The number of stockholders had grown from 87 to 109 and currently no individual holds as much as 12 per cent of the stock. Moreover, the *Star* weathered the depression without cutting salaries or discharging employees, nor did it skimp on equipment or services. The *Star* trains its own executives and runs its own business, about one employee in 12 being a stockholder. If a stockholder dies or leaves the employ of the *Star* an indentured option on his stock is exercised either by the other stockholders or by the corporation itself. The company carries heavy insurance on the lives of its executives, having collected \$1,125,000 when two died. Life insurance of more than \$1,250,000 is carried on the present chief executives.

**Operating Costs.** A large part of newspaper management is concerned with the various costs entering into the operation of a newspaper. These vary greatly with individual newspapers and from year to year. One of the phenomena of the depression that began in 1929 was that newspaper revenues shrank appreciably but the cost of materials, equipment, and labor did not change much. This put a premium upon economical management and was the chief factor which led many newspapers to raise their copy prices. In other words, it became necessary to ask the

<sup>1</sup> Cf. *ibid.*, Nov. 3, 1934, p. 5.

reader to pay a slightly larger share of the cost of producing the newspaper.

The public has little idea of the expense of operating a newspaper. Single pieces of equipment run into thousands of dollars and a new multiple unit press for a big newspaper frequently costs a fortune. In the face of increasing competition and mechanical improvements, much equipment is obsolete long before it is outworn, yet it must be replaced and charged off. In a souvenir edition issued in 1935, the *Chicago Daily News* reported that it cost \$30,000 a day to publish that newspaper.<sup>1</sup> In announcing an increase in its copy price to 3 cents in 1936, the *Toledo Blade* explained to its readers that this step was necessary because the total previous income from circulation did not come within \$115,000 a year of paying its newsprint bill and the expense of delivery.<sup>2</sup>

Some idea of the outlay involved in newspaper publishing is given by figures supplied by the business manager of an important Midwestern paper. For plant and equipment:

Building and real estate . . . . .	\$500,000
16-unit press . . . . .	200,000
Color press . . . . .	100,000
25 Linotypes at \$2500 each . . . . .	62,500

For annual operating outlay:

Payroll . . . . .	\$885,000
Newsprint . . . . .	600,000
Wire and feature services . . . . .	92,000
Ink, metal, chemicals, etc. . . . .	37,000
Promotion . . . . .	25,000

Somewhat similar figures were given for a much smaller newspaper in the same state. This publication has a circulation of about 14,000. Its figures follow:

Building and machinery . . . . .	\$150,000
Payroll, insurance, bad debts, etc. . . . .	65,000
Newsprint at \$42 a ton . . . . .	20,000
Ink and metals . . . . .	2,400
Gas and electricity . . . . .	2,500
Write-off for depreciation . . . . .	5,000

<sup>1</sup> Cf. *ibid.*, Feb. 9, 1935, p. 9.

<sup>2</sup> Cf. *ibid.*, Feb. 8, 1936, p. 34.

A report based on 75 important daily newspapers for 1934 showed constantly mounting costs.<sup>1</sup> Revenues were increasing, too, but not in the same proportion. These newspapers reported increased costs totaling \$14,196,391 for the first 11 months of 1934 over the corresponding period in 1933. This increase was accounted for as follows: editorial, \$2,375,171; newsprint, \$4,965,663; other operating, \$6,855,557. The comparison of totals follows:

Increase in costs Jan. 1 to Nov. 30, 1934, over like period in 1933.....	\$14,196,391
Increase in gross revenues for same period.....	13,462,849
	\$ 733,542
Decrease in net income.....	\$ 733,542

**Newspaper Valuation.** It is difficult to arrive at a satisfactory method or formula for setting a value on a newspaper. As a going concern a newspaper is essentially a living thing. It has both tangible and intangible values, some of which are exceedingly difficult to appraise. In one man's hands its value may be quite different from what it would be in those of another, and, like any other kind of property, a newspaper can be built up or it can run down. Because the newspaper is so dependent upon good will and public confidence, however, it is in this respect a rather fragile and delicate property. Adverse opinion or hostility can quickly ruin it. On the other hand, the magic touch of a competent or inspired hand can revive a sickly newspaper and make it thrive as never before.

The New York *Times* is a case in point. Under the original ownership of Henry J. Raymond and his partners, it grew rapidly from nothing to a profitable and influential organ. When Raymond let his interest in politics outrun his responsibility to the *Times*, the latter suffered, and Raymond himself made the estimate that his political escapade at the close of the Civil War probably cost the *Times* \$100,000.<sup>2</sup> He then turned his back upon politics and by the time of his death three years later the *Times* was once more on a sound footing. A generation later the *Times* was once more in a bad way. Fortunately for it—and for him—the late Adolph S. Ochs appeared on the scene, put every penny he could muster into the publication, and within three

<sup>1</sup> Cf. *ibid.*, Jan. 5, 1935, p. 3.

<sup>2</sup> Cf. Elmer Davis, *History of the New York Times, 1851-1921*, New York Times, p. 71.

years was on his way to what is in many respects perhaps the greatest single journalistic triumph in American history. In 1921, when the *Times* had been in his ownership 25 years, Ochs reported that its gross receipts in that time were \$100,000,000, all but \$3,750,000 of which had been plowed back into the paper.<sup>1</sup> Five years later in a statement on the thirtieth anniversary of his ownership, he revealed that its annual income was \$25,000,000, it had no indebtedness, and, in the face of its steady progress, he confessed that "the *Times* is embarrassed by its gains in circulation and advertising."<sup>2</sup> Rarely has such an admission been made by a publisher!

When Ochs took over the *Times*, it was called "the most picturesque ruin in journalism." In his own words, he "rescued it when it was a derelict floating in troubled waters—abandoned, ignored, and regarded as a worthless wreck." The story of how he financed it belongs elsewhere, but it was Adolph Ochs who breathed the breath of life into the *Times* and proceeded to build it far beyond the wildest dreams Raymond and Jones may have had. It was Ochs and his later associates who were responsible for the fact that in his later years the value of the common stock of the *Times* rose from \$10 to \$6000 a share, and that in the meantime the paper had declared issues of preferred stock totaling \$20,000,000 as dividend payments to holders of common stock.

The personal element, then, has much to do with the worth of a newspaper. In fact, it has perhaps more to do with the valuation of a newspaper than with almost any other kind of large-scale human enterprise. It has been well said that the value of the physical property of a newspaper is less important than the brains and ability it can muster. The New York *World*, under Joseph Pulitzer, was a vital force. But despite the most careful training of subordinates and the most minute instructions for its administration after his death, the perpetual monument of which he dreamed crumbled within a few years. The morning and Sunday *Worlds* were offered to Ochs for the sum of \$10,000,000, yet the *World* finally passed into the Scripps-Howard hands for half of that amount, and for the good will and Associated Press memberships only.<sup>3</sup>

<sup>1</sup> Cf. *Editor & Publisher*, Apr. 13, 1935, p. 5.

<sup>2</sup> Cf. *ibid.*, p. 7.

<sup>3</sup> Cf. *ibid.*, p. 8.

The Chicago Tribune Co. is another example of a newspaper property whose real value, as a going concern, would be difficult to set. The company, organized with 2000 shares of common stock of a par value of \$100 each, not only owns and operates the *Tribune* itself, but the New York *News*, its own paper mills in Canada, the Chicago *Tribune*-New York *News* Syndicate, and radio station WGN. In addition, it formerly owned and operated the Paris edition of the *Tribune*, the Detroit *Mirror*, and the magazine *Liberty*. Fairly recent estimates of the current worth of the Tribune Co.'s properties ranged from \$38,000,000 to \$53,000,000, with good will, that intangible but vital newspaper necessity, carried on the books at \$1 yet actually worth perhaps an additional \$17,500,000.<sup>1</sup> With net annual profits estimated at between \$6,500,000 and \$7,000,000, single shares of Tribune Co. stock yielded several thousand dollars a year in dividends.

The late Frank A. Munsey, who was a striking success financially in the magazine and grocery business and an equally conspicuous failure as a newspaper publisher, owned about a score of newspapers at one time or another. For some of these properties, considering their circulations and the condition in which they were, he paid fabulous prices.<sup>2</sup> He is supposed to have paid \$2,468,000 for the New York *Suns*, morning and evening, \$2,000,000 for the New York *Globe*, another \$2,200,000 for the New York *Mail*, and \$4,000,000 for the Bennett properties, the New York *Herald*, the Paris edition of the *Herald*, and the New York *Telegram*. Ruthlessly, he killed some papers, merged others, sold the *Herald* to the owners of the *Tribune* for \$5,000,000, and, in general, made an inglorious record of failure in the management of newspapers.

It was reported that Mr. Eugene Meyer once offered \$5,000,000 in vain for the Washington *Post*. It was said that Mr. David Lawrence actually bargained to pay \$3,000,000 for that particular newspaper property. Eventually, through a turn of circumstances, the *Post* went to Mr. Meyer at a reported price of \$825,000.<sup>3</sup>

In 1934 a newspaper of some 6000 circulation in a town of 14,000 population was reported to have sold for \$175,000. Yet

<sup>1</sup> Cf. article in *Fortune*, May, 1934, pp. 101ff.

<sup>2</sup> Cf. George Britt, *Forty Years—Forty Millions*, Farrar Rinehart, Chaps. XIII, XIV, XV, XVI.

<sup>3</sup> Cf. *Editor & Publisher*, June 13, 1931, p. 6.



this property was reported to have netted about \$25,000 a year to its previous owners without much effort on their part and to be capable of yielding \$35,000 annually if properly managed.

The Marion, Ohio, *Star* is another newspaper whose association with a great name gave it a swollen value. The *Star* was a good average small-town newspaper but it happened to belong to Warren G. Harding who was, at the moment, president of the United States. Although it had a circulation of only 14,000, the Brush-Moore interests paid Harding \$550,000 for it, besides a 10-year contract for his services. It was the expectation that he would be a contributing editor after his retirement from the White House, but he died within a few months after the sale was made. The Harding estate received payment on this personal service contract, calling for \$13,000 a year, for the full ten years.

**Methods of Evaluation.** If they mean anything, the examples just given illustrate the variety of conditions and elements affecting newspaper valuation and the difficulties of arriving at a fair and satisfactory method of computing the valuation. The result is that newspaper brokers are agreed that no one method is adequate for determining the value of a newspaper as a piece of property. It generally resolves itself into two things: of getting the buyer to pay an amount for which the seller is willing to sell, and of averaging or combining a number of methods which have been used in the sale of newspapers. The former is common to many forms of sale and barter, but the latter are more or less peculiar to newspapers and other publications.

It has been pointed out that the depression increased the prestige of the daily newspaper as a business investment. In support of this assertion, C. M. Palmer, himself a publisher as well as an appraiser, advanced the following arguments:<sup>1</sup>

1. Newspaper securities have held up better than most other business securities.
2. Newspaper valuations have not been materially affected by years of decreased business.
3. With only a handful of failures out of 1900 dailies, the stability of newspaper enterprise has been clearly demonstrated.
4. Criteria for evaluation of newspaper properties have become more critical with a greater premium on sound circulation and independent editorial methods.

<sup>1</sup> Cf. *ibid.*, November 23, 1935, p. 7.

5. Maintenance of basic advertising and circulation rate structure has been almost universal during the depression despite temporary concessions.

**Elements of Valuation.** As has been indicated, a number of elements enter into the valuation of a newspaper. Some of them are visible and tangible and some of them are intangible but none the less important. The tangible elements include earnings, copy price and circulation, advertising linage, plant and equipment, real estate, cash on hand, and accounts receivable. The other factors affecting the value of a newspaper property at a given moment include good will, the personality behind the paper, the policies it follows, and the methods it uses. Whether a newspaper has competition, and if so how much and what kind, is still another factor, along with the characteristics of the community in which it is published.

There is some question as to whether good will is an element by itself, whether it is a combination of other elements, or whether it is simply an index of those elements. In general, good will is the esteem and confidence which a newspaper enjoys in the community it serves. Yet it is quite possible for a newspaper to have a relatively small circulation and still be highly regarded. Again, the price readers are willing to pay for a newspaper may be a better index of its good will than the size of its circulation. The same reasoning can be applied to its advertising, in reference to volume and rates. Since it is subject to so much fluctuation it is somewhat risky to carry a fixed figure for good will in a tabulation of assets.<sup>1</sup>

In a way, good will is perhaps the chief stock in trade of the newspaper. If a publication does not enjoy the good will of its readers, it has a rocky road to travel. Good will is difficult to define and still more difficult to evaluate. In a sense it is the end result of cultivating the confidence of readers and advertisers, of giving them what they want or like. It is partly the result of enterprise and promotion, partly of civic-mindedness, and partly of personality as expressed in the news and editorial columns. Yet enlightened and liberal management will not always produce it even when backed by a well-filled purse. Under the Godkin, Villard, Gay, and Curtis regimes, the New York *Evening Post*

<sup>1</sup> Cf. *infra*. p. 293.

was a withered flower from the business standpoint. Under the Curtis ownership, it blossomed forth in a handsome new building, had the advantage of close connections with the Philadelphia *Public Ledger*, and pursued a broad editorial policy, yet its circulation continued to dwindle until its owners had actually decided to abandon it. At the eleventh hour, David Stern obtained control of the property and under his skillful touch, the *Evening Post* soon took a new lease on life and showed a vigor and aggressiveness that belied its 130-odd years. From a negligible factor in New York journalism it soon became one to reckon with, and its circulation waxed accordingly.

Circulation is a tangible but nonetheless variable factor. Two newspapers of equal numerical circulation may differ widely as to the value of their respective circulations. The readers of one may have a relatively high purchasing power or may comprise a concentrated circulation. The other circulation may be low in purchasing power or so scattered as to impair its value to the advertiser. Adolph Ochs once said that "a newspaper of the character of the *Times* with 100,000 circulation is worth a better advertising rate than we get for 400,000 circulation."<sup>1</sup>

Physical valuation may be the easiest of the elements of valuation to determine. By comparison with similar properties, by a study of real estate and equipment values, by an analysis of the taxation returns, and by determining the depreciation, obsolescence, and replacement data, it is relatively easy to reach a figure for the value of the physical plant and equipment.

**Valuation Formula.** In an address on "Newspaper Values" before the Northwest Missouri Press Association some years ago, Clyde H. Knox, a Kansas City newspaper broker, declared that "there is no absolutely fixed rule for determining the value of a newspaper property."<sup>2</sup> He pointed out that men who have been engaged for years as newspaper selling agents differ widely as to standards of newspaper values.

"There seems to be no general agreement of these alleged authorities," he observed, "by which the value of a newspaper property can be definitely measured by any fixed or standard rule. This does not apply to the value of the physical plant. Any good appraisal firm can determine that in short order and the

<sup>1</sup> Cf. *Editor & Publisher*, Apr. 13, 1935, p. 7.

<sup>2</sup> Cf. *Publishers' Auxiliary*, Feb. 15, 1930.

figures of one firm will not differ much from those of another. But when you get away from the physical property and out into the realm of good will, advertising and subscription figures, and other intangible and speculative values, there is no fixed rule that will bring a result with satisfactory accuracy."

He then proceeded to list some of the rules by which newspaper values are computed. They follow:

1. The physical value plus two times the net profit per year.
2. The physical value plus three times the net profit per year.
3. The physical value plus the price of one year's subscription for every subscriber.
4. Ten times the annual net profit regardless of the physical plant, which means whatever sum the paper will pay 10 per cent interest upon.
5. Five times the owner's income, whether dividends or salary, after at least 10 per cent of the physical value of the plant has been charged out for depreciation or replacement.
6. The physical value plus \$10 for each subscriber on a daily and \$5 for each subscriber on a weekly.
7. The physical value plus \$20 for each subscriber on a daily, or \$10 on a weekly.
8. The annual gross receipts plus 20 per cent for good will, regardless of the physical valuation.

He then took a hypothetical newspaper with a physical valuation of \$30,000, a circulation of 4000, an annual gross business of \$60,000, a net operating income of \$20,000, owner's salary of \$5000, a depreciation charge of \$3000, a subscription rate of \$5 a year, and a net profit of \$12,000. Applying each of the rules cited above the respective valuations would be:

1. \$54,000
2. \$66,000
3. \$50,000
4. \$120,000
5. \$85,000
6. \$70,000
7. \$110,000
8. \$72,000

This is an average of \$78,375, with a range of from \$50,000 to \$120,000. He also cited the prevalent belief that "dailies should

be bought for six to eight times their net earnings and weeklies about five times their net." He concluded:

Newspaper values as a rule should be—and they generally are—as stable as those of a bank or of a public utility. In many communities the newspapers have actually outlived the very banks which at some time or other have haughtily declined to make them a loan. Newspapers and public utilities now head the list of money-making institutions in most cities and towns. The older and better papers everywhere are just as stable and permanent as the towns in which they have their being. Different owners may come and go but the paper lives on. Editors may have their little day but the life of the paper continues unbroken. Journalistic hands that give it their touch may fold in death and turn to dust, but the old home paper lives on and on throughout the years, from generation unto generation.

In the last analysis, your paper is really worth just about what you make it worth. If you attend strictly to business, if you let factional politics alone, if you sidestep personal and religious quarrels, if you work hard and use good business sense, if you measure up to your greatest opportunities, if you "fight the good fight and always keep the faith," your paper will be worth more to you and to your community than any other business in it. You will stand at the head of your town's prosperous and successful institutions and you and your paper will command the confidence and respect that always come to those who deserve them. But if you fail in these great essentials, if you neglect the opportunity to serve your community and your country, your paper will be worth little from any standpoint in the course of time. The basis of permanent value for any newspaper is the measure of its permanent service to its field. If you fail in this you have failed in your trusteeship of a great public utility, and permanent success cannot and will not come your way.

Four methods given by Arthur T. Robb, in *Editor & Publisher*, for determining the valuation of a newspaper follow:<sup>1</sup>

1. Value the circulation and good will at \$10,000 per 1000 circulation. (Objection: this does not give an index of the true earning power and good will value.)
2. Value the circulation and good will at a year's gross receipts from advertising and circulation, add the excess of current assets over liabilities, plus the replacement value of the plant, machinery and equipment.

<sup>1</sup> Cf. *Editor & Publisher*, Aug. 7, 1926.

3. Value the circulation and good will at the amount which the net earnings, capitalized at 10 per cent for the years indicated, will bring, add the excess of current assets over liabilities, plus the replacement value of the plant, machinery and equipment.

4. Take the average of these.

It is also pointed out that to be on the safe side, if gross earnings figure in the computation, they should be averaged for a period of not less than five years. Similarly, circulation figures should represent well-established distribution and not mushroom growth.

**Credit.** There are two aspects to credit, one external and the other internal. The newspaper needs to be diligent in seeing that those with whom it does business pay their bills promptly, but it must also meet its own obligations on time. Like that of any other business, the credit of a newspaper is good only as long as it does not abuse it. Before it can expect its advertisers, its news dealers, and its subscribers to be prompt in their payments, a newspaper must take care of its obligations. It is also good practice to take advantage of discounts for cash.

As with advertising and circulation practice, newspaper credit policies have been developed only in recent years. It was formerly taken for granted that at least 25 per cent of general advertising could be discounted in advance because of poor credit. It was also for many years the practice of newspapers to carry subscribers who were badly in arrears. The great bulk of daily newspaper circulation is now cash or is paid for within a week. In 1935 the circulation income of the Scripps-Howard newspapers was more than \$17,000,000 of which 99.65 per cent was cash, 0.25 per cent was charged to profit and loss, and 0.10 per cent to accounts receivable.<sup>1</sup>

In recent years newspapers have taken steps to plug such leaks in advance. This has been accomplished in large measure through the installation of a credit department whereby the credit risks are reduced to a minimum. This has been furthered by both individual and joint action on the part of newspapers. The method is to have an experienced credit manager pass on accounts about which there is any question before any advertising is run. Newspapers have also found that it pays to maintain connections with local credit agencies. State newspaper associations and

<sup>1</sup> Advertisement in *Editor & Publisher*, Apr. 4, 1936, p. 1.

other agencies have also been helpful in the exchange of certain kinds of credit information.

Publishers used to be fearful that their competitors might learn some of their innermost business secrets if they exchanged information about bad accounts. Today it is recognized that in general newspaper rates are well known, and statistics are kept as to the lineage used by various advertisers. The modern publisher is not only concerned as to whether a competing paper carries the same accounts but whether they are paid, and especially if they are not paid.

Much risk can be eliminated by joint action on the part of newspapers in a given city. This can be accomplished in several ways. Newspapers are loath to bring suit to collect an advertising account, but this is sometimes necessary, and it serves as a warning to other advertisers. This is particularly effective against fly-by-night advertisers who specialize in cut-rate offerings, closing-out sales, and the like. Until newspapers joined hands in this respect, it was the practice for such an advertiser to press his credit with one newspaper as far as he could, then transfer his account to another. It is now customary for competing newspapers in some cities to exchange information promptly about such accounts, to agree not to take an advertiser who has unpaid accounts standing with one newspaper in the community, and, if need be, to take joint action to collect outstanding accounts. The example is cited of a rug merchant who owed the San Francisco and Oakland newspapers \$3500 and from whom it was hard to collect. In the face of joint action on the part of these newspapers he settled within a week.<sup>1</sup>

Another publisher in a city of 30,000 reported that he reduced his losses from bad accounts to less than 0.5 per cent a year. One method he used to this end was interesting as well as effective. If a new merchant came to that city or a new account was opened, the paper had a form prepared which called for a statement as to his financial responsibility. This was *mailed* to the advertiser with a stamped envelope enclosed for its return and with the request that the form be filled out and signed. If the account later became delinquent, the advertiser was reminded that he had stated in writing that he was good for his debts, that he had mailed this statement to the newspaper, and that under

<sup>1</sup> Cf. *Editor & Publisher*, Feb. 9, 1935, p. 12.

the circumstances his failure or refusal to pay his account amounted to using the mails to defraud. This procedure only needed to be used once in a given case to obtain results.

**Credit Practices.** It has been said that it is the duty of every credit manager to make continuous surveys of accounts receivable, which means not only running surveys but periodic reports such as comparisons with a year previous, or longer. This makes possible a check on missing accounts, thus raising the question of whether such matters are exclusively the business of the advertising department. An additional check may lead to closer cooperation, fewer leaks, and, in the long run, more and better business for the newspaper. The credit manager is in a position to be very useful in this connection.

Newspaper credit practices have been summarized by Allen Selby, credit manager of the Chicago *Daily News*, as follows:<sup>1</sup>

1. Keep the advertising department advised daily when final payments are received on delinquent accounts.
2. Watch the tact and diplomacy of your adjuster to maintain friendly relations with the advertiser.
3. Give the advertising department at least a week before dead-listing accounts. Very often they can help you.
4. Always thank the advertiser for the payment; be courteous.
5. Show a sincere interest in the progress of the advertiser and your salesman.
6. A pat on the back never hurt anyone.
7. Watch the tone of collection letters and contacts.
8. Encourage—do not discourage.
9. Do a little bit more than is expected of you to make your newspaper better.

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## CHAPTER XV

### ACCOUNTING AND COST-FINDING PRACTICE

The story is told, for gospel truth, of a small-town newspaper publisher who reckoned the income of his paper as whatever he realized from advertising and tucked the circulation receipts into his pocket as spending money. If any cash remained in the till at the end of the year, it had been a profitable one according to his lights, and, if there was none, it had been unprofitable. It probably never entered his head to render a strict accounting of his business even to himself, and doubtless the facts as to the costs of the various steps in producing his publication will be a mystery forever.

Most newspaper publishers have long since discovered that accurate records are vitally necessary to the proper conduct of their business. The publisher who does not know how his lineage and circulation figures and his receipts and expenses of today compare with those of a year ago has no means of reckoning his position or his course. If his books do not tell him at all times the proportionate cost and the revenue, if any, for each department of his newspaper, he simply does not know how he stands or where he is going.

For many years newspapers as well as other lines of industry suffered from inadequate records. It came to be recognized in time that ample as well as accurate records were essential to the conduct of any business, newspapers included. Further, it came to be realized that not only was it necessary to have these facts but it was equally important to have them interpreted. This entire process is the function of accounting as it is now understood and practiced. It applies in principle to the newspaper industry just as it does to other lines of activity. It covers both synthesis, the gathering of facts by means of the records, and analysis, which requires their interpretation and translation.

Taking the newspaper as a manufactured product and the shop from which it comes as a manufacturing plant, the accountant

wishes to know the true condition of the enterprise as a going concern. He is interested in the value of such things as land, buildings, and machinery and their depreciation. It is part of his task to determine the true net profit, but this can be done only after making proper allowance for changes in valuation.

It is a general rule in accounting to keep land used by a going concern on the books at its original cost price. But the rate of depreciation on buildings and equipment has to be fixed and allowance made accordingly. Depreciation can rarely be determined with absolute accuracy, but it is the practice to overestimate rather than to underestimate it. Experience within an industry, however, will give a fairly reliable basis for estimating depreciation.

Good will, too, is an invaluable asset, but the best accounting practice is to make no allowance for it or at most only a nominal one unless it has been acquired at a definite cost and then only at the purchase price. It is considered improper accounting practice to fix an arbitrary value for good will on the books. Since good will is so intangible and so changeable, any other course would be misleading and to a considerable extent dangerous.

But all of this is not enough. In the last 50 years more and more emphasis has been placed upon cost accounting. This is simply accounting as it is applied to the control of production. It puts the industry, so to speak, under the microscope to determine the detailed costs of different departments and operations. Its object is "to assign to each article produced or to each operation performed its proper share in the costs of the enterprise as a whole in order to direct the labor and capital of the enterprise to the most productive channels." It will be discussed in some detail later in the chapter.

The manufacturer formerly figured his profits or losses on his enterprise taken as a whole. By the application of cost accounting, he is enabled to analyze its different operations and to determine which are profitable and which are not. He can then govern himself accordingly. He can not only discover whether costs are rising but put his finger on the department or operation that is responsible. Cost accounting makes it possible for him to detect waste and to uncover careless management. In a very real sense, cost accounting keeps the hand of management on the throttle of industry.

Like any other industry the newspaper must build upon sound methods of general accounting backed by the special functions of cost accounting. The methods used will vary according to the policies, needs, and facilities of the individual publication. What will suffice for one newspaper will be quite inadequate for another. Some necessarily use complicated systems while others follow methods that may be too simple to be effective elsewhere.

**General Business Office.** Not much has been said so far concerning the general business office which is a focal point in the proper management of the newspaper. In the statement of profit and loss, it is reckoned as a nonproductive department. Ordinarily, it is true that it produces no business as such, but it is equally true that a newspaper with a strong business office is in a far better position to show a profit than one which is improperly or inadequately organized in this respect.

This office is the clearing house for the general business of the newspaper. It is responsible as a rule for the keeping of financial records and accounts, for making collections, for distributing the mail, for making the necessary purchases of supplies, materials, and services, for handling the payroll, for keeping the individual departments within their budgets, and for a thousand and one details which are quite outside the purview of other subdivisions. Accurate accounting and sound cost finding are among its most important tasks on the better organized newspapers.

Proper accounting presupposes the right kind of records. These in turn will vary in simplicity or complexity according to the needs and special conditions surrounding the individual newspaper. A system that is so simple that it does not reveal the true financial picture of the publication as a going concern is no better than one which is so complicated that it defeats its own purpose. The publisher who really knows accounting and cost finding is something of a rarity, but it is entirely possible to make reasonably accurate yet understandable reports in both areas so that executives can tell at a glance where a given newspaper stands financially and in which direction it is going and why.

The least a small-town newspaper can get along with is a cashbook-journal and a general ledger as the basis for its accounting. In contrast with this, Van Benthuyzen describes how a large publication may have a general ledger, a general journal, a

general cashbook and a voucher record besides these subsidiary or special records: a plant ledger, accounts receivable journals, newsprint ledger, stock-room records, job printing room inventory, inventory control, insurance register, job-room cost ledger, advance ledger, deposit ledger, subscription record, accrued advertising discounts, expense-distribution ledger, payroll-distribution ledger, and others.<sup>1</sup> Somewhere between these extremes the individual newspaper must work out its own accounting salvation.

It is not within the scope of this work to go into a detailed or elaborate discussion and exposition of accounting methods. It must suffice to repeat for the sake of emphasis that whatever plan is followed must be both accurate and adequate if it is to reflect the true operating conditions and make it possible to compute the costs in detail so that the course of the publication can be charted.

In general, the revenue of the average newspaper is derived chiefly from advertising and from circulation and only incidentally from miscellaneous sources. A few large newspapers have still other kinds of income such as that from syndicates and special news services. The receipts from advertising break down into display and classified revenue and the former, in turn, into general and retail. Similarly, circulation income is credited, respectively, to city, country, and wholesale circulation.

In addition to these, the general ledger will show such other debit items as capital assets, investments, cash on hand and in bank, accounts receivable other than advertising and circulation, notes receivable, inventories, and expense accounts. On the credit side of the ledger are such items as accounts payable, notes payable, contracts, accrued liabilities, and reserves for such charges as bad debts, taxes, depreciation, contingencies, income, and net worth accounts. With these and other pertinent data, the net worth and profits can be computed.

For accounting purposes, the ledger is a permanent financial record but the journal, as a book of original entry, is a day-to-day record of transactions in the various departments. These are the minimum accounting essentials and each is necessary to the other. The simplest method is to make the original entries in

<sup>1</sup> A. S. Van Benthuyzen, *Newspaper Organization and Accounting*, Prentice-Hall, p. 153.

the journal and transfer them directly to the proper accounts in the ledger. Subdivisions of the journal must be made in some cases, however, to provide for the detailed classification of information. The advertising records may be entered in various ways: for each insertion in the proper journal; a separate account for each advertiser; individual records by classification; and daily, weekly, monthly, and annual lineage totals. Similarly, subscription records will be kept for individual subscribers as well as for the various circulation subdivisions. Separate cash records will also be found useful.

The expense distribution record is another essential. It contains the record of total expenses by departments and subdivisions, the number of accounts depending upon the plan followed, and the size of the newspaper. This information is necessary before the detailed costs can be determined.

From the ledger, at stated intervals, the balance sheet and the statement of profit or loss for the period are taken. The profit and loss statement may be made monthly, quarterly, semi-annually, or annually. In this way the owners and the responsible executives of the concern get an accounting picture of its true condition.

**Depreciation.** While the item of depreciation is a variable factor, it is important that it be taken fully into consideration in any accounting plan. This is true for any going concern as a measure of insurance and protection, but as in other matters some newspapers have been slow to take it into their reckoning.

The machinery and equipment necessary for the production of the newspaper wear out just as do those of any other plant. Some depreciate more rapidly than others and some more slowly. The publication that does not safeguard itself in its accounting policies against the ultimate and inevitable replacement of equipment will be in difficulty when it finally becomes necessary to buy new equipment. Another reason for determining depreciation is that it is necessary in making tax returns, and the newspaper must be prepared to comply with the law in this respect. The prime object of accounting for depreciation, however, is to apportion the cost of the plant and equipment in pro rata amounts over the anticipated period of their life and utility.

“Depreciation is a matter entitled to the highest consideration by executives of a newspaper,” Van Benthuyzen writes.<sup>1</sup> “It affects plant values, insurance, taxes, costs, and earnings. When adequate depreciation is not written off, the tendency is to overinsure, pay too much in taxes, consider costs lower than they actually are, and inflate earnings—and these are but a few of the evils. What is perhaps even more important is that the paper is actually using up capital without making any proper provision for its replacement.”

Ordinary depreciation must be distinguished from obsolescence which is another matter. The former has to do with the inevitable wearing out of buildings, equipment, and machines. The latter concerns equipment or machinery which is old before its time, *i.e.*, it is outmoded by the introduction of newer, faster, more efficient equipment. In the case of a newspaper, it often happens that machinery that still does good work must be replaced because it is not fast enough for the rising tempo of the industry or because a competitor installs a better piece of machinery or because its capacity is not equal to the demands of a rapidly growing newspaper.

Rates of depreciation will differ even within the newspaper plant. The building itself, for example, will depreciate more slowly than the average piece of machinery which, in turn, will last longer as a rule than foundry type, type metal, and similar equipment. A fairly common practice is to estimate the average depreciation of machinery and equipment at 10 per cent a year, with 25 per cent a year for foundry type and type metal. Another method is to figure the depreciation at 1 per cent a month which will enable the newspaper to write off its entire plant and equipment every eight and a third years.

Whatever rule is followed, the rate must be high enough to be on the safe side. It is far better to overestimate the allowance for depreciation than to underestimate it. Whatever rate is finally fixed for depreciation will be based upon these factors plus actual experience. In the case of one establishment an initial rate of 1 per cent monthly was fixed, but, in the course of the first six or seven years of operation, this was reduced to 0.5 per cent a month. This latter would probably be entirely too little, however, for many concerns.

<sup>1</sup> Cf. *ibid.*, p. 198.

In connection with corporation income tax returns there was a time when the Bureau of Internal Revenue approved depreciation allowances with a relatively free hand. This gave way to a more stringent policy under which the burden of accurately reporting and justifying deductions made for this purpose rests squarely upon the taxpayer who in this case is the newspaper. This change in policy made the keeping of complete and accurate accounting records covering each item more important than ever.

In claiming deductions on account of depreciation it is now necessary to give full and complete information as follows:<sup>1</sup>

1. The cost or other basis of assets for which depreciation is claimed
2. The age, condition, and remaining useful life of the assets
3. The portion of the cost or other basis which has been recovered through depreciation allowances for prior taxable years
4. Such other information as may be required to establish the correctness of the deduction claimed or to determine the amount of the deduction properly allowable

In addition, a taxpayer who has not taken the full depreciation allowance in past years on any item of plant equipment is no longer permitted to make up that deficiency in his return for the current year.

**Budget.** For reasons which do not have much weight, newspapers were slow to adopt budgets as a further means of fiscal control. A sound budget which is closely followed is as essential to the proper operation of a newspaper as to any other enterprise. Yet for a long time many held out against it on the flimsy argument that whatever merits it might have elsewhere did not apply to newspapers, that a budget cramped their freedom of action, and that it did not make enough provision for the emergency demands which every newspaper experiences from time to time.

As Van Benthuisen points out, the same distributions that serve for comparisons of expenses and are the basis for determining costs also supply the information necessary to draw up a budget system "and provide a check upon the proper operation of budgetary control."<sup>2</sup> An annual budget is the more common form but for some purposes a quarterly budget is perhaps more suitable to some newspapers. Allowance needs to be made, of

<sup>1</sup> Cf. *Editor & Publisher*, Aug. 22, 1936, p. 9.

<sup>2</sup> Van Benthuisen, *op. cit.*, p. 393.



course, for fluctuations resulting from seasonal factors and other causes.

The budget must cover each department and subdivision of the newspaper, the detail depending for the most part upon the size of the publication. Similar departments will be grouped for the purposes of comparison and convenience. The budget should be figured on the basis of average actual expenditures over a given period and on the anticipated revenue for the next period, taking into account a reasonable profit and the conditions which are expected to obtain during the ensuing period. Not only the detailed figures themselves but an analysis of the expenses revealed by cost finding must be taken into account to discover trends. For budget purposes the anticipated income may be figured on the basis of the income for the previous corresponding period if conditions warrant. Another policy is to take the previous figure plus 10 per cent as a quota for increased business if the outlook is favorable.

Strict adherence to a budget has enabled many an enterprise, newspapers as well as others, to weather economic storms. The publisher of a valuable newspaper property once described how, when the depression of 1929 began to take its toll, his newspaper trimmed expenses, put economies into effect, and underwent a general retrenchment when the auditor's report showed a declining income and a percentage of gross profit below that fixed in the budget. While in itself, a budget is neither automatic nor wholly adequate in such cases, it does serve as an effective economic brake without which it is virtually impossible to operate safely or efficiently.

Since the purpose of the budget is to effect a planned economy by living sufficiently within income to show a profit, it must be formulated by joint effort. On larger newspapers, it is fairly common practice to have a budget committee. To assist in drawing up the budget, the department heads submit estimates and requests to cover their individual needs. When these are assembled they are first considered separately and then as a whole. The budget must provide not only for personnel, materials, supplies, services, machinery, and equipment for the entire plant but for such items as taxes, bad debts, insurance, depreciation, contingencies, and a percentage of profit that is fixed in advance and not left to chance.

The budget should be strictly adhered to but it need not be absolutely ironclad. As conditions change from month to month or as emergencies arise, whatever adjustments are necessary can be made by authority of the budget committee or by such executives as may have control over the budget. The contingency item is designed to take care of unexpected needs, but it may not always be sufficient. Monthly reports to the major executives and to the responsible department heads will serve to keep them informed as to whether they are within their individual budgets.

**Inventory.** A physical inventory is another necessary feature of a proper accounting system. In essence an inventory is a statement of property and possessions. In the case of the newspaper this will include such items as materials and supplies like newsprint, ink, type metal, and feature material. To arrive at a proper valuation for these items they should be figured at cost. Just as it is better to overestimate depreciation to be on the safe side, so is it wiser to follow a conservative policy in arriving at inventory values.

**Insurance.** A newspaper needs various kinds of insurance. It should be sure that it has the right kinds of protection and that it has enough but not too much. While it is not as bad to be overinsured as it is to be underinsured, both are signs of poor management. Among other kinds, the average newspaper needs fire and liability insurance. The reason for the former is self-evident while the latter is necessary to protect the publication against any possible claims or suits for injuries or damages to persons or property growing out of the operation of its plant or its vehicles. In most states industrial claims are covered by workmen's compensation laws, but where there is none or the newspaper does not come under it, other provision should be made. For accounting purposes, the unexpired portion of insurance premiums is carried on the balance sheet as an asset.

Relative to fire insurance, a speaker before the Pennsylvania Newspaper Publishers' Association made some points worth noting. He said, in part:

Possibly your insurance policy is not covering your business adequately, particularly if you have not changed the policy to conform to the changes in your business. See that the ownership is correctly stated in the policy. See whether or not you are entitled to a rate

premium and a cheaper rate on account of hazard limitations. If you divide your business among a number of insurance agents, no one agent is held responsible for all of your policies being correctly written, therefore all policies should be examined. Have your insurance agent explain to you whether what is meant by "blanket coverage" would not be better for your case than special coverage. If you are insured for only one year at a time, have your agent show you the saving on 3-year term policies.

#### COST FINDING

Newspaper costs change from year to year and to a lesser extent from season to season. The introduction of new methods naturally affects costs. Between 1920 and 1930, production department costs for one metropolitan newspaper more than doubled, and, despite the economies necessary after 1930, costs were still 87 per cent higher for these departments in 1935 than they had been in 1920. The figures, as reported by *Editor & Publisher*, follow:<sup>1</sup>

	1920	1925	1930	1935
Composing.....	100	164	207	177
Stereotype.....	100	194	224	200
Press.....	100	196	251	204
Average.....	100	176	221	187

Higher wages accounted for part of this increase. Photo-engraving was another factor, one newspaper chain reporting that its engraving cost was 34.7 per cent higher in 1935 than it had been in 1925. The ratio of news to advertising has changed also. Prior to 1930 the proportion was something like 40 per cent editorial matter to 60 per cent advertising. By 1935 this ratio tended to be reversed.

*Editor & Publisher* summarized the situation in these words:

Circulations are up 40.7 per cent daily since 1920, and 64.7 per cent Sunday. Total advertising is probably about 15 per cent less than in 1920. News content is not less than 40 per cent greater. Wage scales will range 25 per cent higher. Raw materials are generally lower. With the noted element of guess, we should estimate total increased mechanical costs, 1935-1920, as about 50 per cent.

<sup>1</sup> Feb. 8, 1936, p. 26.

The ratio of revenue to expense also varies somewhat with the size of the newspaper and to some extent with its fiscal methods. Of a group of 70 newspapers studied, 4 reported a loss instead of a profit, and, surprisingly, 18 made no allowance for depreciation. In this group the publications up to 5000 circulation showed average profits of 13.55 per cent, those of between 5000 and 10,000 circulation averaged 12.57 per cent profit, and those of more than 10,000 circulation, 12.28 per cent profit.

A group of Pennsylvania dailies with from 25,000 to 50,000 circulation was studied as to comparative revenue and expense.<sup>1</sup> Their income was derived, on the average, as follows: advertising, 65 per cent; circulation, 33.5 per cent; and miscellaneous, 1.5 per cent. Similarly, their average expenses were divided approximately as follows: editorial, 16.1 per cent; advertising, 8.4 per cent; circulation, 15.3 per cent; mechanical, 19.1 per cent; newsprint and ink, 14.2 per cent; administrative, 12.4 per cent; miscellaneous, 7.0 per cent; net profit, 7.3 per cent.

Various methods have been devised for measuring the operating efficiency of a newspaper. One method is to compute the percentage of return on its gross sales. Another one is to take the average revenue per inch of advertising published, and a third is to determine the profit per subscriber. Still better is to arrive at the percentage of net income on the basis of the net capital invested. For this purpose net investment means the tangible assets after proper allowances are made for depreciation, obsolescence, bad debts, and similar items. Good will, as described, is not included unless it has actually been paid for.<sup>2</sup>

Over a period of years, a reasonable average profit on the net investment may be taken as 10 per cent. If the profit-ratio is too low, any of several explanations may apply. The original investment may have been too high in relation to the potential market, the expenses may be excessive, or the advertising rates may be lower than they should be. This illustrates the need for accurate costs.

**Cost Finding.** In this connection it must be borne in mind constantly that from the standpoint of production the publisher is essentially a printer, and, as such, he is a manufacturer. There was a time when it was enough to know "about" how much a

<sup>1</sup> Reported in *Ohio Newspaper Association Bulletin*, May 17, 1936.

<sup>2</sup> Cf. letter from accountant in *Editor & Publisher*, Feb. 15, 1936, p. 46.

manufacturing operation or the entire production process cost. That day is gone forever and cost finding has supplanted guesswork or "guesstimating" as it has been called appropriately. But cost finding is impossible except on the basis of proper accounting. Accurate records and sound fiscal policies are, therefore, the first essentials.

Some departments of the newspaper lend themselves much more readily to detailed cost finding than others. This is especially true of the mechanical departments upon whose efficient operation the actual production of the newspaper largely depends. In this special sense, the editorial department and the general business office—to name only two—are nonproductive, yet they are responsible for an appreciable share of expense. But the cost accountant is not concerned with how many stories a reporter turns in or how many heads a copyreader may write. He is vitally concerned, however, with how much lost time and waste motion there is in the mechanical departments where the wage scale is relatively high and where there is a large investment in costly equipment that must be operated efficiently if the enterprise is to show the net profit that it should.

Essential to a proper cost-accounting system is information concerning the costs of material, labor, and overhead which may be broken down into: (1) data as to the cost by each division of the plant; (2) the productive and nonproductive time by divisions; (3) the total cost by the week, month, and year; (4) allowance for depreciation; (5) allowance for bad debts, losses, taxes, etc. Auxiliary to the accounting system and the cost finding upon which it is based is a budget by which the entire organization can steer.

To cover the cost of such overhead items as rent, heat, and power, it is common practice to apportion a charge against each individual department on the basis of the space it occupies. Taxes and insurance may be similarly prorated against individual departments according to the investment each represents in comparison with the whole. In some small plants such overhead expenses might be carried as a general charge. The policy depends to a considerable extent upon the plan followed and the size of the plant.

A cost-finding plan flexible enough to suit the needs of all newspapers is probably out of the question. There is too much

variation between individual publications and their requirements change too often. All that can be done, therefore, is to suggest the underlying principles involved and their application to specific cases.

One such system with considerable merit is that which was demonstrated in the composing room of the *Boston Transcript*, worked out by C. W. Phinney, its former superintendent, and described in *Editor & Publisher*<sup>1</sup> by George R. Hosmer, former composing-room superintendent of the *New York American* and *New York Evening Journal*. The plan is built around four items: an individual time ticket or daily work sheet; a daily breakdown of composing-room operations; a weekly breakdown of composing-room operations; and an analysis and comparison of composing-room production and labor costs.

1. *Daily Time Ticket*. This individual work sheet is divided into units of 6 minutes or 0.1 hour each which facilitates the computation of time costs. It bears the employee's name and number and the date used. The card provides for 35 classes of work, to each of which a number is assigned. As the workman completes each assignment, the time and the nature of the work are marked accordingly on the time sheet. When directed by the ad desk, the name of the advertiser and the size of the advertisement are also recorded. Time out and lunch time are indicated by "X." At the end of the day the number of 6-minute units is totalèd and the payroll is compiled from these individual work sheets.

Four classes of work are set up besides a miscellaneous group. The four are news, advertising, makeup, and proofreading. The individual classifications and identifying numbers follow:

*News*: (1) Hand; (2) machine—headings, legends, etc.; (3) machine—body (measured); (3x) machine—body (time work); (4) hand stock tables; (5) supervision; (6) copy cutting; (7) bank and proof press; (10) corrections—hand; (11) corrections—machine.

*Advertising*: (13) Display—hand; (14) display—machine; (15) classified—hand; (16) classified—machine; (17) national and local plate; (18) supervision; (19) markup; (20) advertisers' alterations; (22) office corrections; (31) extra proof for advertisers; (32) promotion advertising.

<sup>1</sup> Mar. 14, 1936, pp. Vff.

*Makeup:* (8) News; (9) tabloid; (21) classified advertising.

*Proof Reading:* (12) News; (23) advertising.

The *Others:* (24) Machinists, electrician, etc.; (25) distribution and care of material; (26) material making; (27) ingot casting;

<b>Daily Work Sheet</b>		No. _____
Name _____	Date _____	
INSTRUCTIONS: Draw horizontal line from double rule to double rule immediately after time of beginning and ending daily schedule and immediately after time of completion of each assignment, marking in space thus enclosed the designated number of the class of work performed. When directed by Ad Desk, write also in same space the name of advertiser and size of ad. Do not use narrow right-hand column or space at bottom. Mark X for lunch time and time out. <b>■ All Units of Time Comprising an Employee's Daily Schedule Must Be Recorded. Pay Roll Is Compiled from This Work Sheet.</b>		
<p style="text-align: center;"><b>Class of Work</b></p> <p><b>NEWS:</b></p> <p>Hand ..... 1</p> <p>Machine—Headings, Legends, etc. 2</p> <p>Machine—Body ..... (Measured) 3</p> <p>Machine—Body ..... (Time Work) 3X</p> <p>Hand Stock Tables..... 4</p> <p>Supervision ..... 5</p> <p>Copy Cutting ..... 6</p> <p>Bank and Proof Press..... 7</p> <p>Corrections—Hand ..... 10</p> <p>Corrections—Machine ..... 11</p> <p><b>ADVERTISING:</b></p> <p>Display—Hand ..... 13</p> <p>Display—Machine ..... 14</p> <p>Classified—Hand ..... 15</p> <p>Classified—Machine ..... 16</p> <p>National and Local Plate ..... 17</p> <p>Supervision ..... 18</p> <p>Markup ..... 19</p> <p>Advertisers' Alterations ..... 20</p> <p>Office Corrections ..... 22</p> <p>Extra Proofs for Advertisers..... 31</p> <p>Promotion Advertising ..... 32</p> <p><b>MAKEUP:</b></p> <p>News ..... 8</p> <p>Tabloid ..... 9</p> <p>Classified Advertising ..... 21</p> <p><b>PROOF READING:</b></p> <p>News ..... 12</p> <p>Advertising ..... 23</p> <p>Machinists, Electrician, etc..... 24</p> <p>Distribution and Care of Material. 25</p> <p>Material Making ..... 26</p> <p>Ingot Casting ..... 27</p> <p>Copy Wait ..... 28</p> <p>Machine Wait ..... 29</p> <p>Mailing List ..... 30</p> <p>Job Work—Paid ..... 33</p> <p>Job Work—Departmental ..... 34</p> <p>Miscellaneous ..... 35</p> <p style="font-size: x-small;">                         ■■ Ask for Instructions if Doubtful of Designation of Class of Work. Do Not Use No 35 (Miscellaneous) Without Authorization.                     </p>	<p>1— 8.06</p> <p>2— 8.12</p> <p>3— 8.18</p> <p>4— 8.24</p> <p>5— 8.30</p> <p>6— 8.36</p> <p>7— 8.42</p> <p>8— 8.48</p> <p>9— 8.54</p> <p>10— 9.00</p> <p>11— 9.06</p> <p>12— 9.12</p> <p>13— 9.18</p> <p>14— 9.24</p> <p>15— 9.30</p> <p>16— 9.36</p> <p>17— 9.42</p> <p>18— 9.48</p> <p>19— 9.54</p> <p>20— 10.00</p> <p>21— 10.06</p> <p>22— 10.12</p> <p>23— 10.18</p> <p>24— 10.24</p> <p>25— 10.30</p> <p>26— 10.36</p> <p>27— 10.42</p> <p>28— 10.48</p> <p>29— 10.54</p> <p>30— 11.00</p> <p>31— 11.06</p> <p>32— 11.12</p> <p>33— 11.18</p> <p>34— 11.24</p> <p>35— 11.30</p> <p>36— 11.36</p> <p>37— 11.42</p> <p>38— 11.48</p> <p>39— 11.54</p> <p>40— 12.00</p> <p>41— 12.06</p> <p>42— 12.12</p> <p>43— 12.18</p> <p>44— 12.24</p> <p>45— 12.30</p> <p>46— 12.36</p> <p>47— 12.42</p> <p>48— 12.48</p> <p>49— 12.54</p> <p>50— 1.00</p>	<p>51— 1.06</p> <p>52— 1.12</p> <p>53— 1.18</p> <p>54— 1.24</p> <p>55— 1.30</p> <p>56— 1.36</p> <p>57— 1.42</p> <p>58— 1.48</p> <p>59— 1.54</p> <p>60— 2.00</p> <p>61— 2.06</p> <p>62— 2.12</p> <p>63— 2.18</p> <p>64— 2.24</p> <p>65— 2.30</p> <p>66— 2.36</p> <p>67— 2.42</p> <p>68— 2.48</p> <p>69— 2.54</p> <p>70— 3.00</p> <p>71— 3.06</p> <p>72— 3.12</p> <p>73— 3.18</p> <p>74— 3.24</p> <p>75— 3.30</p> <p>76— 3.36</p> <p>77— 3.42</p> <p>78— 3.48</p> <p>79— 3.54</p> <p>80— 4.00</p> <p>81— 4.06</p> <p>82— 4.12</p> <p>83— 4.18</p> <p>84— 4.24</p> <p>85— 4.30</p> <p>86— 4.36</p> <p>87— 4.42</p> <p>88— 4.48</p> <p>89— 4.54</p> <p>90— 5.00</p> <p>91— 5.06</p> <p>92— 5.12</p> <p>93— 5.18</p> <p>94— 5.24</p> <p>95— 5.30</p> <p>96— 5.36</p> <p>97— 5.42</p> <p>98— 5.48</p> <p>99— 5.54</p> <p>100— 6.00</p>
<p style="text-align: right;"><b>Total Units.....</b></p>		

FIG. 34.—Form for daily work sheet or time ticket.

(28) copy wait; (29) machine wait; (30) mailing list; (33) job work—paid; (34) job work—departmental; (35) miscellaneous.

In case of doubt as to the correct designation, the workman is instructed to ask for directions. The use of No. 35, miscellaneous, is forbidden without specific authorization.

2. *Daily Breakdown.* From the individual time records the above information is transferred to the Daily Breakdown of





At the bottom of the sheet the last line tells the total number of hours spent on each operation by all employees for that day.

Weekly Breakdown of Composing-Room Operations																																			
Hour	Day																																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
Thursday																																			
Friday																																			
Saturday																																			
Sunday																																			
Monday																																			
Tuesday																																			
Wednesday																																			
Total Units																																			

Distribution and Analysis of Composing-Room Labor Hours			
Category	Hours	%	Last Week
<b>URGENT PRODUCTIVE TIME</b>			
1-Reporters			
2-Subs and Proof Press			
3-Making-News			
4-Manager-Typeset			
5-Composition-Machine			
6-Proof Reading			
Total			
<b>URGENT PRODUCTIVE TIME</b>			
7-Apprentice			
8-Subs and Proof Press			
9-Making-News			
10-Manager-Typeset			
11-Composition-Machine			
12-Proof Reading			
Total			
<b>INDIRECT PRODUCTIVE TIME</b>			
13-Apprentice			
14-Making			
15-Subs and Proof Press			
16-Composition-Machine			
17-Office Corrections			
18-Proof Reading			
Total			
<b>NON-CHARGEABLE TIME</b>			
19-Apprentice			
20-Subs and Proof Press			
21-Making-News			
22-Manager-Typeset			
23-Composition-Machine			
24-Proof Reading			
Total			
<b>NON-CHARGEABLE TIME</b>			
25-Making List			
26-Extra Points for Advertisers			
27-Composing-Room			
28-Job Work-Proof			
29-Job Work-Departmental			
30-Miscellaneous			
Total			

Category	Hours	%	Last Week	Hours	%
<b>Direct Productive Time</b>					
News and Editorial Dept					
Advertising Dept					
Composing-Room					
<b>Indirect Productive Time—News and Editorial</b>					
Advertising Dept					
Composing-Room					
<b>Non-Productive Time</b>					
Composing-Room					
<b>Total Chargeable Time</b>					
10.00					
<b>Total Non-Chargeable Time</b>					
10.00					
<b>Total Time</b>					
20.00					

Percentage Set-up: News and Editorial Dept. %, Advertising Dept. %, Composing-Room %

Fig. 36.—Form for weekly breakdown of composing-room operations.

3. *Weekly Breakdown.* This is a summary by days of the information contained on the record of the Daily Breakdown of Operations. At the left of the top third of the page are listed

the days of the week and across the top are columns numbered from 1 to 35 to indicate the operations previously listed, with a column for the total number of time units (6 minutes) devoted to each daily at the extreme right.

The middle third of the sheet has to do with the distribution and analysis of the composing-room labor hours. It, too, is divided into three parts, each of which is further subdivided into halves. First is news and editorial time. The first four classifications comprise the direct productive time and the next eight the indirect productive time chargeable to this division. Similarly, classifications 13 to 17 make up the direct productive time chargeable to advertising, and those numbered from 18 to 23 the indirect productive time. The right-hand section of the middle third of the page is given over to nonproductive and nonchargeable time, the former under classifications 24 to 29 and the latter from 30 to 35. In each case the total number of hours and the percentage of hours are shown.

At the bottom third of the page are comparisons of the direct and indirect news-editorial and advertising time as well as the nonproductive time for the given week with those of the previous week and with the corresponding week a year previous. It also shows the percentage cost of each of the three divisions—news-editorial, advertising, and composing room.

4. *Analysis and Comparison of Costs.* This form is in two parts each of which is also in two sections. At the top left are spaces for tabular comparisons for This Week, Last Week, and Last Year. At the right are similar spaces for the days of the week. Along the left-hand margin are the captions for the desired information. Under News and Editorial these include headings and legends, body, hand stock tables, overset, canceled during editions, other cancellations, and the total. Under Advertising are display, classified, national and local plate, wait orders canceled, and the total. There are also spaces to enter pictures, cartoons, and graphs, promotion advertising, pickups, etc., with the total columns. There is also space for the total number of columns minus pictures, etc.

Other information called for includes the number of editions, pages made up for all editions, pages printed in final editions, columns printed in final editions, and the number of employees on the payroll by day, night, and total.



makeup cost per page, the cost per column of hand stock tables, and the cost per pound of material used, including the time. At the very end are shown the total composing-room hours, the total composing-room payroll, and the hourly cost of operating the composing room.

The record of overset and news canceled during editions is deserving of special note. This is a bugbear of many composing rooms since such matter runs up the composition costs and does not show in the final editions. Editorial changes after the type is set are another problem as is the practice of some editorial departments in having considerable advance matter set only to kill it at edition time. The adoption of this type of control makes it possible to fix the definite responsibility for unduly high composing-room costs or for unnecessary increases in such costs. The records required for a force of 250 can be kept by one man.

The advantages and efficacy of cost control are also illustrated by the experience of the Nashville *Banner* which, within a few months after installing an auditor, reduced its composing-room costs by 32 per cent and achieved greater efficiency without materially reducing the force. The testimony of G. W. Holloway, composing-room superintendent of the *Banner*, follows:<sup>1</sup>

We know now exactly what it costs to produce news, advertisements, heads and proofreading. We know these costs, not by the week or the month, but by the day. We are able to determine the cost of each page each day and at the end of the week we can tell readily what our linotype composition has cost, what our advertising department has cost, what our proofreading has cost, and what our makeup has cost.

We have found out exactly where our leaks were and were thus enabled to take steps toward correcting them. Our page cost has been lowered and at the same time we have given employment to all the composing room men we formerly had.

Every composing room executive can effect a saving running from 20 to 30 per cent in labor costs by placing in the composing room a good auditor whose specific duty it is to install and carry out whatever system he finds best suited to the individual case. A little more time devoted to auditing and not so much to worrying about the business department will stop a multitude of leaks.

In the case of the *Banner*, the auditor is in reality a general utility man. He acts as secretary to the superintendent, makes

<sup>1</sup> Cf. *ibid.*, Nov. 5, 1932.

up the payroll, and pays off the employes when the money comes from the business office. In the *Banner* shop a time clock is used to mark the time when copy reaches a compositor and when its setting is finished. In this way much of the so-called "buck passing" as to responsibility for the late and irregular flow of copy can be eliminated.

By using the individual time sheets it is possible to determine the cost of producing any story or advertisement. The cost-accounting sheets revealed, for example, that a certain grocery advertisement was costing the *Banner* about \$50 to produce in the composing room. The publisher, astonished, asked for the facts. When he had proof that the paper was losing money on the advertisement, he went to the general manager of the grocery company and asked his help in eliminating last-minute changes in type faces and prices. As a result the cost of producing this particular grocery advertisement was reduced to about \$18. One new rule adopted was that no price changes are permitted in advertisements after the noon edition unless they are typographical errors on the part of the paper or unless the advertiser is willing to pay for them. This also covers last-minute changes in borders, rules, and type faces.

*Banner* proofreaders are held responsible for errors in advertisements. Each correction man must answer for his own proof and after the first edition the proofreaders recheck carefully to avoid any necessity for rerunning advertisements. One result has been that where formerly it was necessary to rerun a sizable advertisement every day or so, the amount is now negligible.

Employees of the *Banner* composing room are paid for 44 hours a week whether they actually put in that much time or not. In spare time the men paint and clean machinery so that all the metal work is painted, the machinery reconditioned, and the walls cleaned and redecorated. The result is a high state of efficiency and employee morale, all because, as the superintendent declared, "the installation of an auditor was the most profitable investment we ever made in our composing room."

**Composing-room Economies.** Lost motion and wasted time are perennial composing-room problems but there are others which affect costs. Newspaper shops are like households in that materials and equipment gather over the years. Either from indifference, a false sense of attachment, or failure to realize the

need for a housecleaning, the accumulation goes on unheeded and unhindered. In the case of most newspapers, such a practice ties up valuable space and equipment.

How the Washington *Star* dealt with this problem was described by Charles H. Ruth, its superintendent, in an address before the 1936 A.N.P.A. mechanical conference in Chicago.<sup>1</sup> After making a thorough study of its situation based upon an inventory of what was in its shop and what was actually being used, the *Star* was able to eliminate unused or obsolete equipment and halt certain wasteful practices. It began with its rules and borders, of which it had around 130. Some 60 were set aside as old-fashioned, ugly, or little used. The *Star's* files were then studied for two weeks as to the use of such materials, and the findings were submitted to the business manager. As a result, the number of rules and borders was cut to 72.

Expressing the hope that this could be further reduced to about 50, Mr. Ruth said, "To cast and keep in storage, borders that are not being used is wasteful. It requires more attention on the part of those responsible for maintaining the supply to keep track of a larger number of borders than are necessary, ties up that much more metal, and gives the mark-up and floor men that many more border numbers to remember and adds unnecessary confusion." Upon investigation, he added, the specimen books of other newspapers showed none with fewer than 50 borders and rules, most of them with about 75 and one with 94.

A similar inventory was taken of the *Star's* type faces. It installed 12 modern ad stands each with 12 type cases. Many fonts of foundry type proved to be obsolete and many others used so little as to be worthless. The resulting housecleaning reduced the number of fonts, without duplications, from 500 to 341.

A complete and detailed type analysis was then made covering the largest week during the Christmas advertising period. Every line of type except the agate and the news body type was marked in code. The number of lines of each kind of type was shown on each page, and the page lists were totaled for each day and for the entire week. This scrutiny revealed some surprising facts. The *Star's* second class entry notice on page one, for example, was printed in 6-point De Vinne. It developed that this was the only De Vinne used in the paper. Similarly, the fact that the

<sup>1</sup> Cf. *ibid.*, June 13, 1936, pp. IIIff.

*Star* is a member of the Associated Press was carried in one line of 7-point Gothic and this proved to be the only 7-point Gothic in the paper. The Cooper family was carried in stock from 12 to 84 point, but, when it was shown that with few exceptions its use was limited to prices, chiefly on grocery and drug advertisements, the Cooper was eliminated from the Linotypes, 12 to 24 point, and only the figures, periods, and dollar and cent marks were kept on the Ludlow in sizes 12 to 84 point.

Another result of the study was to disclose type faces which, as Mr. Ruth put it, "were overworked," *i.e.*, greatly in demand. In consequence, extra fonts were ordered of some type faces in sizes most in use. In a like manner, the study helped to determine which fonts should remain "up" on the Model 21 Linotypes. It also helped to simplify other typesetting operations with a saving in time and expense. One such economy Mr. Ruth described as follows:

We have 43 Linotype machines. Prior to the type analysis all news and agate machines also had one or two of advertising faces. Consequently news production was constantly interrupted by floor-men who needed a line or two or a paragraph for advertising corrections. These interruptions seriously interfered with production of news and classified. As a result of our type analysis, and the elimination of fonts, we now have 15 machines (in addition to head machines) which contain only news body type and agate. The third magazine on each of these machines is vacant. Consequently we have 15 machines that can now concentrate on news and classified production. Four of these empty magazines have been filled with our news body type and hung on the wall near ad machines so that in event of unusual news pressure they can be made quickly available.

The fonts of advertising faces were rearranged on the machines, based on the type analysis, so that the "load" of advertising type is now quite evenly distributed. The number of available fonts have been reduced to 300 and we hope to maintain that figure by always attempting to eliminate a number of faces equal to those we add with the changing styles and the requests of ad writers.

Many publications, Mr. Ruth reported, list from 400 to 500 type faces in their specimen books. He cited one in Chicago with more than 600, by contrast with which the *Des Moines Register* and *Tribune* had about 225. In a similar manner the *Star* simplified and standardized its use of basing material for

electrotypes and similar needs. When the forms are cleaned out this is saved and used over and over, including both high and low bases in various sizes.

Some other newspapers have done likewise in some respects. The Topeka *Daily Capital* discarded all duplicate faces and codified those remaining.<sup>1</sup> The Omaha *World-Herald* went to the extreme of standardizing on Bookman for all editorial department use.<sup>2</sup> It is debatable whether one type face is sufficient for this purpose, as it is apt to be monotonous and cramp the style of makeup.

Similar economies are possible elsewhere in the mechanical departments. In New Orleans, for instance, the *Times-Picayune* and the *States* installed a simple system of stopping the presses at an instant's notice.<sup>3</sup> Instead of taking from 3 to 7 minutes to send a messenger or to get a phone call through from the fourth- or fifth-floor offices to the pressroom in the basement, a button signal system is used to give a stop signal over one or all of the presses. A delay of as much as seven minutes, as formerly occurred, cost the paper from \$30 to \$50 depending upon the number of presses running at the time. If a libelous statement or a typographical error in an advertisement was involved, the potential cost was much greater. The whole matter was solved by installing push buttons in the offices of the managing editor, the production manager, and the composing-room foreman.

#### INLAND D.P.A. AND GROUP ACCOUNTING

The Inland Daily Press Association was a pioneer in working out sound principles of group newspaper accounting and cost finding for its members.<sup>4</sup> Definite steps to this end were taken in 1919 and in the following year the Association's Cost Committee was made permanent. Since that time, the Association has contributed materially toward perfecting the business management of the newspaper properties of its members by standardizing policies and practices and by pooling experience and information. The importance of the Inland D.P.A. is evident

<sup>1</sup> Cf. *ibid.*, May 30, 1936, p. 9.

<sup>2</sup> *Ibid.*

<sup>3</sup> Cf. *ibid.*, Nov. 10, 1934, p. IX.

<sup>4</sup> The description that follows is based upon Inland Daily Press Association material supplied through the courtesy and cooperation of John L. Meyer, secretary-treasurer of the Association.



from the fact that it is made up of approximately 300 average and small city daily newspapers in 20 midwestern states and two Canadian provinces. They have a combined daily circulation of more than 6,000,000.

In 1931 its Cost Committee was authorized to prepare an accounting manual for daily newspapers. Of this service it has been said that, "Of the many undertakings by *The Inland* in all its 50 years, it is believed none has been proved more lasting and general in advancing newspaper publishing and in improving newspapers' services to readers and advertisers."

The Inland cost-comparison report divides income as follows:

- A. Circulation Income
  - (Gross amount collected from subscribers)
- B. Advertising Income
  - Local [retail] display
  - National [general] display (net)
  - Classified
  - Legals, readers, etc.
- C. Miscellaneous Income

Besides the advertising subdivisions indicated, records also are kept as to the number of inches published in each classification and a record of the number of columns and pages printed daily, so that the ratio of advertising to reading matter and other valuable data can be determined. Display advertising income is shown as income for the month in which the copy is run, and general advertising is entered on the books at its *net* after deducting the agency commission.

Miscellaneous income covers receipts from the sale of waste paper, commercial presswork done on the newspaper press, and anything not falling definitely under the other classifications. Income from commercial printing or from other departments is treated separately.

The Inland expense classification follows:

- D. Editorial & News
  - Payroll
  - Department Expense
    - News services
    - Features
    - Photos
    - Art work

- Engravings
- Correspondents
- Telegraph & telephone
- Supplies & miscellaneous
- Ready print purchased outside

*E.* Advertising

- Payroll
- Special Representatives
- Department Expense
  - Promotion
  - Solicitors' expense
  - Postage & miscellaneous
  - Printing & supplies
  - Advertising cuts, mat services, etc.
- Carfare
- Discounts

*F.* Circulation & Mailing

- Payroll
- Circulation
- Mailing
- Carrier Compensation
- Circulation Expense
  - Agency maintenance
  - Commissions
  - Solicitors' expenses
  - Premiums
  - Printing and supplies
  - Promotion
  - Carfare
- Mailing and Delivery Expense
  - Wrappers
  - Twine
  - Newspaper postage
  - Express, baggage, bus
  - Autos, trucks, etc.
- Depreciation: Autos, Trucks, etc.

*G.* Mechanical

- Composing Room Payroll
- Stereotyping Payroll
- Press Room Payroll
- Department Expenses
  - Power
  - Fuel
  - Light

Metal  
 Matrices & supplies  
 Matrix material  
 Blankets  
 Rollers  
 Rags  
 Repairs  
 Water  
 Gas

Depreciation: Type, Mechanical Equipment, Metal

*Gx.* Paper & Ink (actual consumption) Newsprint

*H.* Administrative

Payroll: Executive, Office and General

General Expenses

Stationery

Postage

Advertising

Donations

Telephone & telegrams

Traveling

Bad debts

General maintenance & repairs

Library

Insurance

Taxes—state, local & federal

Light

Water

Rent

Interest

Heat

Cash discounts

Collection expenses

Depreciation, other than Trucks, Type, Mechanical Equipment, etc.; all items not allocated under Circulation or Mechanical Departments.

**Newsprint and Ink.** Expenses are treated as such when vouchered or paid and are charged directly to the respective accounts, but newsprint and ink are an exception to this rule. A paper and ink account is carried in the general ledger and all such purchases are charged to it, a periodical inventory is taken, and the paper-and-ink consumption for the period is charged to *Gx*, Paper & Ink. The salary or wages of a person working in two

departments is charged to each department proportionately. This applies likewise to the proprietor who draws a fixed amount as salary which is charged to the departments to which he devotes his time and attention. Where the newspaper owns its building, rent as an administrative expense includes the operating expenses of the building, plus a fair depreciation charge.

**Unit Costs.** The unit of production used in determining the cost of producing a daily newspaper depends upon how the problem is approached. Since advertising from the standpoint of income yields the principal revenue of the newspaper, the Inland system treats the advertising inch as the unit of production as well as the unit of sale. In order to determine for what this unit is to sell, it is necessary to compute its cost. Before this can be done, the total production cost of the entire newspaper must first be determined for a given period. Circulation and miscellaneous income are then deducted, and the remainder is the total cost of advertising. The average cost of one column-inch of advertising can then be computed by dividing this remainder by the number of inches sold during the period covered. The cost per line can be determined similarly.

**Advertising Costs.** The range of costs per column inch of advertising figured on this basis for newspapers of different circulation classes can be seen from the following Inland data:

Circulation class, thousands	1930		1932		1933		1935	
	High, cents	Low, cents	High, cents	Low, cents	High, cents	Low, cents	High, cents	Low, cents
1 to 3	39.42	14.64	45.41	22.41	34.72	19.53	37.76	15.65
3 to 4	40.76	20.38	45.13	22.93	46.31	31.02	35.54	19.47
4 to 5	56.07	24.49	47.83	27.30	42.15	25.70	53.47	21.77
5 to 6			51.18	26.44	48.79	29.61	46.91	27.22
6 to 8	51.94	28.16	51.39	34.41	58.99	24.48	49.49	29.42
8 to 10	54.64	30.58	57.17	33.02	62.34	36.72	90.88	39.16
10 to 12½	.....	.....	54.50	38.46	57.00	27.62	61.22	29.81
12½ to 15	.....	.....	70.91	43.52	66.12	48.64	62.66	34.48
15 to 25	.....	.....	91.64	46.96	99.35	34.93	85.16	42.85
Over 25	.....	.....	126.15	75.87	116.58	80.05	143.02	63.41

**Editorial Costs.** In computing news and editorial costs the unit used is the column. To determine this figure, the total cost

of the editorial department is divided by the total number of columns of reading matter published. The range of editorial costs reported by Inland members is shown by the following table:

Circulation class, thousands	1930		1932		1933		1935	
	High	Low	High	Low	High	Low	High	Low
1 to 3	\$1.29	\$0.47	\$1.05	\$0.53	\$0.70	\$0.36	\$0.61	\$0.33
3 to 4	1.50	0.90	1.52	0.57	1.27	0.43	1.00	0.36
4 to 5 } 5 to 6 }	2.33	0.61	{0.98	0.42	0.97	0.52	1.32	0.34
			{1.08	0.54	0.66	0.47	1.87	0.49
6 to 8	1.67	0.65	1.18	0.57	1.04	0.40	1.23	0.62
8 to 10	1.66	0.99	1.33	0.55	1.49	0.64	1.27	0.74
10 to 12 ½	.....	.....	2.30	0.84	2.29	0.77	1.46	0.64
12½ to 15	.....	.....	1.74	1.24	2.23	1.11	2.48	1.16
15 to 25	.....	.....	2.78	1.33	2.41	0.92	2.64	1.00
Over 25	.....	.....	2.59	1.90	2.81	1.85	3.89	1.37

**Subscription Costs.** The subscriber, it is pointed out, is the natural unit in determining subscription costs. This unit represents the cost of furnishing one copy of the paper for each publication day for one year. The total number of such units produced in a year is also the equivalent of the average circulation figure for this period. In computing circulation revenue per subscriber and circulation costs per subscriber, this average circulation figure is the divisor. Representative figures reported by Inland members are shown in the table given on page 320.

**Production Costs.** For general productive efficiency, 1000 eight-page papers are taken as the unit which varies least among papers in the same circulation class and which is a fairly good index of the general efficiency of the publishing organization. It is the complete cost of producing 1000 eight-page papers. The method of determining it is shown as follows:

Total number of pages for year.....	4,965
Multiply by average circulation.....	10,728

Total number of pages produced.....	53,264,520
Divide by 8000 (1000 × 8). Result: 6,658 units	
Total cost of production for year.....	\$149,775.41
Divide by 6,658 units to get unit production cost:	\$22.50

Circulation class, thousands	Gross average unit revenue						Cost of delivery and maintenance						Net unit revenue					
	1933			1935			1933			1935			1930		1933		1935	
	1930 average	High	Low	High	Low	High	Low	High	Low	High	Low	1930 average	High	Low	High	Low		
1 to 3	\$4.12	\$ 5.81	\$2.38	\$6.49	\$2.06	\$1.50	\$2.52	\$0.63	\$2.62	\$0.85	\$2.62	\$4.11	\$1.16	\$4.38	\$0.69			
3 to 4	4.40	5.30	2.62	5.34	2.74	1.29	2.70	0.61	2.01	0.52	3.11	4.18	1.56	3.35	1.04			
4 to 5	4.81	{6.30	2.11	7.37	2.39	2.75	{3.76	0.74	4.05	0.47	2.06	{4.12	0.93	4.21	0.97			
5 to 6																{7.18	2.77	7.93
6 to 8	4.34	6.24	2.18	6.62	3.91	1.96	2.81	0.89	2.75	0.79	2.38	4.79	1.04	4.91	1.98			
8 to 10	4.22	6.76	2.51	6.74	3.22	1.80	2.68	1.01	3.37	1.18	2.42	4.47	0.86	4.58	1.14			
10 to 12½	.....	7.35	2.76	7.31	3.06	.....	2.49	1.34	2.80	1.21	.....	5.44	1.38	5.21	0.61			
12½ to 15	.....	8.21	4.12	7.34	4.64	.....	3.87	1.38	4.13	1.64	.....	4.34	0.75	5.57	0.67			
15 to 25	.....	11.50	2.07	6.57	3.87	.....	6.31	1.12	3.86	1.22	.....	5.19	0.80	4.23	1.01			
Over 25	.....	5.18	4.23	6.22	4.46	.....	2.74	2.05	3.49	1.90	.....	3.13	1.49	4.08	1.90			

Actual costs shown for the various circulation groups previously indicated are contained in the following table:

Circulation class, thousands	1930		1932		1933		1935	
	High	Low	High	Low	High	Low	High	Low
1 to 3	\$75.70	\$55.78	\$77.16	\$42.87	\$63.72	\$40.36	\$75.12	\$44.29
3 to 4	68.24	47.46	64.55	44.48	59.03	34.79	49.33	33.87
4 to 5	62.55	33.60	57.44	37.55	50.13	37.09	53.57	35.07
5 to 6			43.68	25.41	43.50	25.43	47.58	25.57
6 to 8	49.14	28.23	41.95	32.41	37.59	16.78	41.10	26.68
8 to 10	35.48	25.51	35.13	15.87	40.53	24.54	51.54	26.35
10 to 12 ½	.....	.....	28.28	20.47	31.84	18.75	36.68	18.43
12½ to 15	.....	.....	28.31	23.93	38.22	22.24	30.51	21.78
15 to 25	.....	.....	26.97	14.58	39.93	13.40	27.66	19.11
Over 25	.....	.....	22.49	10.70	19.11	10.30	19.46	15.05

**Other Costs.** Besides the unit costs described, others have been developed by individual Inland members in recent years. These include the following: average pages per issue for each circulation class; paper and ink costs per eight pages per 1000 circulation; percentage of advertising space to total space; cost per page—mechanical, administration, and paper and ink; retail advertising cost relation to revenue, percentages; general advertising cost to revenue, percentages; advertising revenue per inch, cents; and per inch per 1000 circulation, cents—retail, general, classified, legals, and readers; expenses for each department, percentages.

**Budgeting and Comparisons.** The Inland manual declares:

Proper control of newspaper revenues and expenses can only be had by budgeting, month by month, the expected revenues, and also the expected expenses.

To a certain extent these may be estimates at the outset. However, a great deal of the uncertainty can be taken out of it, if a newspaper publisher will go back over his own records month by month and obtain an average for a period of five years, of each month's expenses, and of each month's revenues. . . .

With those figures before him, the publisher can then sit down and figure out what his month-to-month expenses should be, based on his actual payroll at the first of the year, taking into consideration the four and five payroll months.

When he has done this, he should then compare his own figures with those of other papers in his class. It is here that *The Inland* summaries prove their value. The publisher then can decide in his own mind whether his expenses, when compared to his five year average and the showings of others, are out of line or not, and budget himself accordingly. This should be done with every item of expenditure incurred in the operation, production and printing of his newspaper.

Many a publisher merely compares this year's figures with last year's figures. But, if he studies his five year average, in the light of the figures of similar papers elsewhere, he will have a much better check, at least, especially against the "down" and "loss" periods which are all too often inevitable.

Revenue should be handled in much the same way.

Linage—the total in each class and the linage from the larger advertisers—should be averaged up in the same manner to see that the newspaper is getting each month the seasonal business that belongs in that month. If the newspaper doesn't get the spring advertising in February and March from the department stores, it is certainly not going to get it in June and July.

**Allocating Revenue and Expenses.** This allocation varies greatly with different newspapers as might be expected with the result that no definite rules are possible. The important thing, as the manual points out, is for the publisher to control expenses and to detect losses of income before it is too late. In order to do this properly, he must know when to expect his income and when to look for heavy expenses. The budgeting experiences of small city dailies as reported to *Inland* are shown in the following table:

	Expenses—totals, 100 per cent			
	1922	1924	1930	1933
Editorial.....	15.00	14.28	16.28	19.06
Advertising.....	7.00	8.20	12.41	10.90
Circulation.....	11.00	12.97	8.64	7.42
Mechanical.....	36.00	37.72	34.24	35.04
Administrative.....	18.50	15.07	18.13	20.58
Profit.....	12.50	11.76	10.30	7.00
	Income—totals, 100 per cent			
Circulation.....	21.00	20.24	27.60	29.90
Advertising.....	78.00	79.05	72.14	68.96
Miscellaneous.....	1.00	0.71	0.26	1.14



By groups of dailies, the 1935 range of revenues and expenditures is shown by percentages as follows:

Circulation, thousands	Revenues					
	Circulation, per cent		Advertising, per cent		Miscellaneous, per cent	
	High	Low	High	Low	High	Low
1 to 4	34.60	18.85	79.26	64.98	5.40	0.06
4 to 8	41.35	14.86	84.63	58.65	13.47	0.04
8 to 15	42.39	17.51	81.38	57.42	8.36	0.09
Over 15	38.49	21.61	76.25	60.82	6.14	0.05

Circulation, thousands	Expenditures													
	Editorial		Advertising		Circulation		Mechanical		Paper		Administration		Profits	
	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
1 to 4	27.20	11.15	15.69	5.37	13.12	4.01	43.03	20.02	7.89	3.55	33.61	5.32	25.28	-26.32
4 to 8	59.00	10.20	18.82	2.87	25.30	3.18	37.35	6.37	9.80	5.27	49.58	6.93	21.43	-16.66
8 to 15	23.07	8.43	21.93	4.10	22.41	4.62	30.46	16.20	14.61	5.56	35.97	8.94	22.94	-4.72
Over 15	20.48	10.89	15.07	5.25	22.60	7.26	27.21	15.10	15.18	8.40	28.38	7.11	22.32	0.50

### CIRCULATION EXPENSE

A surprising lack of unanimity is shown by newspapers in apportioning circulation expense. Opinions are sharply and about equally divided, for example, as to whether to charge the consumption of white paper to the circulation department or elsewhere. A similar division of practice exists with respect to postage charges. In an effort to learn what newspaper practice and opinion are on such points, *Circulation Management* queried more than 500 newspapers of whom more than 90 per cent replied.<sup>1</sup>

Its principal discovery was that in charging expense items to the circulation department there is no standard practice. Of all the newspapers replying, no two made exactly the same charges. Certain trends were disclosed, however, as, for example, that in a growing number of plants the cost of white paper and postage is being withdrawn from circulation expenses. As one newspaper executive pointed out, "The more successful the advertising department is in selling space, the bigger and heavier the news-

<sup>1</sup> Cf. "What Is Circulation Expense?" *Circulation Management*, February, 1937, pp. 10ff.

paper or magazine. Consequently, the better the advertising department, the greater the white paper and postage penalty against the circulation department if white paper and postage are charged as circulation expense." Some papers reported that they charge the circulation department only for postage on the editorial portion of the paper, while others make a charge against it for postage and newsprint used for a standard number of pages like 16, with any excess laid to the editorial and advertising departments.

Other practices and trends revealed by the survey were: in most plants the mailing room is under the direction of the circulation manager, yet its expense is not always charged to circulation; motor delivery costs are charged as circulation expense in all cases except where there is a separate transportation department; all newspapers replying said they charged the entire expense of home delivery and of newsstand and single-copy sales to circulation; special services offered to readers, such as patterns, accident insurance, and making out income tax statements are usually charged to circulation; relatively few papers assess a portion of their overhead to circulation, and most make no charge against circulation for self-advertising.

Taking all of these things into account, the need for and the value of adequate accounting in newspaper management can hardly be overestimated. This includes both the necessary records and a proper understanding of the business picture they represent. This is also true of cost accounting and, to a large degree, of proper budgeting. The publisher who feels that he can get along with incomplete or makeshift records and methods will inevitably pay for his shortsightedness. On the other hand, his competitor who takes full advantage of the benefits of sound accounting and cost finding will be repaid accordingly.

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## CHAPTER XVI

### SOME LEGAL ASPECTS OF PUBLISHING

Besides the postal regulations which are considered in a separate chapter, the law touches the newspaper at many points. The law of libel is perhaps the best known of these. Unquestionably, this is the most conspicuous law that affects newspapers and the avoidance of libel suits is one of the first principles of newspaper management. There are many other ways, however, in which the law, in its manifold ramifications, impinges upon newspaper operation. These are less evident to the layman than is libel and the newspaper executive himself may not be wholly aware of them. But whether they are painful or painless, it is distinctly to his interest to know how they affect his business, what opportunities and advantages they afford him, and what restrictions they impose upon him.

Since most newspapers are corporations, they are necessarily affected by corporation law just as other corporations. Since much of the business they do is accomplished by means of contracts, they are bound by the law of contracts. Since at least some of their business is carried on through agents, it is important to know just how far they are concerned with the law on agency. In some respects the newspaper is like a public utility, but there are certain fundamental differences which set off the newspaper from ordinary utilities. From the business standpoint, both as a property which represents a considerable investment and as a going concern, the newspaper is vitally interested in tax laws. As a manufacturing and industrial establishment, it is concerned with such statutes as safety legislation, workmen's compensation acts, and the federal Social Security Law enacted in 1935. The postal laws and their interpretation are another group which are of particular importance to the newspaper.

**What Is a Newspaper?** For ordinary purposes any child can tell what a newspaper is, but it is a singular fact that neither the federal statutes nor the codes of many states give an adequate

legal definition of what constitutes a newspaper. Such a definition is important because upon it depends, for example, whether a publication can qualify for legal advertising or whether it comes within the scope of the Postal Regulations so as to be able to take advantage of the privileges of second-class entry. It is also important as a safeguard to bona fide newspapers to make it legally possible to exclude or, if need be, to take action against publications which parade as newspapers but which really are not.

The postal laws set forth the conditions under which a publication is eligible for second-class entry.<sup>1</sup> These provide in general terms that it must be issued regularly, that it must consist of unbound printed sheets, that it must issue from a known office of publication, that it must be published for the public good, and that it must have a legitimate list of subscribers. While a newspaper clearly comes within the range of these provisions, they apply equally to magazines and other periodicals and publications.

Webster's New International Dictionary defines a newspaper as "A paper printed and distributed, at stated intervals, usually daily or weekly, to convey news, advocate opinions, etc., now usually containing also advertisements and other matters of public interest. . . ." The definitions of other dictionaries are similar.

In most states the laws concerning legal notices provide that they may or shall be published in daily or weekly newspapers of general circulation. These concern the newspaper both as a matter of legal right, of public duty, and from the standpoint of the advertising revenue involved.<sup>2</sup> This last is especially important to smaller newspapers whose sources of advertising are limited. In some cases the statutes fail to define what is meant by a newspaper for these purposes, and legal questions have inevitably arisen as to what constitutes a "daily" newspaper, and, in particular, what is meant by "general" circulation. Similar questions have come up in the application of sales-tax exemptions to newspapers. In the absence of statutory definitions, it has devolved upon the courts, attorney generals, tax commissions, and other law officers and agencies to attempt them.

<sup>1</sup> Cf. *infra*, p. 355.

<sup>2</sup> Cf. *infra*, p. 330.

In general, the courts have held that a newspaper is published daily within the meaning of the statutes even though it is issued only six or, more rarely, five days a week. There has been no real difficulty over what is meant by a weekly newspaper for, in the language of the Supreme Court of North Dakota, "The expression 'weekly newspaper' can have but one meaning, which is that it is a newspaper published once in each week . . ." <sup>1</sup>

The main difficulty has been over what constitutes general circulation. The point here is that many publications which are primarily class or special publications have sought to qualify for legal advertising. The same has been true of fly-by-night publications which through temporary political or other connections appear in a community in the guise of newspapers but are sometimes not even printed in that community. Their chief motive is to skim the cream off the legal advertising, and, in the fortunes of politics, this is sometimes done at the expense of the bona fide publisher who usually has a permanent investment in the community and whose long public service goes for nought in such cases.

The question has also revolved around law journals known as the *Daily* (or *Weekly*) *Reporter* which are published in a number of the larger cities. They contain news of the courts and are circulated almost wholly among attorneys, law firms, real estate and insurance brokers, and others who have a professional or business interest in legal matters. They generally carry legal advertising, and this policy on the part of public officials charged with the publication of such advertising has been opposed in some instances. In a Wisconsin case, suit was brought to invalidate a sheriff's sale of real estate on the ground that it had been advertised in the Milwaukee *Daily Reporter* which, it was argued, was not a newspaper of general circulation but a business newspaper.<sup>2</sup> The Wisconsin law contains this definition: "A newspaper in the contemplation of this section is a publication appearing at regular intervals, which shall be published at least once a week, containing reports of happenings of recent occurrences of varied character, such as political, social, moral and religious subjects, and designed for the information of the general reader." An amendment to the Wisconsin law had been so

<sup>1</sup> *Cook v. Lockerby*, North Dakota, 1907, quoted in W. R. Arthur and R. L. Crosman, *The Law of Newspapers*, McGraw-Hill, p. 241.

<sup>2</sup> Cf. *Editor & Publisher*, Aug. 10, 1935, p. 7.

worded as to qualify this particular paper. The court ruled in favor of the publication.

The Ohio Tax Commission adopted the following definition of a newspaper:<sup>1</sup>

A newspaper shall be held to be a publication bearing a title or name, published at a fixed place of business, regularly issued at fixed intervals as frequently as once a week and having a second-class mailing privilege, being not less than four pages of five columns or more each; the primary function of such a publication shall be to inform, instruct, enlighten and entertain, to which the general public as a whole will and does resort for intelligence of passing events of a political, religious, commercial and social nature, local and general current happenings, editorial comment, announcements, miscellaneous reading matter, advertisements and other notices; circulated and distributed from an established place of business to subscribers or readers generally of all classes in the county or counties in which it is circulated, for a definite price or consideration for each copy or at a fixed price per annum, the circulation of which is proven bona fide by at least fifty per cent thereof being paid for by regular subscribers or through recognized news dealers; must publish in all editions an average of forty per cent news matter which has sufficient merit to have created a following of paid readers; *provided*, such a publication must be eligible for membership in the Ohio Newspaper Association, or the American Newspaper Publishers' Association, and if published daily to be eligible to become a subscriber or member of one of the recognized news gathering organizations in the United States, such as the Associated Press, United Press, United News Service, Universal Service or the International News Service, to be a newspaper of general circulation.

This definition shall not be construed to include publications such as racing forms, shopping guides and similar publications devoted primarily to advertising or any other publication devoted solely to specialized fields.

**Newspaper Company.** The Ohio statutes are among those which are silent concerning a detailed legal definition of a newspaper, but they do define what constitutes a newspaper company. The definition, contained in Section 6319-2, follows:

Any person or persons, firm or firms, co-partnership or voluntary association, joint stock association, company or corporation, wherever organized or incorporated, engaged in the business of printing or publishing a newspaper, magazine or other periodical sold or offered

<sup>1</sup> Special Sales Tax Ruling 85, May 3, 1935.

for sale in the state, is a newspaper company, and any such newspaper, magazine or other periodical publication is a newspaper within the meaning of this act.

**Official Newspapers.** It is particularly important for smaller newspapers to be designated as official newspapers. These are daily or weekly newspapers of general circulation within a given political area, usually a county or a comparable subdivision, which are selected to carry legal advertising which is required or permitted under the law. Such a designation carries prestige and influence and insures valuable advertising revenue. Other qualifications of an official newspaper, usually defined by law, sometimes given are that it shall be issued to a bona fide list of subscribers, that it shall be published and at least half of it shall be printed in the county concerned, that it shall be affiliated with a major political party, and that it be published in the English language. The selection of official newspapers is usually left to the county commissioners or similar officials.

**Legal Advertising.** Of the total advertising reported by Media Records for 365 newspapers in 95 American cities during 1935, legal advertising amounted to some 32,366,442 lines or about 1.7 per cent of the total.<sup>1</sup> This was only 0.1 per cent less than the total for financial advertising in these same newspapers. Legal advertising as a rule is relatively incidental with the larger newspapers but is of considerable importance to the smaller newspapers. The situation varies greatly with local conditions. This can be illustrated by 1935 lineage figures chosen at random. One New York state newspaper published 3,383,076 lines of advertising of which only 50,960 was legal advertising. Yet another New York newspaper which had a lineage total of 3,360,966 had 460,656 lines of legal advertising.

Legal and official advertising includes such matters as advertisements for bids on public works and supplies, delinquent tax lists, notices of public hearings, governmental financial reports, proposed constitutional and charter amendments, appointments of trustees, guardians, administrators, and a thousand and one other legal and official matters. It is essential to the proper conduct of public business that it be carried on in a public way and one of the most important methods of insuring this is to utilize the facilities of the newspaper. The courts have recog-

<sup>1</sup> Cf. *supra*, p. 136.



nized this fact almost without exception. The Pennsylvania Supreme Court, for example, assessed the cost against county commissioners who gave notice of a special referendum on a proposed sewer bond issue by means of handbills. It ordered them to proceed with publication in a newspaper of general circulation as the law required and declared that newspapers are the best medium of giving information to the public.<sup>1</sup>

**Legal Status of a Newspaper.** There is a resemblance between newspapers and public utilities in that both render a definite service to the public and in that their maintenance is essential to the public welfare. Certain fundamental differences, however, halt the apparent resemblance at that point. From the property standpoint, the newspaper is closely held, its stock being rarely if ever offered to the public. What is much more important, the maintenance and preservation of freedom of the press are so important that to place the newspaper under the jurisdiction of a governmental body like the public utilities commission or the Federal Trade Commission would be to impair if not to endanger this vital right which is guaranteed in the Constitution.

The public nature of the business of the newspaper has been tested in a number of court cases. A Chicago hotel brought an action, for example, to compel the *Chicago Tribune* to accept and publish its classified advertising which the *Tribune* had refused.<sup>2</sup> Attorneys for the hotel company argued that the newspaper was in reality a public utility and that it was such a good advertising medium that its refusal to accept the proffered advertising prevented the hotel from competing with other hotels and amounted in reality to unjust discrimination. The complaint was dismissed by the court and the costs were assessed against the hotel company. As far as Illinois is concerned, it is well established in law that newspapers are not public utilities. In Indiana an action was brought against the *Kokomo Tribune* for refusing to publish a letter submitted by a candidate for office. He contended that the guarantee of freedom of the press covered contributors to newspapers as well as the press itself and that the failure of the newspaper to publish the letter abridged the constitutional guarantee of a free press.<sup>3</sup>

<sup>1</sup> Cf. *Editor & Publisher*, Jan. 18, 1936, p. 16.

<sup>2</sup> Cf. *ibid.*, Mar. 30, 1935, p. 16.

<sup>3</sup> Cf. *ibid.*, Apr. 7, 1934, p. 36.

In a similar manner, the *Detroit News* and the *Detroit Free Press* were co-defendants in a suit brought by a Detroit dry cleaner whose advertising the two newspapers rejected.<sup>1</sup> In this action, the court took the view that a newspaper has the legal right to reject such advertising as it elects to reject and there is no process of law by which this authority may be changed, modified, or abridged.

In a similar case, an Iowa court ruled:<sup>2</sup>

The newspaper business is an ordinary business. It is a business essentially private in its nature, as private as that of the banker, grocer or milkman, all of whom perform a service on which, to a greater or lesser extent, the communities depend, but which bears no such relation to the public as to warrant its inclusion in the category of business charged with the public use. If a newspaper were compelled to accept an advertisement, it could be compelled to publish a news item. If some good lady gave a tea, and submitted to the newspaper a proper account of the tea, and the editor of the newspaper, believing it had no news value, refused to publish it, she, it seems to us, would have as much right to compel the newspaper to publish the account as would a person engaged in business to compel a newspaper to publish an advertisement of the business that person is conducting. Thus, as a newspaper is a strictly private enterprise, the publishers thereof have a right to publish whatever advertisements they desire and to refuse to publish whatever advertisements they do not desire to publish.

In all such cases the courts have held invariably that the newspaper is a private enterprise, and, as such, it is the sole judge under ordinary circumstances of what it shall print in the way of news and advertising. For the law to take any other attitude would be unthinkable for it would open the doors to unwarranted dictation and, in effect, to confiscation of property.

**Libel and Contempt.** Newspaper business executives are rarely parties to libel actions or contempt citations affecting their publications. Libelous matter almost never occurs in advertising although, as has been noted, it is possible for it to happen. Under ordinary circumstances, newspaper business executives are extremely unlikely to run afoul of the power of the courts to cite for contempt.

<sup>1</sup> Cf. *ibid.*, Aug. 4, 1934, p. 9.

<sup>2</sup> Quoted *ibid.*; cf. also *ibid.*, Louisville case, Mar. 7, 1936, p. 11.

It is well to remember, however, that under the law of libel the newspaper itself and the publisher himself are technically as liable in the event of an adverse finding as is the person who supplied the libelous information, the reporter who wrote the story, the editor who passed on the copy, and other editorial executives who share the responsibility. It is important to keep in mind also the mitigating effects of a correction, a retraction, or an apology if a newspaper inadvertently and unintentionally injures the reputation of someone.

In like manner, the publisher is technically liable for a citation for constructive contempt for anything the newspaper does which reflects upon the court, which defies its orders, or which impedes the course of justice. When the court passes on the contempt, it has the power to fine or to imprison the publisher along with others involved, or it may do both.

It is not good business for a newspaper to suffer a libel suit unless a principle is at stake. If the publication in some way has injured the reputation of an individual it pays to do everything within reason to make prompt and proper amends. In the eyes of some persons a newspaper is a fair target for a lawsuit on any pretext. A judgment against a newspaper simply advertises the fact that the press can be vulnerable in this respect. But while lawsuits are annoying and expensive, a newspaper should not hesitate to defend itself where principle is at issue, or where it is clearly in the right, or where an attempt is being made to exact damages quite out of proportion to any harm that may actually have been done. To do otherwise would be to invite many more lawsuits. As a matter of fact, newspapers are not often defendants to a libel action, because many threats of libel suits are dropped when satisfactory amends are made or when the person who fancies he has been injured cools off.

**Contractual Obligations.** As in other lines of enterprise, much of the business of the newspaper is conducted by means of contracts. It follows that the resulting contractual relations are much the same in principle as any other kind. They apply particularly to such matters as the sale of advertising space and to the purchase of equipment, supplies, and certain kinds of services. Except in the case of the higher executives, of particularly valued members of the staff, and of mechanical employees,

salary and employment contracts have been less commonly used on the newspaper than in other lines of endeavor.

It is a good rule for a newspaper just as for an individual to make sure of its ground in advance before signing any contract whether it is the party of the first part or the party of the second part. Advertising contracts should be so drawn as to be fair to both the newspaper and the advertiser but without any ambiguity or loopholes which might give rise later to disputes and dissatisfaction.<sup>1</sup> In signing contracts for the purchase of equipment, or for press association, syndicate, or feature services, newspaper executives should be cautious about putting their names to the dotted line unless all the terms are thoroughly aired and understood. Smaller papers in particular are often the target for designing salesmen and others with promotion schemes, service, and equipment to unload on the unwary publisher. If there is any doubt, it is best to consult an attorney *before* rather than after signing.

The fulfillment of any contract depends upon both parties living up to the terms of the agreement. The courts have ruled that where a newspaper does its part, the advertiser can be held to his under a contract. They have held further that where such an advertiser discontinues furnishing copy before the expiration of the contract, the newspaper can collect for the space called for by the contract.<sup>2</sup>

Newspapers need to be careful about accepting advertising contracts with strings attached to them such as agreeing to dispose of a certain quantity of the merchandise advertised, or to be paid on the basis of the merchandise sold in that community, or advertising goods or services whose sale is proscribed by law. For example, the A.N.P.A. sent out a warning to publishers against accepting certain liquor advertising the contracts for which were so drawn as to place upon the publisher the responsibility for any statutory liabilities growing out of such advertising under the laws of individual states. These contracts might not give the advertiser legal immunity but they were so worded as to lay the publisher open to a claim for damages by the advertiser in case of a prosecution for violating the law.<sup>3</sup>

<sup>1</sup> Cf. *supra*, p. 175.

<sup>2</sup> Cf. Arthur & Crosman, *op. cit.*, pp. 264-265.

• <sup>3</sup> Cf. *Editor & Publisher*, Dec. 7, 1935, p. 4.

**“Nuisance” Suits.** A number of actions have been brought against newspapers on the ground that their presses were excessively noisy and that their operation constituted a nuisance to neighboring property owners and business interests. The operators of a Hollywood hotel, for example, sued a local newspaper for \$25,000, alleging that their business had been damaged by the roar of machinery and the resultant offensive noises.<sup>1</sup> They claimed that this made it difficult to rent rooms on the side of the hotel facing the newspaper plant and that it was frequently necessary to reduce the room rents in order to induce guests to remain. After a two weeks’ trial, the court found that the plant was located on property zoned for business and that the noises incidental to its operation were reasonable and did not constitute a nuisance. A verdict was returned for the newspaper, and the costs were assessed against the plaintiff.

In Little Rock, Ark., similarly, the owners of an office building separated by a 10-foot areaway from the plant of the *Arkansas Democrat* asked the chancery court for an injunction to prevent the operation of the presses.<sup>2</sup> They claimed that their operation constituted a nuisance and was responsible for the office building losing tenants. The plant of the newspaper was only three years old at the time and cork insulation had been used to deaden the noise and vibration.

**Employee Liability.** In some respects, a newspaper is responsible for the actions of its employees in the course of their employment, and, in other ways, it is not. The dividing line is not very clear. A newspaper is likewise generally responsible for industrial accidents that happen to employees in the course of their work. Such mishaps are commonly covered by workmen’s compensation systems established under the laws of the several states.

Where it is clear that the employee is acting as the agent of the newspaper there is no difficulty in fixing the responsibility if a tort or a crime has been committed. The employee may be liable as an individual, but the newspaper is responsible also if the act occurred while he was at work and was done in the line of duty. This is self-evident, for example, in cases of libel, contempt of court, or invasion of privacy. The difficulty arises,

<sup>1</sup> Cf. *ibid.*, June 2, 1934, p. 26; Nov. 3, 1934, p. 8.

<sup>2</sup> Cf. *ibid.*, Oct. 28, 1933, p. 11.

however, in determining just who are bona fide employees and just how far the agency relationship extends.

Just what is the relationship, for instance, between the newsboy and the newspaper? Is he an employee or is he, in the language of the lawyers, an independent contractor? The question may seem a simple one but it is important because upon the answer depends: (1) the liability for any injuries he receives while at work; (2) the liability for any damage he may do while carrying or collecting for his papers; and (3) the application and enforcement of the child labor laws.<sup>1</sup>

Whether the newspaper is liable for injuries to a carrier seems to hinge upon whether he is an employee. If he is, the newspaper is responsible if the injury occurs while in the course of his employment; if he is an independent merchant, the paper is not liable. After an extensive search, attorneys for the *Chicago Tribune* gave the following opinion on this point: “. . . except in the case of special statutes, newspaper boys who are paid a fixed salary are undoubtedly not merchants, but are employees and so within the Workmen’s Compensation Act. Where, however, a newspaper carrier owns his own route and purchases newspapers outright for the purpose of reselling them, it would be quite reasonable to suppose that the courts would denominate them merchants, and so not within the Workmen’s Compensation Act.”<sup>2</sup> But in North Carolina, the state industrial commission ruled that a carrier is an employee and awarded a boy \$7 a week for 30 days after he suffered a broken collar bone in a scuffle with another carrier.<sup>3</sup> The decision was appealed by the publisher.

Under certain conditions, newspapers are liable for injuries to newspaper boys outside the city of publication, according to a ruling by the State Compensation Court in Lincoln, Neb. A sixteen-year-old carrier at Alma, Neb., was awarded \$1.50 a week for 23 weeks and the Hastings, Neb., *Daily Tribune* was ordered to pay \$250 for medical and hospital bills in payment for injuries suffered by the boy when an automobile struck his bicycle while he was delivering copies of the *Tribune* in Alma. The court held that the boy was an employee of the paper because he was

<sup>1</sup> Cf. *ibid.*, Apr. 14, 1934, p. 13, for article by Robert C. Furman, “Is Carrier Independent Contractor?”

<sup>2</sup> Quoted *ibid.*

<sup>3</sup> Cf. *ibid.*, Jan. 18, 1936, p. 42.

required to give bond to it, because he had to follow its instructions as to the time and manner of delivering newspapers, and because he was not permitted to deliver copies of any competing daily.

Another kind of action involving a carrier was one in which the *Akron Beacon Journal* was sued by a woman who claimed that she was injured by a paper thrown by a newsboy.<sup>1</sup> In the lower courts she won a verdict of \$1000 on the finding that the carrier was the servant or employee of the paper. The Ohio Court of Appeals set this aside and the reversal was, in effect, upheld by the Ohio Supreme Court. The case was regarded as important as setting a precedent, and also because it would have compelled the newspapers of Ohio to contribute further to the workmen's compensation fund and thus carry more insurance than formerly.

The Birmingham News Co. was made defendant in an action by two brothers who had been arrested at the instigation of a district circulation manager for the newspaper following the theft of newspapers in his district.<sup>2</sup> The men were acquitted and they sued the newspaper on the principle that the district manager was acting as its agent. The Alabama Supreme Court held that, even though they had been falsely arrested and even though they had been taken into custody at the behest of the agent of the newspaper, such an action was not in his line of duty. In brief, the court laid down the principle that a subordinate agent such as a district manager has no authority to have arrests made and that should he do so the newspaper or indeed any employer is not liable.

**Child Labor Laws.** Newspapers have a double interest in child labor legislation. They are interested in it as a matter of public policy and they have a direct interest in how it affects them. To a large extent newspapers are dependent for much of their distribution upon child labor. There are these differences, however: the employment of boys for this work is under close supervision; the employment of girls for such work has been largely eliminated; the work does not interfere with school; and, as it is now conducted, the employment is not only profitable but gives a sound training in salesmanship which is useful to the boy in later life.

<sup>1</sup> Cf. *ibid.*, May 4, 1935, p. 38.

<sup>2</sup> Cf. *ibid.*, Apr. 7, 1934, p. 18.

The adoption of a federal child labor amendment has long been advocated. Many of the states already have such legislation in force. Generally this covers the carrying or selling of newspapers as well as other forms of employment by those under age. Section 1 of the proposed amendment to the federal Constitution passed by Congress in 1927 reads, "The Congress shall have power to limit, regulate and prohibit the labor of persons under eighteen years of age."<sup>1</sup>

There has been sharp difference of opinion as to how such an amendment would apply to the newspapers. The National Child Labor Committee, for example, has emphasized that it would not mean, if adopted, that boys under eighteen could not sell and deliver papers but that it would merely give Congress regulatory powers and that it was aimed primarily at hazardous occupations.<sup>2</sup>

Jerome D. Barnum, publisher of the *Syracuse Post-Standard*, pointed out that there are some 500,000 newspaper carriers who work without any interference with school on an average of less than 90 minutes a day and earn approximately \$100,000,000 a year.<sup>3</sup> "There is a vast difference," he objected, "between the power proposed to be delegated to Congress under the terms of this amendment and the program of the regulation of the employment of minors, either full time or part time, within a particular industry. The amendment gives to Congress absolute power to 'limit, regulate and prohibit the labor of persons under 18 years of age.'" He took exception to the use of the word "prohibit" as indefensible on the ground that "such power is too broad and subject to too great abuse." He pointed out further that the amendment fails to define just what is meant by "labor."

Just before the U. S. Supreme Court invalidated the N.I.R.A., an agreement was reached between the federal Department of Labor and the A.N.P.A. relative to restrictions on newsboy labor. After the court had thrown out the act in 1935 many newspapers agreed voluntarily to observe various provisions of the newspaper code, including the newsboy regulations. This voluntary observance tended to disprove the charge that many newspapers were exploiting child labor and were therefore opposed to the proposed Child Labor Amendment. A bulletin of the A.N.P.A. asserted

<sup>1</sup> Cf. *ibid.*, Feb. 10, 1934, p. 26.

<sup>2</sup> Cf. *ibid.*, Nov. 4, 1933, p. 5.

<sup>3</sup> Cf. *ibid.*, Nov. 11, 1933, p. 39.



that proponents of the amendment were guilty of "deliberate misrepresentation of facts" in order to make a case against the newspapers which, it pointed out, went to great lengths to promote welfare work among their newsboys.<sup>1</sup>

Maryland has had a so-called newsboy law in effect since 1912.<sup>2</sup> It requires every newsboy or carrier under sixteen years of age in towns of 20,000 or more population to secure a license and a badge from the State Commissioner of Labor and Statistics. Three types of badges are provided: a route server's badge which permits a boy to serve on a regular route between 3:30 and 5 P.M.; another which permits a boy of twelve or over to sell papers on the street during certain hours when school is not in session; and a third which permits a boy of fourteen or fifteen to sell papers at any time between 6 A.M. and 8 P.M. unless school is in session in the city of sale. To obtain a badge, a boy must furnish written certification from his parents and from school authorities that he is of proper age and that his school record is satisfactory. For the first violation of the law, a warning is issued, for the next the license is revoked for six months, and after that it may be withdrawn.

Utah adopted a Child Labor Law in 1933 which, among other things, covers "street trades."<sup>3</sup> The pertinent provision here is that "A boy between 14 and 18 may sell or distribute newspapers or other articles or engage in any other street trade if he obtains a badge; a boy between 12 and 14 may distribute newspapers, periodicals, and handbills on fixed residential routes if he obtains a badge. Such work is prohibited for boys under 16 between 7 P.M. and 6 A.M. and during the hours when the public schools are in session. (Girls under 18 may not engage in street trades.) Badges are issued by the officer issuing employment certificates upon presentation of the same proof of age and physical fitness as is required for such a certificate and must be renewed annually." Under the terms of this law, a minor who is injured while illegally employed gets double the compensation he would receive if legally employed and the employer himself must pay the additional amount.

<sup>1</sup> Cf. *ibid.*, Apr. 25, 1936, p. 98; also, Mar. 21, 1936, p. 41; also, *supra*, p. 57.

<sup>2</sup> Cf. *ibid.*, Apr. 7, 1934, p. 37.

<sup>3</sup> Cf. *ibid.*, Oct. 13, 1934, p. 39.

Child labor can also be controlled to some extent through local ordinances. In Detroit, following the murder of an eleven-year-old girl who was selling punch board chances, an ordinance was passed which, among other things, prohibited boys under seventeen selling or delivering papers between 8 P.M. and 6 A.M. except on Saturday when the hour was extended to 10 P.M.<sup>1</sup> Under a second ordinance, the school superintendent was given authority to license boys to carry papers. Such boys were also required to have a badge and to carry only an established route.

**Sale of Newspapers.** It might seem odd that anyone should contest the right of the newspaper to control the sale of its papers, but this has occurred in a number of instances. Such actions have generally arisen either over the price charged for the paper or over the sale of competing publications by the same dealer. The newspapers, it appears, not only have the legal right to select the dealers but the price at which the publication is to be sold.

It was the custom for years for news dealers in New York City to charge 5 cents for bulldog editions of morning newspapers and to overcharge similarly for early editions of Sunday issues. This practice, arbitrary on the part of the dealers, is estimated to have cost the public \$10,000 a night and to have hurt morning newspaper circulation in New York. By agreement the publishers finally refused to sell papers to dealers who charged the excessive price. A newsdealer thereupon brought an action for a writ of mandamus to compel the publishers to supply him with papers. The Bronx County Supreme Court dismissed the suit, upholding the newspapers in their refusal to sell to such dealers and ruling that publishers are entitled to sell only to dealers of their choice.<sup>2</sup>

Another action was brought by a Bridgeport, Conn., news dealer against the Bridgeport *Times-Star* which had set up an exclusive distribution system with its own branches and carriers.<sup>3</sup> The dealer in question declined to serve on an exclusive basis and sought to circumvent the *Times-Star's* policy by buying his supply at the regular retail price from other dealers. The newspaper countered by limiting sales to one per customer. The dealer then went to court to try to compel the newspaper to furnish him with papers, to refrain from soliciting his territory, and to

<sup>1</sup> Cf. *ibid.*, Nov. 3, 1934, p. 28.

<sup>2</sup> Cf. *ibid.*, Feb. 24, 1934, p. 11.

<sup>3</sup> Cf. *ibid.*, Nov. 24, 1934, p. 36.

pay \$10,000 damages. The court upheld the newspaper, and the action was dismissed.

Newspapers are sometimes affected by local ordinances which may be specific or general. In Milwaukee, the Sentinel-News Co. went to court over a zoning ordinance which restricted the distribution of papers to carriers in residential districts.<sup>1</sup> The publishing company both prior to and following the passage of the ordinance had been distributing newspapers for delivery to carriers at private garages where the boys called for them. The city and its building inspector argued that this practice violated the ordinance. The case eventually found its way to the Wisconsin Supreme Court which ruled in favor of the Sentinel-News Co.<sup>2</sup>

**Dental and Optometry Advertising.** A number of states have statutes aimed at certain kinds of professional advertising. These apply particularly to dental and to a lesser extent to optometry advertising. A New Jersey statute restricting such advertising was attacked by the publishers of that state as being contrary to the Fourteenth Amendment.<sup>3</sup> The New Jersey act empowers the state dental board to revoke the licenses of dentists who advertise in any manner the price or durability of their works or products. Yet in New York the Appellate Division of the Supreme Court upheld the right of dentists to advertise regardless of state dental board rules so long as the advertising was not "untrue, fraudulent, misleading or deceptive."<sup>4</sup> Oregon also has a law regulating advertising by dentists.<sup>5</sup>

In Connecticut the Superior Court at Hartford granted a permanent injunction restraining the state board of examiners in optometry from enforcing its rule against price advertising relative to optical goods and services.<sup>6</sup> The effect of the rule was that optical stores not connected with department stores did not need to have a licensed optometrist and could advertise fixed

<sup>1</sup> Cf. *ibid.*, Nov. 18, 1933, p. 36.

<sup>2</sup> Soon after the sale of the Philadelphia *Inquirer* in 1936, it changed its news agent at Wilmington, Del. The former agent, who had had the agency for 18 years, sought an injunction but the court denied this. Cf. *ibid.*, Sept. 26, 1936, p. 6.

<sup>3</sup> Cf. *ibid.*, Apr. 28, 1934, p. 72.

<sup>4</sup> Cf. *ibid.*, July 28, 1934, p. 14.

<sup>5</sup> Cf. *ibid.*, Aug. 31, 1935, p. III.

<sup>6</sup> Cf. *ibid.*, Apr. 7, 1934, p. 33.

prices, while optical departments of stores could not do so. The court observed that in the so-called learned professions advertising is universally considered unethical but that this is not true of optometry where advertising is the practice.

Under a temporary injunction obtained by a number of Milwaukee dental firms, the Wisconsin dental examiners were restrained from interfering with their methods of advertising their services. The Circuit Court at Milwaukee, however, upheld the constitutionality of the rules and regulations governing dental and optometrical advertising under the general police powers of the state.<sup>1</sup> The Wisconsin law prohibited certain forms of advertising including the mention of prices and the use of large illuminated commercial signs.

**Federal Censorship.** The federal Packers' and Stockyards Act of 1921 contains a provision which in effect gives the bureau of animal industry the right to censor certain kinds of advertising.<sup>2</sup> The act, among other things, makes it unlawful for packers to "engage in or use any unfair, unjustly discriminatory, or deceptive practice or device in commerce." The statute appears to have been little known even in the Department of Agriculture. It came to light as the result of objection made to sausage copy which led to the cancellation of some newspaper advertisements. The copy declared that the sausage was "made on the farm by farm people," whereas it was made in the factory. The packer agreed to correct the misstatements, but the bureau did not seek the cancellation of the existing contracts.

**Exclusive Contracts.** Oklahoma was the first state to adopt a law prohibiting the granting of discounts by a newspaper in return for an exclusive advertising contract on the part of the advertiser.<sup>3</sup> This came about as the result of a long fight involving the Oklahoma City *Daily Oklahoman* (morning) and *Times* (evening), and the *Oklahoma News*. The last-named paper complained to the Federal Trade Commission concerning an exclusive advertising contract used by the *Daily Oklahoman* and *Times* in selling space to the larger department stores and other advertisers in Oklahoma City. It also charged that the state

<sup>1</sup> Cf. *ibid.*, Feb. 3, 1934, p. 20.

<sup>2</sup> Cf. *ibid.*, Dec. 23, 1933, p. 12.

<sup>3</sup> Cf. *ibid.*, May 4, 1935, p. 8; Sept. 28, 1935, p. 6.; cf. also, Florida bill, *ibid.*, June 1, 1935, p. 34.

anti-trust laws were being violated. Another case brought before the Federal Trade Commission involved two other Oklahoma newspapers. The Blackwell, Okla., *Journal* was charged by the Blackwell *Tribune* with selling advertising so far below cost as to be ruinous and that its advertising and circulation policies constituted, in effect, an effort to drive the *Tribune* out of business. The discounts were eventually dropped.<sup>1</sup> The Federal Trade Commission issued an order prohibiting the quoting or charging of advertising rates below the cost to the newspaper of the advertisement as set up and published.<sup>2</sup> This decision marked an important precedent.

The Oklahoma law sought to protect the second and third papers in competitive areas. Section 2 of this statute provided:<sup>3</sup>

It shall be unlawful for any person, firm, corporation or association, engaged in the sale or furnishing of advertising or space for advertisements in publications thereof, to sell or furnish the same at a price less than the cost, if the effect or intent thereof is to establish or maintain a virtual monopoly hindering competition or restraining trade or to destroy the competition of any regular established publisher located and doing business in the same town, city or community wherein said person, firm, corporation or association is located and doing business.

**Anti-trust Laws.** Publications will not ordinarily be affected by the anti-trust laws but it would appear that they may be under special circumstances. The Midwest Farm Paper Unit, Inc., a group of five midwestern agricultural journals, was ordered by the U. S. Circuit Court of Appeals to pay the Indiana Farmers' Guide Publishing Co., of Huntington, Ind., \$37,000 in an action charging violation of the Sherman Anti-trust Law.<sup>4</sup> The decision, handed down at Chicago in 1936, affirmed the finding of the federal District Court at Indianapolis which originally heard the case. The award was for triple damages totaling \$30,000 with attorneys' fees of \$7000. The action grew out of the acquisition by the Midwest Farm Paper Unit, Inc., of a substantial monopoly of the advertising in the farm journal field which, the Indiana

<sup>1</sup> Cf. *ibid.*, June 29, 1935, p. 12; Aug. 17, 1935, p. 8; Sept. 14, 1935, p. 12.

<sup>2</sup> Cf. *ibid.*, Sept. 12, 1936, p. 6; Sept. 19, 1936, p. 30; Jan. 23, 1937, p. 14; Feb. 20, 1937, p. 38.

<sup>3</sup> Cf. *ibid.*, May 4, 1935, p. 8.

<sup>4</sup> Cf. *ibid.*, Apr. 4, 1936, p. 14.

Farmers' Guide charged, destroyed competition and amounted to unlawful conspiracy in restraint of trade. Up to May, 1937, this case had twice been before the U. S. Supreme Court. In the seventh federal court decision on it up to April, 1937, the Circuit Court of Appeals reversed the lower court's damage judgment of \$37,000.<sup>1</sup>

**Free Papers.** Various prohibitions have been thrown up against publications circulated without charge in a number of communities. Such legislation has been aimed particularly at that class of publications known as shopping guides. The Postal Regulations as well as municipal ordinances and state laws have been invoked to restrict such publications. In San Francisco, the *Shopping News* appealed to the U. S. Supreme Court for a writ of certiorari after the U. S. Court of Appeals had upheld a municipal ordinance preventing the circulation of such publications.<sup>2</sup> Passed in 1932, the ordinance exempted newspapers or other publications printing news of a general nature but prohibited the distribution of any "handbill or any printed or written advertising matter by placing or causing the same to be placed in any automobile, or in any yards, or on any porch, or in any mail box not in possession or under the control of the person so distributing the same." It was argued that this was discriminatory. But the Supreme Court denied the petition.

In Los Angeles a similar ordinance in effect banned the distribution of shopping news publications and other forms of handbills in apartment houses, hotels, bungalow courts, and office and loft buildings without the written consent of the owners or building managers.<sup>3</sup> A Jersey City ordinance which restricted the distribution of unsolicited advertising to residences was upheld by the New Jersey Supreme Court.<sup>4</sup> The federal courts later declined to interfere in this case, which, by the way, involved the distribution of circulars for a New York *Daily Mirror* development in New Jersey.<sup>5</sup>

The postoffice department also issued an order forbidding the use of private mail boxes for anything except matter bearing

<sup>1</sup> Cf. *ibid.*, Apr. 3, 1937, p. 60.

<sup>2</sup> Cf. *ibid.*, Oct. 27, 1934, p. 18; Sept. 29, 1934, p. 10; Mar. 24, 1934, p. 10.

<sup>3</sup> Cf. *ibid.*, July 7, 1934, p. 6.

<sup>4</sup> Cf. *ibid.*, Dec. 23, 1933, p. 10.

<sup>5</sup> Cf. *ibid.*, Feb. 17, 1934, p. 6.

postage.<sup>1</sup> The order struck at such mailable matter as statements of accounts, sales bills, and advertising circulars. Mail carriers were instructed to remove from letter boxes and other receptacles mailable matter on which no postage had been paid and to carry it to the post office to be held for postage.

**Sales Tax Laws.** As a general rule, certain basic exemptions were made in the general sales tax laws enacted after 1930. These exemptions included such commodities as bread, milk, and newspapers. Yet in a number of states there have been cases in which the status of newspapers has been called into question relative to this form of tax. The Ohio Sales Tax Law specifically exempts newspapers from the tax, yet in Utah the State Tax Commission ruled that the 2 per cent sales tax applied to newspapers.<sup>2</sup> In Illinois the State Department of Finance held that the 2 per cent tax was payable on all mail circulation within the state and on counter sales.<sup>3</sup> In West Virginia it was held that mail subscribers must pay the customers' tax of 2 per cent, but that the tax did not apply to old or delinquent subscriptions or to subscriptions from out-of-state readers.<sup>4</sup>

In 1936, 26 states had the sales tax in one form or another.<sup>5</sup> Of these, 8—Missouri, Oklahoma, Arizona, Mississippi, New Mexico, Washington, Indiana, and West Virginia—applied the tax to advertising. Under the heading of services, publications including newspapers were taxed in 10 states. These were: Illinois, Maryland, Michigan, Oklahoma, Arizona, Mississippi, New Mexico, Washington, Indiana, and West Virginia.

**Tax on Advertising.** At the behest of the late Senator Huey P. Long an iniquitous 2 per cent tax on gross newspaper-advertising receipts was forced through the Louisiana Legislature in 1934.<sup>6</sup> The legislation was discriminatory in that it was a political measure designed to wreak political vengeance upon newspapers which had dared to oppose Long and further in that it did not apply uniformly to all newspapers but was so devised

<sup>1</sup> Cf. *ibid.*, Jan. 6, 1934, p. 20.

<sup>2</sup> Cf. *ibid.*, Aug. 25, 1934, p. 11.

<sup>3</sup> Cf. *ibid.*, Apr. 7, 1934, p. 34; Nov. 18, 1933, p. 36.

<sup>4</sup> Cf. *ibid.*, Apr. 21, 1934, p. 80.

<sup>5</sup> Ohio Tax Commission report.

<sup>6</sup> Cf. *Editor & Publisher*, July 14, 1934, p. 13; July 21, 1934, p. 4; Aug. 11, 1934, p. 8; Aug. 25, 1934, p. 5; Sept. 8, 1934, p. 5; Sept. 29, 1934, p. 33; Feb. 15, 1936, pp. 5ff.

as to hit those which were stoutest in their opposition to the Long machine and its methods. Significantly, Long's own publication, *The American Progress*, was printed at Meridian, Miss., and thus escaped the tax which affected all Louisiana newspapers with a circulation of 20,000 or more per *week*, or an average of 3333 per day. The law covered all publications in that circulation class as well as movie advertising but newspapers were the chief target. This vicious legislation was fought through the state courts to the U. S. Supreme Court, which in a momentous decision in February, 1936, unanimously held the Louisiana law to be unconstitutional, pointing out that, if carried to extremes, it could destroy both newspaper advertising and circulation and thus operate as a double restraint. No other state has so far followed Louisiana's example.

**Other Tax Rulings.** Newspapers pay much the same kinds of taxes as other similar industrial and commercial enterprises. These include property and income taxes and assessments for workmen's compensation. They are also subject to the new federal social security legislation which is a form of unemployment and retirement insurance.

Newspapers are especially concerned with federal and state tax rulings as they affect the business of individual publications. Such a case was one to which the *Sioux City Journal* was a party.<sup>1</sup> Between 1887 and 1918, its circulation was built up to a total of 55,488 at a cost of \$184,970 by means of contests and special solicitation, or at a cost per subscriber of \$3.67. By 1928 its circulation had increased by 5521 which, multiplied by \$3.67, gave a total of \$20,262 which the internal revenue commissioner eliminated from the paper's deductions, thereby increasing the amount taxable. A similar amount was taken for the paper's 1929 return. The newspaper contended that it was neither building up nor increasing its circulation but was maintaining what was already built up and brought an action against the U. S. Board of Tax Appeals. The U. S. Circuit Court of Appeals at St. Louis ruled in favor of the newspaper, holding that expenditures to maintain a newspaper's circulation are not capital outlays but "ordinary and necessary operating expenses" and therefore deductible for income tax purposes.

Conversely, the *Washington Star* lost an action in which it claimed the right to deduct its contributions to the local Com-

<sup>1</sup> Cf. *ibid.*, June 15, 1935, p. 45; Aug. 10, 1935, p. 9.



munity Fund from its income tax returns of 1929 and 1930.<sup>1</sup> The U. S. Board of Tax Appeals upheld the contention of the newspaper, but the internal revenue commissioner took the case to the Circuit Court of Appeals which ruled that the privilege of deducting from gross income in making out tax returns enjoyed by individual taxpayers does not extend to corporations. The Board of Tax Appeals was also asked to rule on whether the amount spent by a newspaper in making an investigation into township affairs in the public interest was a legally deductible expense.<sup>2</sup> The right to do so had been denied by the commissioner of internal revenue. The issue was raised by the *Bergen Evening Record* of Hackensack, N. J.

**Customs Regulations.** Most newspapers probably have little to do with customs regulations except through imports of newsprint. Yet even here the law is meticulous. It specifies that paper for standard newsprint to be entitled to free entry shall weigh from 30 to 35 pounds for each 500 sheets 24 by 36 inches in size. A shipment of newsprint imported by the *Christian Science Monitor* was found to weigh 36.22 pounds per 500 sheets of the size specified.<sup>3</sup> The Treasury Department thereupon sought to collect the customs duty. The case was heard before the U. S. Customs Court which decided unanimously in favor of the newspaper. Evidence was presented to show that there has been a steady trend toward the use of heavier stock by American newspapers. "It is unreasonable," the court held, "to assume that Congress intended to prevent newspaper publishers from improving the quality of their papers, or to limit them to a certain weight of paper per ream, any more than to a paper of a particular width." In other words, the use to which imported newsprint is to be put is more important than its physical specifications in determining whether it shall be admitted duty free.

**Misuse of Newspapers.** Ohio has on its statute books two examples of another kind of legislation affecting newspapers. The one, Section 6319-8, deals with threats of publication to influence official action. It reads:

Any newspaper company, or owner, officer, editor, writer or representative thereof, who attempts to improperly influence any public official for or against any public measure or official action by threats

<sup>1</sup> Cf. *ibid.*, June 22, 1935, p. 8.

<sup>2</sup> Cf. *ibid.*, Oct. 6, 1934, p. 32.

<sup>3</sup> Cf. *ibid.*, Mar. 28, 1936, p. 10.

of publication of articles derogatory of such official on the floor or in the cloak or committee rooms of any general assembly or other legislative body, to which he has access because of his connection with the newspaper, for or against any proposed law, ordinance or other legislative act, shall be guilty of a felony, and upon conviction thereof shall be fined not exceeding \$1000 or imprisoned not exceeding one year, or both.

The other, Section 4785-197, concerns the misuse or abuse of newspaper publications. It provides:

Any person being the owner, editor, writer or employee of any newspaper, magazine, or other publication of any description, whether published regularly or irregularly, who uses the columns of any such publication for the printing of any threats, direct or implied, in the columns of any such publication for the purpose of controlling or intimidating candidates for public office; or who directly or indirectly solicits, receives or accepts any payment, promise or compensation for influencing or attempting to influence votes through any printing [sic] matter except through matter inserted in such publication as "paid advertisement" and so designated, shall be guilty of corrupt practice and upon conviction therefor shall be punished by a fine of not less than five hundred and not more than one thousand dollars for each offense.

**False Information.** Ohio has another statute designed to protect the newspaper against persons who supply it with false information or false news items. This is in addition to the laws on fraudulent advertising. This section, No. 6319-7, follows:

Whoever contributes to or furnishes any statement, allegation or news item to a newspaper, knowing that such statement, allegation, or news item is untrue, shall be guilty of a misdemeanor and upon complaint of such newspaper company or of any person or persons injured in property, person or reputation by the publication of such statement, allegation or news item and upon conviction thereof, shall be fined not exceeding \$500 or imprisoned in the county jail or workhouse not exceeding six months, or both.<sup>1</sup>

**Errors in Advertisements.** Typographical or other errors in advertising affect both the newspaper and the advertiser. If the

<sup>1</sup> In a case arising in 1936 under this statute two students received suspended sentences and were put on probation for a year for giving the *Ohio State Journal*, as a "joke," a false story concerning the supposed death of a girl student.

fault lies with the advertiser no blame attaches to the publication. If, however, the newspaper has made the error, it is a different matter. There is no question in such a case but that the advertiser is morally and legally entitled at least to a correction and to such other redress as the newspaper can give within reason. The policies of individual publications vary.

# A CORRECTION

Because of an error in the advertisement of The Union Co. in Monday's Citizen, through a transposition of prices, Women's Northern Seal Coats were priced at 49c, and Women's \$1.00 Gloves of Rabbit's Hair were priced at \$49.00. The items should have appeared as follows:

**Women's \$1.00 Gloves  
of Rabbit's Hair**

**49<sup>c</sup>**

The Season's 5 Popular Shades.

**Women's Northern Seal\*  
Fur Coats**

**\$49**

Were \$.89.75 and \$99. \*Dyed Coney

FIG. 38.—Correction of an error in which the prices of two items were transposed.

The general practice as soon as such an error is discovered is to make a correction by the next edition or, if the error is a serious one, to order a makeover. In some cases newspapers repeat the corrected advertisement the next day with an explanation in the news columns if it seems advisable. If the newspaper has been at fault and if the store suffers either materially or in good will, it is clearly up to the newspaper to repair the damages as far as possible.

But it is also a policy to limit the newspaper's liability for errors. General rules and regulations of the *Chicago Tribune*, for example, specify that it "will not be responsible for errors in advertisements in its first daily edition unless okayed copy is received at the Tribune office before 3 P.M. of the day previous to date of publication," nor will it be responsible "for errors when correct proof of advertisement does not accompany insertion order or for insertion of incorrect cuts or matrix supplied by another newspaper." Similarly, the *Christian Science Monitor* rate card carries a notice that "Credit for errors in advertisements allowed for first insertion only."

It is a general practice in case of an error to explain to consumers who hurry to the store to take advantage of the obvious bargain how it came about. The Chicago Better Business Bureau drew up a set of rules to follow in such cases.<sup>1</sup> If the newspaper was at fault, it recommended that the store show customers a letter from the publication by way of explanation so as to avoid the appearance of an alibi and to preserve the confidence of the buying public. If the customer insists upon the bargain, it is fairly common practice to accommodate him and look to the newspaper to make the necessary final adjustment with the advertiser.

In one such case, the *La Crosse Tribune & Leader-Press* capitalized on the mistake.<sup>2</sup> In this instance an advertisement carried a coupon with the notice that "this coupon and five cents" would buy a pair of tennis shoes. The store quickly sold 375 pairs of shoes and the newspaper capitalized on the error the next day. The shoes ordinarily cost 79 cents and were to have been 59 cents. It cost the publication \$202.50 to make up the difference. In its notice, the paper observed, "But the Tribune rather delights in the error, expensive though it was, for it brought a vivid reassurance of the fact that, no matter how inconspicuous an item in an ad may appear to be, it is thoroughly read by the people of this community. Verily, the experience was a backwash upon itself of what the Tribune has always maintained—it pays to advertise."

**Lotteries.** As has been said, the federal government and most of the states have strict laws against lotteries of all kinds. The

<sup>1</sup> Cf. *Editor & Publisher*, Jan. 13, 1934, p. 36; Feb. 17, 1934, p. 10.

<sup>2</sup> Cf. *ibid.*, Mar. 31, 1934, p. 16.

purpose of such legislation is to prevent gambling. The Post Office Department is particularly alert in such matters. An unusual case involving a charge of operating a lottery arose in 1936 in St. Louis involving the *Globe-Democrat*.<sup>1</sup> That newspaper was running a "Famous Names" contest in which a series of drawings was published and the contestants were to identify the proper person. The attorney general of Missouri brought an action in the State Supreme Court asking that the charter of the *Globe-Democrat* be revoked and its rights to do business in Missouri be canceled on the ground that the contest was a lottery, for which no such power was given by its charter. It was contended that the newspaper was limited to carrying on only a general printing, publishing, and bookbinding business, that the contest was, in effect, a lottery and was such as to arouse the gambling instinct of the public. The publishers of the *Globe-Democrat* made a categorical denial of the charges and blamed the action on its competitors. In a report filed months later, a special commissioner named by the Missouri supreme court reported that the contest as conducted by the *Globe-Democrat* was not a lottery and that the newspaper did not violate any laws in connection with its publication.<sup>2</sup>

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<sup>1</sup> *Cf. ibid.*, Apr. 18, 1936, p. 8; June 13, 1936, p. 8.

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## CHAPTER XVII

### THE POSTAL REGULATIONS

For many years the newspapers of the United States have enjoyed preferential treatment at the hands of the Post Office Department. A definite reason exists for this preference, although other publications whose issuance is likewise in the public interest, enjoy similar privileges. Contrary to the popular impression, the annual postal deficits are not to be laid at the door of the newspapers and magazines which are among the best customers of the Post Office Department. As will be seen, there is evidence to support such a statement.

And while the government has followed the policy of extending certain postal privileges to the newspapers, it has also used the Postal Regulations to impose certain rather rigid and stringent restrictions upon the newspapers. These will be examined in some detail, but they include, for example, such prohibitions as advertisements, announcements or notices concerning lotteries, obscene matter, information as to methods of birth control or for producing abortion, as well as other material held to be non-mailable. In the application of these statutes, some of the ordinary processes of law are not followed and the postmaster general in particular and other postal authorities in general enjoy in some respects wide powers over all publications admitted to second-class entry, including newspapers. This discretionary power amounts in some ways to absolute censorship despite the freedom of the press clause in the Bill of Rights.

**Newspaper, Periodical, News Agent Defined.** In general, mailable second-class matter embraces "all newspapers and other periodical publications which are issued at stated intervals and as frequently as four times a year. . . ." <sup>1</sup> There are two kinds of second-class matter: that sent by publishers or news agents, and that sent by others than publishers or news agents.

<sup>1</sup> Postal Laws and Regulations of the United States of America, 1932, ed., Sec. 519; hereafter designated as P.L. & R.

Under the postal regulations, a newspaper is held to be "a publication regularly issued at stated intervals of not longer than one week and having the characteristics of second-class matter prescribed by law."<sup>1</sup>

By the same token, a periodical is "a publication regularly issued at stated intervals less frequently than weekly and having the characteristics of second-class matter prescribed by law."<sup>2</sup>

News agents are defined as persons, including newsboys, engaged in business as news dealers or sellers of publications of the second class.<sup>3</sup> But a person who limits himself to working for one publication or the publications of a single publisher is regarded as "a mere local agent" and does not come within the above definition. A person, firm, or corporation desiring to mail second-class matter as a news agent at the second-class pound rates of postage must make formal application for the privilege, and pay a fee of \$20. Privileges similar to those enjoyed by publications admitted to second-class entry are extended to qualified news agents.

#### THE PREFERENTIAL RATE

**Advantages and Qualifications.** On July 1, 1885, the postal rate for second-class matter was reduced from 2 to 1 cent per *pound*, while the second-class rate to persons other than publishers was fixed at 1 cent for each four *ounces*. This was important because it meant a large saving to the publishers and enabled them to sell to the public more cheaply.

**Free County Matter.** Under certain conditions, newspapers and other publications admitted to second-class entry may be carried free in the county of publication.<sup>4</sup> The conditions to this added privilege are that (1) the addressee shall be an actual subscriber; (2) the residence of the subscriber shall actually be within the county in which the publication is printed in whole or in part and published; (3) the publication shall be addressed for delivery from a post office (or rural route emanating from such post office) not having letter-carrier service. If delivered at letter-carrier offices or distributed by carriers, postage must be

<sup>1</sup> *Ibid.*, Sec. 543-11.

<sup>2</sup> *Ibid.*, Sec. 543-12.

<sup>3</sup> *Ibid.*, Secs. 554, 555, 556.

<sup>4</sup> *Ibid.*, Sec. 543-4.



paid. The purpose of this privilege is to promote the circulation of small publications. It is particularly advantageous to small country weeklies. Free county matter must be presented and weighed separately for mailing from copies on which postage is to be paid.

The theory behind these policies is simple. In the American concept newspapers are an important institution. While they represent private enterprise, it is their function to disseminate information and to help enlighten and educate the public. They are, in effect, conducted in the public welfare, and it is in the public interest to facilitate their operation so that the benefits possible from newspapers may be made available to the entire public.

**Qualifications.** Not all publications are eligible to second-class privileges. The law sets up certain standards and qualifications with which they must comply before they are admitted to second-class entry. To be admissible a newspaper or other publication must be:<sup>1</sup>

Regularly issued at stated intervals, as frequently as four times a year, and bear a date of issue, and be numbered consecutively.

Issued from a known office of publication.

Formed of printed paper sheets, without board, cloth, leather, or other substantial binding, such as distinguish printed books for preservation from periodical publications.

Originated and published for the dissemination of information of public character, or devoted to literature, the sciences, arts, or some special industry. . . .

*Regularity of Issue.*<sup>2</sup> If an issue is unavoidably omitted, the first succeeding issue must bear only the next consecutive serial number to the last preceding issue. Publications which regularly omit certain issues or suspend publication during certain periods are required to show this fact in connection with the statement of the frequency of issue as, for example, "Daily except Sunday." Extra editions plainly issued to impart additional news or information, but received too late to insert in the regular issue are accepted at the second-class rate provided they are not issued for advertising purposes. Alleged periodical publications pro-

<sup>1</sup> *Ibid.*, Sec. 520.

<sup>2</sup> *Ibid.*, Sec. 524.

duced by the stencil, mimeograph, or hectograph process, or in imitation of typewriting are ineligible to second-class privileges.

*Known Office of Publication.*<sup>1</sup> The postal laws define a known office of publication as "a public office where the business of the newspaper or periodical is transacted during the usual business hours, and such office shall be shown by the publication itself." In towns with letter-carrier service the street and number of the office of publication are required.

Newspapers and periodicals may have more than one office for transacting business, but must be mailed by the publisher as second-class matter at the pound rates of postage only at the post office or post offices where entered. The name of the post office of original entry must precede the names of any other offices of the publication and must receive equal prominence in all printed notices relative to the offices of publication. If a periodical is issued at a place that is not a post office, the post office at which it is entered must be shown.

In addition, a newspaper must have a list of legitimate subscribers. Such a list is defined by law as follows:<sup>2</sup>

a. Such persons as have subscribed for the publication for a definite time, either by themselves or by another in their behalf, and have paid, or promised to pay, for it a substantial sum as compared with the advertised subscription price.

b. News agents and newsboys purchasing copies for resale.

c. Purchasers of copies over the publisher's counter.

d. The receivers of bona fide gift copies, duly accepted, given for their benefit and not to promote the interests of the donor.

e. Other publishers to whom exchanges are mailed, one copy for another.

f. Advertisers receiving one copy each in proof of the insertion of their advertisements.

**Legitimate List of Subscribers.** The enjoyment of second-class privileges by newspapers hinges upon whether they have a "legitimate list of subscribers."<sup>3</sup> The government therefore scrutinizes the methods of the publisher in fixing the price of his publication and in obtaining subscriptions through the use of premiums, prizes, or other considerations, clubbing, or by giving

<sup>1</sup> *Ibid.*, Sec. 525.

<sup>2</sup> *Ibid.*, Sec. 526.

<sup>3</sup> *Ibid.*, Sec. 526-1, 3.

commissions to agents. Subscriptions obtained "at a nominal rate" are excluded from the legitimate list required by law. Subscriptions are defined as "nominal" when (1) they yield the publisher less than 50 per cent of the regular advertised price for a single subscription, or (2) those received through agents or agencies on commission or in connection with clubbing arrangements as a result of which the publisher nets less than 30 per cent of the amount of the regular advertised subscription price. Also regarded as circulating at a nominal rate are publications of low subscription price from whose list of subscribers the publisher does not regularly exclude expired subscriptions or whose subscription price does not appear to be a material consideration in the business of the publisher.<sup>1</sup>

To be mailable at the second-class pound rates of postage and to qualify with respect to a legitimate list of subscribers, a publication must have a circulation which consists in the main of copies supplied, by mail or otherwise, to persons who have themselves subscribed and paid or promised to pay for the publication.<sup>2</sup> Publications primarily for free circulation will not be accepted for mailing at the publishers' second-class pound rates of postage. All copies of a publication printed, whether they go through the mails or not, are taken into account in determining whether the circulation is legitimate. Large numbers of extra copies paid for by an advertiser or other interested party must pay the transient second-class rate if distributed for advertising purposes.

**Advertising Sheets.**<sup>3</sup> Whether a publication is intended primarily for advertising purposes or for free circulation or for circulation at nominal rates is determined from the facts in each case. "Primarily" here means the chief or principal object of a publication. Those designed primarily for advertising purposes within the meaning of the law include: (1) those owned and controlled by one or several individuals or business concerns and conducted as an auxiliary to, and essentially for, the advancement of the main business or calling of those who own or control them; (2) those which, having a few or no genuine or paid-up subscriptions, insert advertisements free on condition that the advertiser will pay for a number of papers which are sent to per-

<sup>1</sup> *Ibid.*, Sec. 527-4.

<sup>2</sup> *Ibid.*, Secs. 527-5a, 527-5b.

<sup>3</sup> *Ibid.*, Sec. 527.

sons whose names are given to the publisher; (3) those which do advertising principally and whose columns are filled with editorial puffs, or firms or individuals advertising in the publication or who buy a certain number of copies for distribution; (4) publications devoted largely to advertising and having a nominal list of bona fide subscribers but whose circulation is mainly gratuitous.

**Advertisements.** The regulations require that all advertisements in periodicals must be permanently attached thereto and sheets containing them must be substantially as large, but not larger, than the pages of the publication.<sup>1</sup> Advertisements printed on sheets larger than the regular pages are inadmissible even though folded to the size of the regular pages.

**Mailings Examined.**<sup>2</sup> Postmasters are required to examine mailings of publications entered at their offices as second-class matter to see whether the publishers are complying with the law and regulations. If a postmaster suspects that such a publication is not entitled to second-class mailing privileges, he must report the matter promptly, with any evidence or facts in support thereof, to the third assistant postmaster general.

Some years ago two competing newspapers in a large city got into a bitter circulation war in which, as sometimes happens, all sound business principles and common sense flew out the window. These newspapers sold to city readers at the time for \$6 a year, while the rate to rural subscribers was \$3 a year. The competition reached the point where the rural rate was temporarily whittled to 50 cents a year. The government stepped in at this point and served notice that a continuance of such a policy would jeopardize the second-class entry. The papers came to their senses, and the futile and unwarranted price war ended. The same policy applies to the excessive use of premiums, prizes, clubbing offers, commissions to agents, or anything that appreciably reduces the advertised annual rate.

**Expired Subscriptions.** The government recognizes the right of publishers in good faith to extend credit on subscriptions when they expire.<sup>3</sup> This is done in order to enable the newspaper to obtain renewals. The Postal Regulations permit the continued mailing of such copies for a year after the date of expiration,

<sup>1</sup> *Ibid.*, Sec. 551-1, 2.

<sup>2</sup> *Ibid.*, Sec. 558-1, 2.

<sup>3</sup> *Ibid.*, Sec. 526-4.

except in the case of subscriptions for less than one year. Such copies may be counted in the sworn statement of circulation for a year. Copies sent to delinquent subscribers after one year must pay the transient second-class rate of 1 cent for each two ounces or fraction thereof unless the postage at the rate prescribed for fourth-class matter is lower, in which case the latter rates apply.<sup>1</sup> They are not eligible to be counted as paid circulation.

**Indicia.** To be accepted for entry as second-class matter, a newspaper must publish certain information "Conspicuously printed" on one of the first five pages, preferably on the first page.<sup>2</sup> This applies to each copy. Some states have somewhat similar requirements. The required information follows:

1. Title of publication
2. Date of issue
3. Regular periods of issue, or frequency
4. Serial number
5. Known office of publication
6. Subscription price
7. Notice that it has been entered as second-class matter

**Penalty.** The law not only prescribes the conditions under which second-class entry may be obtained but it provides a penalty for its abuse or misuse.<sup>3</sup> A person who submits false information or evidence in order to obtain second-class privileges for a publication shall, upon conviction in the federal courts, "be fined not more than \$500." Once extended to a publication, however, second-class mail privileges may not be suspended or annulled until a hearing has been granted to the parties interested.<sup>4</sup> Failure to comply with the provisions of the section relative to the so-called government statement within 10 days of being notified of such failure lays the offending publication open to being denied the privileges of the mail.<sup>5</sup>

*The Government Statement.*<sup>6</sup> This term, commonly used in connection with the sworn annual statement of the newspaper as to its circulation, is a misnomer. It is really a statement to the government, and it is in no sense an official statement based on

<sup>1</sup> *Ibid.*, Sec. 546.

<sup>2</sup> *Ibid.*, Sec. 530-2.

<sup>3</sup> *Ibid.*, Sec. 535.

<sup>4</sup> *Ibid.*, Sec. 536.

<sup>5</sup> *Ibid.*, Sec. 537.

<sup>6</sup> *Ibid.*

## The Citizen's Sworn Statement Made Under the Federal Law

Statement of the ownership, management, circulation, etc., required by the act of Congress of Aug. 24, 1912, of THE COLUMBUS CITIZEN, published daily except Sunday at Columbus, O., for Oct. 1, 1938.

State of Ohio, County of Franklin, ss:

Before me, a notary public, in and for the state and county aforesaid, personally appeared Ralph D. Henderson, who, having been duly sworn according to law, deposes and says that he is the Business Manager of The Columbus Citizen, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, circulation, etc., of the aforesaid publication for the date shown in the above caption, required by the Act, of Aug. 24, 1912, embodied in Section 411, Postal Laws and Regulations, to wit:

That the names and addresses of the publisher, editor, managing editor and business manager are:

Publisher—THE CITIZEN PUBLISHING CO., Columbus, O.  
Editor—NELSON F. FOYNTER, Columbus, O.  
Managing Editor—Claud F. Weimer, Columbus, O.  
Business Manager—RALPH D. HENDERSON, Columbus, O.

### OWNERS

The Citizen Publishing Co., Columbus, O., of which the following stockholders own or hold one per cent or more of the stock of said corporation:

The E. W. Scripps Co., Hamilton, O. (through which only Robert F. Scripps, West Chester, O., owns or holds indirectly one per cent or more of the stock of The Citizen Publishing Co.)

Estate of Charles F. Fischer, Co.—Clare E. Cook, Columbus, O.  
C. C. Lyon, Columbus, O.

The Thomas L. Sidlo Co., Wilmington, Del. (through which only Thomas L. Sidlo, Cleveland, O., owns or holds indirectly one per cent or more of the stock of The Citizen Publishing Co.)

Milton A. McRae Corp., Wilmington, Del. (through which only estate of Milton A. McRae, deceased, Detroit, Mich., owns or holds indirectly one per cent or more of the stock of The Citizen Publishing Co.)

The Newspaper Investment Co., Cincinnati, O. (through which no stockholder in said corporation owns or holds one per cent or more of the stock of The Citizen Publishing Co.)

The Fourth Investment Co., Wilmington, Del. (through which no stockholder in said corporation owns or holds one per cent or more of the stock of The Citizen Publishing Co.)

The Fifth Investment Co., Wilmington, Del. (through which no stockholder in said corporation owns or holds one per cent or more of the stock of The Citizen Publishing Co.)

Nina B. Chandler, Rye, N. Y.  
Hazel F. Hostetler, Cleveland, O.  
Elizabeth L. Baker, Cleveland, O.  
H. N. Rickey, Cleveland, O.  
J. W. Dampeer, Cleveland, O.  
J. J. Lynch, Cleveland, O.  
Chester MacTammany, Pittsburgh, Pa.

S. T. Hughes, Washington, D. C.  
Esther K. Morris, Washington, D. C.

Mary L. Fentress, Richmond, Va.  
W. H. Dodge, Beverly Hills, Cal.  
Thomas O. Scripps, trustee for F. T. Scripps, San Diego, Cal.  
J. C. Harper, La Jolla, Cal.

That the known bondholders, mortgagees and other security holders owning or holding one per cent or more of total amount of bonds, mortgages, or other securities are:

None.

That the two paragraphs next above, giving the names of the owners, stockholders and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above is **81,287** (This information is required from daily publications only.)

RALPH D. HENDERSON,  
Business Manager.

Sworn to and subscribed before me this 5th day of October, 1938.  
(Seal) CARL F. MAUL,

Notary Public, Franklin County, Ohio.  
(My commission expires January 24, 1938.)

FIG. 39.—Example of government statement.

official sources or one that has official sanction. It is a report required by law and, since the publisher has to swear to it before submitting it, he is technically liable for perjury should he make a false report. For most ordinary purposes, this annual statement may be taken as reasonably accurate, and yet, as described, it may vary considerably from the A.B.C. report for the same publication for any given period because of the different rules, definitions, and interpretations.

To retain its second-class privileges, the federal law requires two things of a publication of general circulation. It must file with the postmaster general and with the postmaster at the point of entry a sworn annual statement, and it must publish that statement in its second issue after filing it with the proper authorities. This statement is due not later than October 1 of each year.

The sworn statement must show:

1. The names and post office and addresses of the editor, managing editor, publisher, business managers, and owners.

2. If the publication is owned by a corporation, the names and post-office addresses of all stockholders owning 1 per cent or more of the capital stock.

3. The names of all known bondholders, mortgagees, or other security holders, owning 1 per cent or more of such bonds, mortgages, or other securities.

4. In the case of daily newspapers, a statement of the average number of copies of each issue of such publication sold or distributed to paid subscribers during the preceding 12 months.

There are several exceptions to these requirements. Religious, fraternal, temperance, scientific, or other similar publications are exempted from the necessity of making such a statement of ownership. The rule regarding circulation figures applies only to daily newspapers and not to weekly newspapers or to magazines.

**Other Publications.** Publications of qualified benevolent or fraternal societies, educational institutions, state agencies, trades unions, and professional, literary, historical, or scientific societies are eligible for second-class entry.<sup>1</sup> They are accepted with advertisements as second-class matter if they are not published primarily for advertising purposes, if their circulation is limited to persons who pay as dues or assessments not less than

<sup>1</sup> *Ibid.*, Sec. 521.

half of the regular subscription price, to other bona fide subscribers, and to exchanges and if not more than 10 per cent of such circulation is given as sample copies. Under the provisions of another section, periodical publications of state departments of agriculture are permitted to pass through the mails as second-class matter if they contain no advertising matter, if they are issued to further the objects of such departments, and if they appear at least four times a year.<sup>1</sup>

**Entry Fee.** The schedule of entry fees for second-class matter was reduced in 1934 by action of Congress.<sup>2</sup> The revised fees are scaled on the basis of circulation, the new arrangement benefiting smaller newspapers. A single fee of \$100 was formerly in effect. The present basis is \$25 for a publication of not more than 2000 circulation, \$50 for those of more than 2000 and not exceeding 5000 circulation, and \$100 for publications whose circulation is more than 5000. The fee is paid at the time of applying for second-class entry. In the event that a publication applies for second-class entry and the application is disapproved, half of the deposit is returned to the applicant, and the balance retained to cover the expense of investigation and other routine costs involved.

Any application for entry of a publication as second-class matter must be accompanied by the proper fee.<sup>3</sup> After it is admitted to such entry, a publication may apply later for re-entry because of a change in its title, or in the frequency of its issue, or in its office of publication. But each such application calls for an additional fee of \$10. A publication may also request additional entry as second-class matter but each such application, accompanied by a \$10 fee, must state the approximate number and weight of the copies to be mailed at the post office and the territory to be served from that office.<sup>4</sup>

When a domestic publication is first offered for mailing as second-class matter the application must also be accompanied by two representative copies of the publication nearest to the date of the application.<sup>5</sup> Pending its acceptance as second-class matter,

<sup>1</sup> *Ibid.*, Sec. 522.

<sup>2</sup> Cf. *Editor & Publisher*, June 23, 1934, p. 40; P.L. & R., Sec. 528.

<sup>3</sup> P.L. & R., Secs. 528-1, 532.

<sup>4</sup> *Ibid.*, Sec. 529-2.

<sup>5</sup> *Ibid.*, Sec. 529-a.



a publication makes a deposit to cover postage at the third- or fourth-class rate, whichever is applicable, but the matter is sent second class for the time being. If the formal application for second-class entry is approved, the difference between the two rates is refunded to the newspaper.<sup>1</sup> The third assistant postmaster general decides upon the admissibility of a publication as second-class matter.<sup>2</sup>

**Newspaper Rates.**<sup>3</sup> The layman is apt to have the mistaken impression that the second-class rate of  $1\frac{1}{2}$  cents a pound applies to the entire newspaper. Actually only the editorial contents are eligible to this rate, advertising being assessed at the zone rate. For this reason it is necessary for the newspaper to check accurately and to report to the postal authorities the exact proportions of editorial and advertising contents in any given issue.

The rate for that part of the paper consisting of news and editorial matter is  $1\frac{1}{2}$  cents a pound regardless of where it goes in the United States or its possessions. The zone rate applied to advertising varies, of course, with the distance the publication goes; in other words, the greater the distance the higher the mailing cost. In the closing months of the Hoover administration, the zone rates were increased under the terms of the 1932 revenue act. These were reduced again to their former level effective July 1, 1934.<sup>4</sup> The reductions ranged from  $\frac{1}{2}$  to 3 cents and the revised rates are as follows: first and second zones,  $1\frac{1}{2}$  cents; third zone, 2 cents; fourth zone, 3 cents; fifth zone, 4 cents; sixth zone, 5 cents; seventh zone, 6 cents; and eighth zone, 7 cents.

If the space devoted to advertisements in a publication does not exceed 5 per cent of the total, the postal rate is the same as if the entire publication was devoted to matter other than advertisements.<sup>5</sup> Where the total weight of any one edition or issue of any such publication mailed to any one zone does not exceed 1 pound, the postal rate is 1 cent.<sup>6</sup> The rate on religious, educa-

<sup>1</sup> *Ibid.*, Secs. 529-3, 530-1.

<sup>2</sup> *Ibid.*, Sec. 531.

<sup>3</sup> *Ibid.*, Sec. 538.

<sup>4</sup> *Cf. Editor & Publisher*, June 2, 1934, p. 6.

<sup>5</sup> P.L. & R., Sec. 538-1c.

<sup>6</sup> *Ibid.*, Sec. 538-2.

tional, scientific, philanthropic, agricultural, labor, and fraternal publications, not organized for profit, is  $1\frac{1}{2}$  cents per pound or fraction thereof.<sup>1</sup> But the rate doubles and triples if the number of individual addressed copies or packages runs, respectively, from 32 to 48, or from 48 to 64 per pound, and still higher in proportion.<sup>2</sup> Many other variations in rates occur as the circumstances of mailing vary with the kind of publication, its weight, and whether for local or outside delivery.<sup>3</sup>

**Rate on Transient Publications.**<sup>4</sup> If sent by others than the publisher or news agent, the rate of postage on publications entered as second-class matter is 1 cent for each 2 ounces or fraction thereof, unless the postage at the rates fixed for fourth-class matter is lower in which case the latter rates apply. This rate also applies to sample copies of publications entered as second-class matter up to 10 per cent in excess of the quantity entitled by law to be sent at the pound rates. It also covers copies mailed by publishers to others than subscribers or to persons ineligible to the legitimate list of subscribers required by law.

**Single Sheets.**<sup>5</sup> Such sheets or portions thereof from any publication entered as second-class matter, sent by a publisher to an advertiser or to the latter's agent on account of and in proof of the insertion of an advertisement, are received and transmitted through the mails at the zone rates of postage applicable to the advertising portions of such matter.

**Sample Copies.** To qualify for mailing by the publisher at the office of entry at the second-class pound rates, sample copies must be copies sent to persons to induce them to subscribe for, advertise in, or become agents for, the publication.<sup>6</sup> They must be complete and unaltered copies of regular editions.<sup>7</sup> They must be plainly marked as such on the address side of the exposed part of the publication or the package or wrapper.<sup>8</sup> Such copies may not be mailed to the same person oftener than three times in one

<sup>1</sup> *Ibid.*, Sec. 538-4.

<sup>2</sup> *Ibid.*, Sec. 538-5.

<sup>3</sup> *Ibid.*, Sec. 543.

<sup>4</sup> *Ibid.*, Sec. 545.

<sup>5</sup> *Ibid.*, Sec. 539.

<sup>6</sup> *Ibid.*, Sec. 547-1.

<sup>7</sup> *Ibid.*, Sec. 547-2.

<sup>8</sup> *Ibid.*, Sec. 547-3.

year.<sup>1</sup> Sample copies are accepted for mailing at the pound rates to the extent of not more than 10 per cent of the total weight of copies mailed to subscribers during the calendar year and may be mailed at any time during the year based on the best obtainable estimate for that year.<sup>2</sup> They are not acceptable as free county matter.<sup>3</sup>

**Back Numbers and Reprints.** Unbound back numbers of a publication are mailable at second-class rates as long as it continues to be published as second-class matter.<sup>4</sup> Copies of daily publications printed from the original type, plates, or matrix may be so mailed if printed within one week after the date of issue, and in the case of other publications if printed before the next issue. Copies printed later than this are treated as reprints. Bound back numbers and unbound reprints are treated as books or miscellaneous printed matter according to their physical characteristics.<sup>5</sup>

#### LIMITATIONS

As intimated, the restrictions imposed upon newspapers and other publications under second-class entry are quite as important as the benefits and advantages conferred. As a matter of fact, there are not only limitations upon the newspapers but actual prohibitions. Even the permissive regulations contain penalties such as suspension or revocation of the privileges for failure to comply with the requirements. In the event that a newspaper fails to publish the sworn statement relative to ownership and circulation, for example, it is subject to denial of the privileges of the mail "if it shall fail to comply with the provisions of this section within ten days after notice by registered letter of such failure."

**Supplements.**<sup>6</sup> Supplements to periodicals admitted as second-class matter may be folded within their regular issues, but in all cases the added matter, in the language of the statutes, "must be germane to the publication which it supplements, that is to say, matter supplied in order to complete that to which it is added

<sup>1</sup> *Ibid.*, Sec. 547-4.

<sup>2</sup> *Ibid.*, Sec. 547-5.

<sup>3</sup> *Ibid.*, Sec. 547-7.

<sup>4</sup> *Ibid.*, Sec. 540.

<sup>5</sup> *Ibid.*, Sec. 540-2.

<sup>6</sup> *Ibid.*, Sec. 548.

or supplemented, but omitted from the regular issue for want of space, time, or greater convenience, which supplement must in every case be issued with the publication." In this connection, a magazine which is issued with a newspaper but which is a separate publication, having no connection with the newspaper either as to form or contents, is not regarded as an integral part of the paper and cannot be considered as a supplement within the meaning of the law.

Publications of statutes, ordinances, official proceedings, tax rates, and other legal advertising may be carried as supplemental matter.<sup>1</sup> All supplements must bear the full name of the publication with which they are folded, preceded by the words, "supplement to," and the date corresponding to the regular issue.<sup>2</sup> Maps, diagrams, or illustrations which are a necessary part of a publication are admitted, either loose or attached, as part of the publication, without the words, "supplement to—."<sup>3</sup> Supplements must be folded with the regular issues they purport to supplement.<sup>4</sup>

**Illegal Supplements.** A publication distinct from, and independent of, the regular issue, but complete in itself, especially if it is not germane to the regular issue or connected with it, will not be accepted as a supplement.<sup>5</sup> Circulars, handbills, show bills, posters, and other special advertisements are not accepted as supplements even where they are confined to editions that do not go into the mails.<sup>6</sup> Sheets consisting entirely of advertisements or of a combination of literary or pictorial matter and advertisements, issued by business houses and supplied to publishers for circulation with second-class publications, are not accepted as supplements or covers to such publications when mailed at second-class rates. The same applies to matter printed elsewhere than at the office of publication to be used as newspaper supplements for the purpose of circulating advertisements of private business even though it contains literary matter.<sup>7</sup>

<sup>1</sup> *Ibid.*, Sec. 549-1.

<sup>2</sup> *Ibid.*, Sec. 549-2.

<sup>3</sup> *Ibid.*, Sec. 549-3.

<sup>4</sup> *Ibid.*, Sec. 549-5.

<sup>5</sup> *Ibid.*, Sec. 550-1.

<sup>6</sup> *Ibid.*, Sec. 550-2.

<sup>7</sup> *Ibid.*, Sec. 550-3.

**Additions to Second-class Matter.** No writing, print, or sign is permitted on or in second-class matter in addition to the original print except as prescribed by the regulations.<sup>1</sup> These include the name and address of the publisher or sender, or both; subscription data; typographical corrections; marks to call attention to a particular word or passage; the words "Sample copy" when the matter is sent as such; the words "Marked copy" when the matter contains a marked article or item; the title of the publication and the place of its publication; and, of course, the name and address of the person to whom the matter is sent. Publishers and news agents may also enclose bills, receipts, and subscription orders. A promise to pay the postage for the return of undeliverable copies may be printed on wrappers.<sup>2</sup> The number of copies enclosed may also be indicated on the wrapper.<sup>3</sup>

The words, "Please exchange," are prohibited on the wrapper, however, together with other similar requests and directions for delivery inconsistent with the regulations.<sup>4</sup> Printed illustrations, including photographs, not in the nature of advertisements, may be pasted to the pages of a publication admitted as second-class matter.<sup>5</sup> Coupons, order forms, and other matter intended for detachment and subsequent use may be included in newspapers and periodicals provided they constitute only an incidental feature of the publication and are not such, or so used, as to destroy the statutory characteristics of second-class publications.<sup>6</sup> Coupons are regarded as "incidental" if they consist of not more than half a page.

**Detention of Matter.** If a postmaster finds that a publisher or news agent has deposited matter for mailing at the second-class rates which, in his judgment, is chargeable at a higher rate as a result of illegal enclosures or additions, he detains it, notifies the sender, and demands of him the proper postage.<sup>7</sup> If his decision is questioned, the postmaster, after receiving the postage at the higher rate, sends the package as second-class matter and

<sup>1</sup> *Ibid.*, Sec. 552.

<sup>2</sup> *Ibid.*, Sec. 552-2.

<sup>3</sup> *Ibid.*, Sec. 552-4.

<sup>4</sup> *Ibid.*, Sec. 552-3.

<sup>5</sup> *Ibid.*, Sec. 552-5.

<sup>6</sup> *Ibid.*, Sec. 552-6.

<sup>7</sup> *Ibid.*, Sec. 559-1.

submits a sample of it to the third assistant postmaster general, classification division, with a statement of the facts.<sup>1</sup> If he is overruled, the excess deposit is refunded.

**Report on Mailing.** With the first mailing of each issue of a second-class publication, the publisher must file with the postmaster a copy of such issue together with a statement containing such information as the postmaster general may prescribe for determining the postage chargeable thereon.<sup>2</sup> The postmaster general may also require publishers to separate or make up to zones in such a manner as he may direct all mail matter of the second class where offered for mailing.<sup>3</sup>

The copy filed with the postmaster must be marked by the publisher to show the portion devoted to advertisements and that to matter other than advertisements.<sup>4</sup> The percentages of each must be indorsed on the first page of the copy. Advertising includes display, classified, and all other forms as well as paid editorial or other reading matter, including "readers" given to the advertiser in accordance with custom or understanding and appearing as articles, items, or notices. Newspaper promotional advertising is likewise advertising within the meaning of the regulations.

**Wrapping and Folding.** Newspapers will not be received for mailing unless they are sufficiently dried and enclosed in proper wrappers.<sup>5</sup> They must be so wrapped that the wrappers can be removed and replaced without destroying them or damaging the enclosures.<sup>6</sup> If envelopes are used as wrappers they must bear the name and address of the publication in the upper left-hand corner of the address side, and in the upper right corner a notice of second-class entry. Publications are required to be properly folded for sorting and delivery and must be addressed in a legible hand or plain type not smaller than 10 point.<sup>7</sup> When practicable it is requested that publications be folded to a size not larger than 9 by 12 inches.

<sup>1</sup> *Ibid.*, Sec. 559-2.

<sup>2</sup> *Ibid.*, Sec. 714-1.

<sup>3</sup> *Ibid.*, Sec. 714-2.

<sup>4</sup> *Ibid.*, Sec. 714-3a.

<sup>5</sup> *Ibid.*, Sec. 560-1.

<sup>6</sup> *Ibid.*, Sec. 560-2.

<sup>7</sup> *Ibid.*, Sec. 560-3.

**Copyright Violations.**<sup>1</sup> Upon application, the law generously extends the privilege of second-class matter to foreign newspapers and other periodicals similar in general character to those granted such entry in the United States. The law stipulates, however, that these provisions shall not be construed so as to permit the transmission through the mails of any publication which violates any copyright granted by the United States. That is to say, a foreign publication may obtain second-class privileges, but, if its contents violate in any way any copyright granted in this country, it is thereby ineligible for second-class entry.

### PROHIBITIONS

**Nonmailable Matter.** Matter "of a character tending to incite arson, murder, or assassination" is nonmailable under the federal laws.<sup>2</sup> These provisions were originally designed to exclude obscene writing from the mails, but they have been extended to cover anarchistic writings. On the present basis, they have been used by the postmaster general to suppress several radical newspapers. Under another statute he also has authority to refuse to accept for mailing any envelope or wrapper containing scurrilous or defamatory words.<sup>3</sup> Similarly, disloyal matter and treasonable matter are not mailable, the prohibition covering newspapers as well as other forms.<sup>4</sup>

**Postal Censorship.**<sup>5</sup> Under the Espionage Act of 1918, the postmaster general not only has authority to decline to accept for mailing any publication which in his judgment violates one of the provisions of this act, but he may also "upon evidence satisfactory to him that any person or concern is using the mails" in violation of the act have all mail of every sort addressed to that person returned to the sender. Under such circumstances, an appeal may be had to the courts but the latter have held that they will not reverse such decisions of the postmaster general unless he is "clearly wrong." The authority granted under the Espionage Act has been used not only to exclude particular issues

<sup>1</sup> *Ibid.*, Sec. 523.

<sup>2</sup> *Ibid.*, Sec. 598-2.

<sup>3</sup> *Ibid.*, Sec. 599.

<sup>4</sup> *Ibid.*, Sec. 600-1, 2.

<sup>5</sup> *Cf.* F. S. Siebert, *The Rights and Privileges of the Press*, D. Appleton-Century, p. 280.

of a periodical containing obnoxious matter from the mails but to ban subsequent issues.

**Obscene Matter.**<sup>1</sup> It is well known that it is within the authority of postal officials to bar obscene matter from the mails. In enforcing these provisions, the Post Office Department has gone a long step further than is customary in other kinds of cases. The normal procedure would be to undertake prosecution for violation of the statutes covering the publication of obscene matter *after* it has been circulated or distributed and with the defendant given the jury trial to which the Constitution says he is entitled in criminal cases.

As it operates, however, the postmaster has the power to deny the use of the mails to any publication he believes to be obscene. He is thus enabled to bar such a publication *in advance* of distribution, at least so far as it is dependent upon the mails. Such a decision on his part is reviewable by the courts, but, as has been said, the courts have declined to intervene unless it can be shown that he is clearly in error. In the event of such a review, it is by the court itself and without any jury. This authority, too, may be used to exclude future issues of a publication as well as those which may be definitely held to be obscene.

The law reads, in part: "Every obscene, lewd or lascivious and filthy book, pamphlet, picture, paper, letter, writing, print, or other publication of an indecent character . . . is hereby declared to be unmailable matter and shall not be conveyed in the mails or delivered from any post office or by any letter carrier." A publisher who is knowingly responsible for sending obscene or indecent matter through the mails may be fined and/or imprisoned not more than \$5000 or for more than five years.

**Birth-control Information.**<sup>2</sup> It is against federal as well as state law to disseminate birth-control information or materials. This covers advertisements and notices in newspapers as well as other kinds of information. It applies not only to matter relative to contraception but to abortion as well.

**Lotteries.** The publication of either advance news or the results of lotteries is prohibited by both federal and state statutes. The essential elements of a lottery are consideration, prize, and chance. These have been defined as follows:

<sup>1</sup> P.L. & R., Sec. 598.

<sup>2</sup> *Ibid.*



Consideration means not only the payment of money, but the giving up of some legal right, doing some service, or merely advertising the promoter.

A prize is any article, money, or right received by the ticket purchaser and relinquished by the promoter.

The scheme is based upon chance when the result is contingent upon some event in which man's will has no part and which human reason, sagacity or design cannot establish. Where skill or judgment is exercised in determining the winner, there is no lottery because there is no element of chance.

For the guidance of postmasters in helping to determine what is a lottery and what is not within the meaning and intent of the statutes, rather detailed instructions have been issued. These read as follows:<sup>1</sup>

The terms "lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance" . . . include "guessing" or "estimating" contests for prizes, as well as drawings and raffles of every kind, whether general or local, whether for private gain or in aid of a charitable, educational or religious object, and whether the consideration for chances be money or other thing of value. Enterprises in which prizes are distributed among purchasers of merchandise in stated amounts, or among subscribers for publications, or for shares of corporate stock, through the medium of drawings or guessing contests, are lotteries. . . .

The statute governing the use of the mails for information relative to lotteries is both explicit and detailed in its provisions.<sup>2</sup> It reads:

No letter, package, postal card, or circular containing any lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance; and no lottery ticket or part thereof, or paper, certificate or instrument purporting to be or to represent a ticket, chance, share or interest in or dependent upon the event of a lottery, gift enterprise, or similar scheme offering prizes dependent in whole or in part upon lot or chance; . . . and no newspaper, circular, pamphlet or publication of any kind containing any advertisement of any lottery, gift enterprise or scheme of any kind offering prizes dependent in whole or in part upon lot or chance, or containing any list of the prizes'

<sup>1</sup> United States Official Postal Guide, July 1934, Miscellaneous Rules of Service, 37.

<sup>2</sup> P.L. & R., Sec. 601.

drawn or awarded by means of any such lottery, gift enterprise, or scheme, whether such list contains any part or all of such prizes, shall be deposited in or carried by the mails of the United States, or be delivered by any postmaster or letter carrier.

The penalty is a fine of not more than \$1000, or imprisonment for two years, or both. But for any subsequent conviction the imprisonment may be for five years.

Newspapers and other publications in transit which contain lottery advertisements or lists of prizes drawn at a lottery shall be held and a report made to the solicitor for the Post Office Department for instructions.<sup>1</sup>

### INTERPRETATIONS

The postal regulations have been used frequently to prohibit the advertisement and conduct of lotteries by newspapers and other publications, but so far no newspaper has actually been prosecuted for running a straight news story as to the results of a lottery. The practice has been to caution newspapers as to the law against lotteries and to remind them that they are subject to prosecution. In this way the government safeguards itself should a specific violation ever lead to prosecution or to a publication being barred from the mails. Frequent warnings have been issued to newspapers because of news stories about raffles, merchandising schemes, and other enterprises which fall within the prohibition of the statutes.

The best known lottery in recent years is the Irish Sweepstakes, an annual sporting event conducted ostensibly in the interests of Irish hospitals. Despite the law, tickets have been widely sold each year in the United States. Drawings of fat prizes have added zest and interest to the occasion. Thanks to a "liberal" interpretation of the Postal Regulations, American press associations and newspapers have devoted considerable attention to the drawings and to the results of the sweepstakes. In answer to inquiries as to the policy of the department, Postmaster General Farley announced that while there was no intention of nullifying the postal laws or regulations relative to the printing by newspapers of stories and pictures about winners of sweepstakes or lotteries operated in foreign countries, it would take a "broad"

<sup>1</sup> *Ibid.*, Sec. 756-2.

view of the matter.<sup>1</sup> In other words, newspapers printing straight news stories about the event would be treated liberally but the responsibility for publishing anything about sweepstakes or lotteries or for any possible violation of the law remained with the newspapers.

His predecessor, Postmaster General Walter F. Brown, reminded the newspapers in 1931 that lottery information was unmailable and that the penalty for violation of the law was a fine of \$1000 and two years' imprisonment.<sup>2</sup> The press associations promptly ceased to handle lottery news. The *New York News*, however, took the bit in its teeth and printed the names of the local ticket holders on the Manchester Handicap. The *Times* and the *Herald Tribune* followed suit in their nonmail editions. Newspapers generally were careful in the matter for the next two years. The Farley announcement in 1934 put a different aspect to the situation.

Yet a football guessing contest conducted in the fall of 1935 by the *Richmond News-Leader* was barred by postal authorities on the ground that it was a lottery.<sup>3</sup> No prize money was offered and all idea of gambling was avoided.

**Fraudulent Matter.** The law also provides, upon satisfactory evidence, for dealing with any person or company engaged in a lottery or any similar scheme, or conducting any other scheme or device for obtaining money or other property through the mails by means of false or fraudulent pretenses, representations, or promises.<sup>4</sup> In such cases the postmaster general may instruct the postmaster at whose office any mail matter is received for such a person or company or its agent to return such mail to the sender with the word "Fraudulent" plainly written or stamped on the outside.

**Matter Intended for Removal.** An old postal regulation forbids a newspaper or periodical from publishing a page of matter intended for removal from the paper to serve other purposes. In the early days of the administration of President Franklin D. Roosevelt, a great many industrial codes were drawn up, among them one for newspapers. Thinking to do the trade a service,

<sup>1</sup> Cf. *Editor & Publisher*, Mar. 24, 1934, p. 16.

<sup>2</sup> Cf. *ibid.*, Apr. 2, 1934, pp. 50-51.

<sup>3</sup> Cf. *ibid.*, Nov. 23, 1935, p. 29.

<sup>4</sup> P.L. & R., Sec. 604.

*Editor & Publisher* printed the newspaper code on a special page and suggested that it be clipped out and posted on newspaper bulletin boards for the information and guidance of newspaper workers only to learn that such a procedure violated the rule. The publication took exception to the regulation in an editorial which read in part as follows:<sup>1</sup>

There is an old second-class postal regulation which forbids a newspaper or periodical from publishing a page of matter intended for removal from the paper to serve other purposes. We suppose the idea behind it was to prevent some publisher from binding in a napkin, handkerchief, strip of wall-paper or other merchandise which would thus be carried through the mails at the publication rate. But in preventing such commercial mischief the rule gets in the way of useful editorial service. . . . Naturally, the postmaster who does not make the rules, is only in line of duty when he sees that they are obeyed. But this rule, and perhaps others, ought to be revised. They constitute a form of censorship.

Years ago, in Cleveland, a child was kidnaped. The city was in an uproar over the incident and everyone was keen to return the little fellow to his parents' arms. The editor of the Cleveland Press produced a broadside half-tone picture of the child in a double-truck, the largest half-tone that had ever been made at that time, and asked readers to remove the two pages from the Press and hang them up in store windows, thus to aid identification of the stolen child. Incidentally, a reward notice was attached to the sheet. In a few hours that clear reproduction of the child's features and form was hanging up in many thousands of windows and shops. The kidnapers were caught a few days later, through identification of the child, and the Press' picture was given credit. But this editorial service was in violation of a postal regulation.

We wonder how many postal rules are standing in the way of editorial progress. We know, of course, that the Post Office needs to be alert to prevent frauds and impositions. And it is. But might there not be an expert review of the rules, looking to revisions when regulations are obsolete, faulty, or merely obstructive? There is a line of reason, and rules which prevent an editor from acting in the interest of the public, let alone the Government itself, seem to lie beyond it.

**Liquor Advertising.** For a time after the repeal of the Eighteenth Amendment there was some confusion over the circulation of newspapers containing liquor advertising in states

<sup>1</sup> Apr. 7, 1934.

that were still dry. As a matter of policy, some newspapers such as the *Chicago Tribune* and the *Chicago Daily News* announced that they would not carry liquor advertising, but most newspapers accepted it. The *Tribune* later reversed its position. In response to a question raised at Christmas time in 1933, the solicitor's office of the Post Office Department held that newspapers carrying advertisements of hotels and restaurants which include wines and liquors as part of the meals they serve may circulate in dry states where liquor advertising is prohibited provided it is made plain that the wines and liquors are part of the menu, that is, incidental to the meals.<sup>1</sup>

**Promotional Material.** Like many newspapers, the *Nashville Banner* published a series of patterns as a piece of promotion to interest women readers. It was advised by the third assistant postmaster general that such matter constituted advertising and like any other was therefore subject to postage at the zone rates instead of second-class rates.<sup>2</sup> The publisher of the *Banner* protested that Congress never "intended a newspaper to be charged with news, editorial, or even display advertising of its own of a purely promotional nature."

**Newspaper Mail Costs.** A cost ascertainment report of the Post Office Department several years ago laid the largest part of the second-class mail deficit at the door of the newspaper. To this report the postal committee of the American Newspaper Publishers' Association took exception. In a rebuttal of the report the committee made these points:<sup>3</sup>

That if every copy of a newspaper were withdrawn from rural delivery service not a cent would be saved by the Post Office Department and vast receipts now obtained would be lost.

That newspapers have perfected the mailing of copies so that little effort is required on the part of the Post Office, deliveries being made direct to trains, while newspapers pay on the zone rate basis for the full service of the Post Office Department whether they use it or not.

That rural delivery service was installed to give the farmer and the person located in sparsely settled sections daily contact with the rest of the world; also, items in the newspapers result in letter mail and parcel post.

<sup>1</sup> Cf. *Editor & Publisher*, Jan. 6, 1934, p. 12.

<sup>2</sup> Cf. *ibid.*, Apr. 21, 1934, p. 89.

<sup>3</sup> Cf. *ibid.*, Apr. 28, 1934, p. 16.

That where mail trains have been taken off, motor transport services have been expanded at rates considerably lower per hundred pounds than the charge for delivery service in the United States mails.

That the average newspaper circulates mainly in the first and second zones and the government receives from \$1.75 to \$2 per 100 pounds for service in these zones, an average haul of less than 100 miles. Shipped by truck direct from their plants, newspapers are delivered faster and cheaper to all points desired for rates much lower than the Post Office charges. They can also be shipped by baggage or express as low as 30¢ per 100 pounds, often in the same car with the United States mail.

**Direct-mail Competition.** Of late years direct-mail advertising has taken an increasing share of the advertiser's dollar. From the standpoint of the newspaper publisher, this has appeared to be with the connivance to some extent of the postal authorities. In 1934 the Post Office Department undertook a campaign to promote the use of the mails for direct-mail advertising, the idea being to increase the postal revenues. To this end the department extended and modified its rules governing the acceptance of matter addressed in simplified form.<sup>1</sup> If made up in packages of 50, the department offered to deliver to those served by letter carriers matter addressed simply, "Patron or Householder." Such pieces were handled as third-class matter and even shopping news were eligible but required delivery on a certain day.

The department contended that this did not injure newspaper advertising. The publishers took a different view of the matter, however, and objected strenuously to what they argued was the enlistment of the government on the side of newspaper competitors who rendered no such public service as the newspapers did. As a result of these protests, Postmaster General Farley rescinded the order six months after it was put into effect.

**Swatch Advertising.** The limited practice of exploiting certain kinds of advertising by pasting or otherwise attaching to the printed advertisement samples of material has been described on page 151. The Post Office Department ruled that the inclusion of such matter was contrary to the regulations and ordered the practice stopped. Enforcement of the order was later suspended "temporarily" and there the matter rested. Meanwhile the

<sup>1</sup> Cf. *ibid.*, Oct. 27, 1934, p. 6; Nov. 3, 1934, p. 10; Mar. 9, 1935, p. 3; Apr. 20, 1935, p. 14.

newspapers and the advertisers appeared to lose interest in the possibility of this kind of advertising possibly because of the mechanical difficulties involved and possibly also because the novelty had worn off.

**Delinquents.** The courts have held that a delinquent subscriber who continues to receive his paper year after year without paying for it is legally liable for it. If a customer no longer wishes to receive a publication after the expiration of his subscription and it continues to reach him through the mail, it is his duty to notify his post office and to refuse to receive the paper or periodical. If it is returned marked "Refused," the post office will notify the publisher accordingly.

**Mailing Deposit.**<sup>1</sup> In handling second-class matter, it is customary for the publisher to make an advance deposit with the post office at the point of entry to cover mailing costs. This is for their mutual convenience and expedites the mailing of the publication. The deposit may be sufficient to cover such costs for a period of a month or longer. When it is nearly exhausted, the post office will notify the publisher accordingly and ask for an additional deposit. In any event, postage on such matter must be paid for in advance of mailing. In no case, the law says, may such business be transacted on a credit basis.

**Paid Reading Matter.**<sup>2</sup> The law requires that all editorial or other reading matter for whose publication "money or other valuable consideration is paid, accepted, or promised," shall be plainly marked "advertisement." The intent of this provision is to protect the reading public and to make certain that advertising matter is mailed at zone rates. Failure to mark such matter carries with it, upon conviction, a fine of not less than \$50 nor more than \$500. In this connection the courts have held that the identification "Advertisement" must be spelled out and that abbreviations such as "Adv't" will not do, yet this is not always followed.

**Variations.** Because so much of the enforcement and interpretation of at least some of the postal regulations is left to the postmaster or other local officials, some lack of uniformity in their administration is inevitable. These variations are chiefly minor, but it is obvious that a postmaster who is extremely

<sup>1</sup> P.L. & R., Sec. 541-4.

<sup>2</sup> *Ibid.*, Sec. 537-2.

vigilant or who insists upon a strict interpretation of the rules and regulations will be much more likely to catch violations than one who is lax, inexperienced, or indifferent. In case of any doubt or dispute, requests for interpretations or rulings should be taken up with the department at Washington through the local postmaster or direct. As a last resort, recourse may always be had to the federal courts.

Enforcement of the regulations also varies with different federal administrations. Under the Hoover-Brown administration, as noted, a rather strict policy was followed with regard to lottery news, while under the Roosevelt-Farley regime a much more liberal view prevailed.

#### Suggested Periodical References

- ANONYMOUS: "Expose of Press Postal Rates," *Publishers Service Magazine*, Apr. 19, 1934, p. 3.
- : "Postoffice 'Subsidy' Charge Is Answered," *Editor & Publisher*, Apr. 29, 1933, p. 20.
- ESTES, JACK: "Newspapers Paying Double on Truck Hauls," *Circulation Management*, February, 1937, pp. 14-15.



## CHAPTER XVIII

### PRODUCTION PROBLEMS

Despite four and a half centuries of progress since Gutenberg, printing as applied to newspapers is far from being a finished process. In the face of an amazing advance in the technics of production, some of the most common problems have yet to be solved satisfactorily. This is true, for example, of the type faces, the alloys, the inks, and the newsprint used as well as of the machinery and the processes involved. There are problems of physics, of chemistry, of mechanics, of methods, and of management which are a continual challenge to the industry.

There is the problem of plant layout so as to make the best use of the space available and to insure the optimum flow of production. There is the application of color to newsprint in which great strides have been made in recent years but to perfect it much remains to be done. There are the extension and simplification of the engraving and photographic processes not only to improve them but to put them within reach of the smaller newspapers. There is the specter of a diminishing wood-pulp supply and the eventual need for the discovery and development of a cheap, plentiful, and satisfactory substitute. In virtually every department of production there are similar problems, great and small, which now retard the progress of the industry and help to account for much of its present high costs.

The need for exhaustive cooperative research to speed the solution of some of these common problems was suggested by Frank Milne, mechanical superintendent, *Calgary Herald*, who was quoted in *Editor & Publisher* as follows:<sup>1</sup>

More mediocre, if not downright poor work is turned out by daily newspapers all over the world than by any other business. We have great need of metallurgists and chemists to help us.

The alloy that is used for casting type is composed of lead, tin and antimony, and I am safe in saying that if samples were taken out of

<sup>1</sup> Aug. 8, 1936, p. V.

every office in the United States and Canada no two of them would be alike in composition.

We do not know whether it is better to mold the paper matrix by direct pressure or rolling pressure.

We do not know what is the best viscosity for the ink we use in printing. When we had glue and glycerine inking rollers we had an ink that contained about 9 per cent carbon and 91 per cent oil, as a high viscosity ink created too much heat for these rollers. We are just beginning to find out that we can use more pigment with the rubber rollers as they run warmer than the others. But we do not know the temperature at which the ink is applied to the paper, and this would help us quite a bit.

We do not know how much the tin content of the stereotype metal affects the consumption of ink. Some newspapers can get only 2800 pages per pound of ink and others can get up to 5000.

We do not know how to print both sides of the paper alike, and the penetration of ink into the paper has us stumped. The paper is only 0.003 inch in thickness and one side has a very open texture which the paper maker cannot close up.

We print at a speed of about 10 papers per second, that is, approximately 20 feet per second, and when we have to run the speed over this we are bothered with the centrifugal force throwing the cylinders apart. These cylinders are solid steel, balanced both dynamically and statically, but the plates we put on the cylinders are never two days the same weight and that also gives us trouble by throwing the cylinders off balance.

These problems suggest the importance of the mechanical or production superintendent in the scheme of newspaper organization. He can make or break a newspaper from the standpoint of both production and manufacturing costs. He must have a background of practical training and experience, he must be able to handle men, he must be able to run the shop, and he must be able to get results without delay and without a penny of unnecessary expense. If circulation is the lifeblood of the newspaper, if news and editorials are its vital force, and if advertising is its sinew, then the mechanical department is its very heart. It is the hopper through which pours all that goes into the making of the newspaper, and for its proper and efficient management the superintendent is responsible.

Many of the problems of present-day newspaper publishing center around greater speed, less waste, and better printing.

Perhaps the prime contributor to obsolescence in publishing equipment is the development of faster machinery. If this is adopted by a competitor, other publishers suffer by just so much. To meet such competition, it is often necessary to junk equipment that is otherwise good, and aggressive publishers realize that such a procedure is economy in the end. In fact, many of the newer plants are not only designed but equipped with an eye both to today's needs and tomorrow's requirements as far as they can be foreseen.

It is the same way with waste. If wasted time and wasted material could be largely eliminated, newspaper publishing would be a far easier task. Certainly it would be more profitable. As it is, constant vigilance and control are essential to carry on the warfare against waste. Similarly, there is a steadily growing demand for better printing. This demand comes from various sources—from publishers themselves, from advertisers, and from readers.

The problem of obsolescence is complicated by the high cost of most printing equipment. New presses for the *Chicago Tribune*, for example, whose installation was completed in 1936, cost \$1,250,000.<sup>1</sup> Capable of four-color work the new line of presses replaces equipment installed between 1920 and 1924. In 1935 the *Atlanta Georgian-American* spent more than \$250,000 to modernize and remodel its plant thereby cutting its production time from composing room to the street by 30 minutes.<sup>2</sup> This sort of problem is one that continually confronts the publisher who must keep the pace because in the newspaper business almost more than in any other the race is usually to the swift.

Space does not permit here of a detailed discussion of many factors entering into newspaper production such as the choice of equipment and technical processes. Attention will be given, however, to a few of the more common problems.

**Plant Design.** While it is easy to say that the basic principles of newspaper production are relatively few and simple, most newspaper plants leave much to be desired. In general, the average plant should be fairly central as to location, but its site should not be so costly as to be burdensome or out of proportion to the rest of the outlay. It should be accessible not only to

<sup>1</sup> Cf. *Editor & Publisher*, June 13, 1936, p. XVIII.

<sup>2</sup> Cf. *ibid.*, Nov. 9, 1935, p. II.

those who have business with it but for the handling of supplies and outgoing papers. Within the shop the problems of lighting, storage, arrangement of machinery, and flow of work have to be considered.

Yet it is a fact that there are probably more varieties of newspaper plants than almost any other kind of institution doing business with the public. Most bank, school, church, and office buildings and even public structures are fairly uniform, but anything goes for newspapers. The average architect still has much to learn about designing a newspaper plant. The present structures range all the way from the magnificent buildings occupied by metropolitan newspapers to the ramshackle rural establishment described on one occasion by Ernie Pyle, roving Scripps-Howard reporter:<sup>1</sup>

It is a tiny old one-story plank building on a side street. It never was painted, I think, and it has started to lean over into the adjoining lot. There is no name on it.

The inside looks more like a machine shop than a newspaper plant. One corner is partitioned off, and that is the editor's office. He sits there at a typewriter, in the middle of a jumble of papers and scraps that admits no contact with either of the four walls.

At one side is a wood stove for the 40-below days in winter. It is all covered with cigaret butts now. Behind the stove, running from an old ledger lying on a chair, up to the wall, is the biggest and handsomest cobweb between here and Minneapolis.

And out of this jumble comes one of the best country weeklies you ever saw. . . .

Fine buildings do not, of course, make fine newspapers. The fact remains that many newspapers are handicapped by poor working conditions which are being overcome to a considerable degree in newer structures. The handling and storage of newsprint, for example, is just one of many items to be taken into account. For want of space many newspapers in the larger cities have separate warehouses for the storage of their supply of newsprint, keeping only enough on hand for immediate use. But even then there are complications. One large newspaper, located on the corner of a business street and a narrow alley, has an unloading space which not only taxes the ability of a truck to back at an angle to the strip of sidewalk but requires a

<sup>1</sup> Cf. *Columbus Citizen*, Aug. 18, 1936.

rather sharp drop and a half turn to get the rolls into the basement via a chute. Great care has to be taken to prevent damage to them. The basement, moreover, must be neither too dry nor too damp to affect the paper stock.

Another new plant represented considerable outlay but because the site was long and narrow and the building was hemmed in on both sides it was always poorly lighted, circulation was difficult, departments were always being shifted in an effort to find a better arrangement, and there was practically no room for expansion except by makeshift means. The walls were hard and magnified every sound. It was partly the fault of the site, partly the inexperience of the architects, and partly the failure of the owners to insist upon better design and planning.

There are definite signs of improvement, however, with two apparent trends in the design of plants for dailies in the smaller cities. The more common one is for buildings with two stories and a basement, and the other with one story and basement. In any event the structure must provide public access to both the business and editorial departments as well as an ample exit elsewhere, usually either at the side or rear, for handling outgoing papers and incoming supplies.

This progress is exemplified by the plans for the new home of the Ironwood, Mich., *Globe*, erected in 1936.<sup>1</sup> With an Indiana limestone front it has a black glass and aluminum entrance on the corner. On the first floor at the front are the office of the publisher and a conference room. Back of them are the general business office with the vault and the stereotype department adjoining at the rear. At the back of this floor are the pressroom, the mailing room, and space for newsprint storage. At the front of the second floor is the newsroom and back of it the composing room with unassigned space at the rear to provide for future expansion. The plant has a full-length basement with heating, air conditioning, and hot-water facilities, and further space for storing newsprint. From the standpoint of production, the building provides for a flow of work from top to bottom and from front to rear.

A variant of this plan is one in which the two-story building has more than two floors. The new plant of the Ann Arbor, Mich., *Daily News*, for example, has four floors, including the

<sup>1</sup> Cf. *Editor & Publisher*, Aug. 8, 1936, p. XV.

mezzanine and basement.<sup>1</sup> Here again the business office extends across the front of the building. The display advertising department is separated from the circulation, classified, and accounting departments by an aisle leading to the stairway to the second floor. Each department is faced with a marble topped counter.

At the front of the second floor is the editorial department with a soundproof telegraph room and a well-equipped newspaper library. To the rear the composing room occupies the full width of the building with 2900 square feet of working space. Its seven



FIG. 40.—Front view of plant of Iowa City Press-Citizen. (Courtesy of Press-Citizen and Kruse & Klein, architects.)

Linotypes are in a row along the east side of the building. Next to them is the galley bank and in the center the makeup alley. The advertising section is on the west side of the room. A steel-sash glass partition separates the composing room from the stereotype room from where a pneumatic elevator carries the plates to the pressroom below. The mailing and receiving room as well as the loading platform adjoin the pressroom. A complete view of the entire layout is afforded by two public galleries on the mezzanine floor. The basement contains the engraving plant, separate photo-developing darkroom, and a large stock room. The building is not only fireproof but air conditioned and acoustically treated.

Unique in many ways, the new plant of the Iowa City, Iowa, *Press-Citizen* is of two stories but most of the present working

<sup>1</sup> Cf. *ibid.*, June 13, 1936, p. VII.

space is confined to the first floor,<sup>1</sup> which contains the business, editorial, and production departments. In the basement are the engraving department, photographic studio and darkroom, storage space for ink and paper, and the press substructure. Bricks of glass 4 inches thick and 12 inches square are used in the space which windows would ordinarily occupy. The advantage claimed for them is that they eliminate all condensation, frosting, drafts, and loss of heat in winter. Interior partitions are

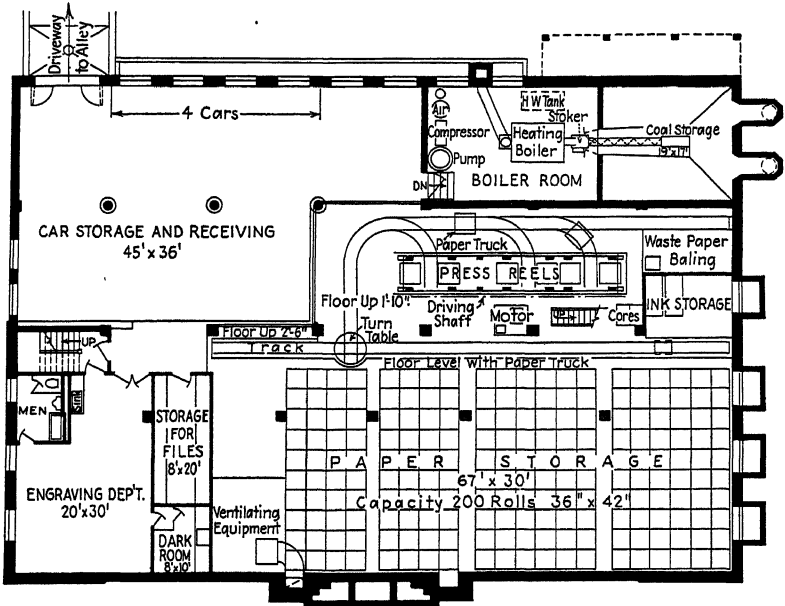


FIG. 41.—Basement plan, Iowa City Press-Citizen plant, showing storage space. (Courtesy of Press-Citizen and Kruse & Klein, architects.)

also of glass brick. The plant is also interesting for its complete, automatically controlled heating-humidifying and ventilating system for winter use, and the cooling, dehumidifying, and ventilating system for summer use. It is said to be one of the first newspaper plants in the United States so equipped. This permits the storage of newsprint in the basement without other safeguards.

The building itself is 112 feet long and 80 feet deep on a site 140 by 150 feet. The main entrance in the center of the building

<sup>1</sup> Cf. *ibid.*, p. XX.

leads into a two-story public lobby and general office. To the left of the lobby are the newsroom and editorial offices, and to the right the advertising department. A stairway leads from the lobby to a mezzanine and on the second floor are the publisher's office, directors' room, and a conference room with ample space for expansion. The rear half of the building is practically

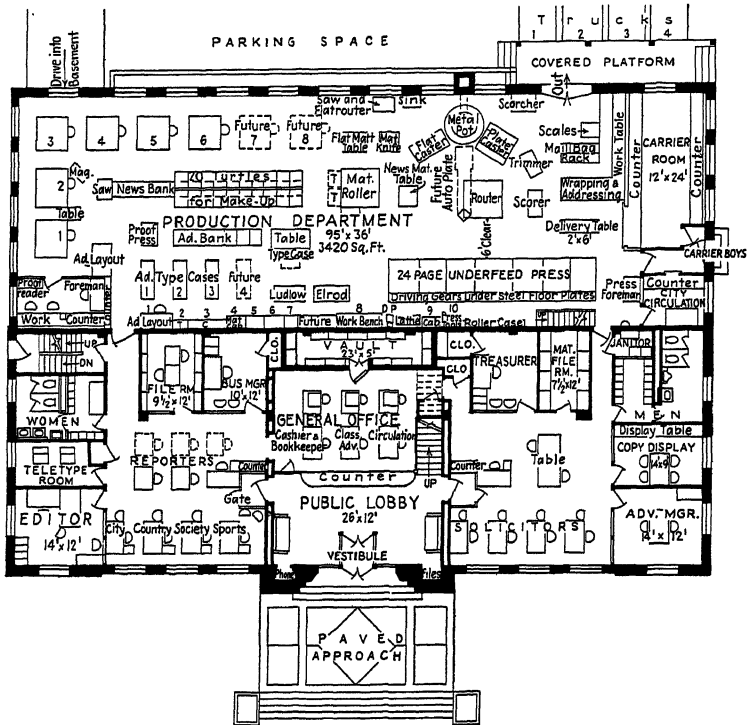


FIG. 42.—Main floor plan, Iowa City *Press-Citizen* plant. Note absence of obstructions in production department and accessibility of "front office" departments. (Courtesy of *Press-Citizen* and *Kruse & Klein*, architects.)

one large room 100 by 36 feet and houses the production department, mailing room, and carriers' room. Unlike many plants it has no obstructing columns.

**Plant Lighting.** The efficiency of many a newspaper plant would be greatly improved if proper lighting facilities were provided. Natural lighting is ordinarily preferable but experience shows that artificial lighting can be as good or better than daylight. Two advantages of artificial lighting are that it is both



uniform and can be controlled and thus can be varied to suit conditions.

G. H. Stickney, consulting engineer, is authority for the statement that newspaper publishers who seek to have their plants operating at their maximum efficiency should check their lighting.<sup>1</sup> "All too often plants which are otherwise well equipped," he points out, "are so badly lighted that an unnecessary toll of expense is incurred, to say nothing of time lost on this account. This observation is made from a comparison of

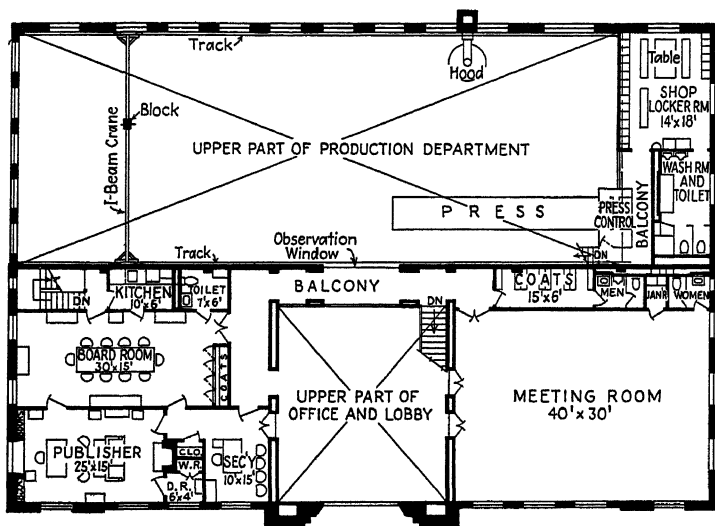


FIG. 43.—Second floor, Iowa City Press-Citizen plant. Note the balcony for observation purposes and the large conference room. (Courtesy of Press-Citizen and Kruse & Klein, architects.)

lighting conditions in plants generally against minimum standards of lighting. There is no question but that most newspapers would be improved in their efficiency of operation if their present lighting was brought up to these minimum standards. But this is just a beginning. Newspapers have a need for lighting which measures up to the nature of their business, and this calls for the best."

It must be borne in mind that lighting needs vary with different departments.<sup>2</sup> What will be adequate for the pressroom may not

<sup>1</sup> Cf. *ibid.*, Nov. 10, 1934, p. IV.

<sup>2</sup> Cf. *ibid.*

suffice at all in the composing or engraving room or for the editorial department, or vice versa. What is needed in all cases is to provide both adequate light on the surfaces where close work is done and good general illumination throughout the plant so that there will be no eyestrain from looking first at a bright spot and then at darker objects elsewhere.

Various solutions have been offered. Bringing the lights down from the ceiling close to working spots, for instance, has been found to reduce greatly the necessary size of the lamps. Another method has been to place the lights close together to afford uniformity of light distribution and thus avoid sharp contrasts between very bright and very dark spots. Elimination of troublesome shadows has been another goal.

The use of glass bricks in the new plant of the Iowa City *Press-Citizen* has already been noted.<sup>1</sup> In the design of the plant of the *Ann Arbor News* full advantage was taken of natural lighting. In addition, artificial illumination is furnished throughout the building by luminaries which also serve as outlets for the air-conditioning system.<sup>2</sup> The lighting units have porcelain reflectors recessed in the ceiling with a plate of flashed opal glass supported by an aluminum grille  $2\frac{1}{2}$  inches below the ceiling. An intensity of 18 foot-candles is produced throughout. Ceramic glazed tile are used in the production department for the sake of both light and cleanliness. In the composing room, 50 by 58 feet and without posts, night lighting is provided by 20 Glassteel diffusers, spaced 11 by 12 feet and each containing a 300-watt lamp. These give an illumination of 30 foot-candles intensity, so diffused that there is no glare from type edges. The pressroom is equipped with 18 Glassteel diffusers, each with a 500-watt lamp and giving an intensity of 30 foot-candles.

**Newsprint.** If newspaper publishers had no other problem, they would still be confronted by that of newsprint. It is a problem not only of supply and price, but of quality and uniformity, transportation, storage, opacity, tensile strength, printing results, and other factors. Much of America's supply of newsprint comes from Canadian mills, but there have been importations from Russia and the Scandinavian countries in recent years as well as the domestic supply. This stock varies

<sup>1</sup> Cf. *supra*, p. 385.

<sup>2</sup> Cf. *Editor & Publisher*, June 13, 1936, pp. VII, XXIII.

in color, in weight, in thickness, in the smoothness of the printing surface, in its capacity to absorb moisture and take ink as well as in other ways. In color it ranges from almost dead white through the grays to very light tans.

Various attempts have been and are being made to find a new and less expensive source of newsprint but so far without conspicuous success. These have included Southern slash pine and cornstalks among other things. Meanwhile the price continues to mount while paper manufacturers scratch their heads over the future.

Some newspapers and newspaper organizations not only own their own timber lands but operate their own mills. Among these is the Chicago Tribune Co. Others have long-time contracts with paper mills. Cooperative buying of newsprint has also been tried to some extent. Most smaller newspapers, however, buy from jobbers.

Col. R. R. McCormick, of the Tribune Co., is authority for the statement that no one can say what it will cost to produce a ton of paper in every mill.<sup>1</sup> The *Tribune* is reported to spend \$10 per cord for wood, a cord yielding about a ton of newsprint. In the process of manufacture, power, mixing, grinding, and screening cost about \$4.80 a ton, while the use of coal to furnish the heat for cooking the wood-pulp mixture runs \$1.50 a ton more.

Aside from the other factors involved, the importance of the cost of newsprint to publishers in the United States may be judged from the fact that an increase of as much as \$1.50 a ton means nearly \$5,000,000 additional a year in publishing costs.<sup>2</sup> In 1935 the price was \$40 a ton, in 1936 it was fixed at \$41, and for 1937 it was advanced to \$42.50 a ton. One factor in costs is the failure to standardize roll sizes of which 58 are necessary for newspapers using a format of eight 12-em columns. For 46 papers with a format of eight columns 12½ ems, 34 sizes of rolls are required.<sup>3</sup>

Newsprint needs constant attention. W. G. Dodge, chemist for the *New York News*, says that the most vital control measures

<sup>1</sup> Cf. *ibid.*, May 30, 1936, p. 9; cf. also News Print Service Bureau advertisement relative to newsprint costs in *Editor & Publisher*, Sept. 19, 1936, pp. 28-29.

<sup>2</sup> Cf. *ibid.*, Aug. 8, 1936, p. 5.

<sup>3</sup> Cf. *ibid.*, Oct. 31, 1936, p. I.

are the constant checking of penetration and smoothness of the paper, with maximum weight, maximum opacity, and maximum brilliance as the constant aims.<sup>1</sup> Waste is an important item in newsprint and under the best conditions of handling and printing, careful management has reduced loss from this source to a minimum on the better publications. On the other hand, many a publisher has learned to his sorrow that apparent bargains in newsprint were anything but that when it came to feed the web through the presses.

The twin problems of register and strike through are a continual bugbear in publishing. With better newsprint and better inks, presswork is improving, but it still leaves much to be desired on many newspapers.<sup>2</sup> With stock of the right color and finish the correct ink must be used in order to give a sharp impression and a uniform register, yet it must not strike through the paper so as to fog the other side. The insistence of advertisers upon a good register has contributed to better printing.

One of the difficulties with color printing has been to obtain the proper register in combination. There is still a tendency for colors to overlap or, worse, for the colors not to register exactly as intended. Another difficulty has been to overcome the limitations on the number of colors and combinations of colors to get shading effects without making the cost prohibitive for both the publisher and the advertiser. These problems are gradually being solved. The *Chicago Tribune* and certain other leading newspapers have contributed greatly to this advance.

**One-man Engraving Plants.** The strong trend toward the use of more pictorial matter, the better service and greater coverage afforded by the average daily, and the pressure of competition have combined to compel many newspapers to add engraving equipment to their facilities. There seems to be no question but that this movement will continue to spread. Many publishers have found the answer to the problem thus created in what is known as the one-man engraving plant which is to the smaller dailies, in a way, what wirephoto was to the largest ones.

A number of makes of small engraving departments are on the market with a considerable range of prices. The testimony seems

<sup>1</sup> Cf. *ibid.*, May 30, 1936, p. 9.

<sup>2</sup> Cf. *ibid.*, Oct. 10, 1936, p. I, re "Trouble Shooting in the Press Room," by Walter Ogden, *Cleveland Press*.

to be that the least expensive outfits generally require enough accessories to bring the total investment well above the advertised cost. Considerable variation is also reported as to the results obtained, and it will probably be some time before an outfit is perfected which will be at once economical and fool proof and give uniform results.

How this improvement is taking hold is illustrated by the case of a small city in a middle western state. Two long-established afternoon dailies compete for supremacy in the county and the adjoining countryside. Not long ago one of them made rather drastic editorial changes and adopted a more vigorous editorial policy. It also made an arrangement with a commercial engraving plant in a large city some 50 miles distant whereby photographs could be mailed early one day and the engravings would be received in time for publication the next day. A leading local photographer was engaged to supply prints at small cost in return for publicity and the added business.

This worked well for some months until the opposition blossomed out with a one-man engraving plant. This immediately put the first paper, foresighted and well managed as it was, just 24 hours to the bad in the matter of spot art. It had no choice save to follow suit or to continue at a disadvantage which, of course, it could not afford to do.

Enough newspapers have experimented with these small plants by now so that cumulative experience is available to guide others as to the initial outlay, the cost of operation and maintenance, and the results possible. The general testimony seems to be that once adopted they are indispensable and are a good investment from the standpoint of better facilities, a better product, and general good will. A number of newspapers have found it both possible and profitable to do commercial engraving work on the side.

The Muscatine, Iowa, *Journal*, for example, was reported to have run 2026 square inches of cuts made with such an outfit at an average cost of 9 cents per square inch.<sup>1</sup> Its entire engraving plant and equipment represented an outlay of \$1500. The same employee who takes the pictures makes the cuts. The *Journal* does some commercial work as a sideline.

Similarly, the Dover *Daily Reporter*, said to be the first newspaper in Ohio to install a one-man plant, found it a profitable

<sup>1</sup> Cf. *ibid*, May 30, 1936, p. 32.

investment from the start.<sup>1</sup> A. A. Hoopingarner, the publisher, reported at the 1936 convention of the Ohio Newspaper Association that his paper added 175 new subscribers in the first two weeks as a direct result of being able to use local spot news pictures. The engraving plant of the *Daily Reporter* cost \$1600, makes an average of five cuts a day at a cost of 9 cents per square inch. Cuts can be made in 30 minutes and the work requires from 2 to 3 hours of labor daily by one man at 40 cents an hour. Similar testimony is given by the Kingsport, Tenn., *Times* and other small newspapers which have started from scratch.<sup>2</sup> In Iowa a number of small newspapers found it possible to underwrite a cooperative plant.

**Photographic Departments.** Regardless of the kind or cost of an engraving plant, good photographs are a prime necessity if satisfactory results are to be obtained. Even on smaller newspapers, therefore, the assertion of Jack Price, the well-known authority on news photography, is pertinent that a photographic department is no longer an innovation or an experiment but a necessity.<sup>3</sup> He points out correctly that the trend is toward more and better pictures as a means of increasing circulation and holding reader interest. This is a picture age, he insists, and such added facilities are definitely an asset rather than a liability from which the benefits are great as compared with the expense.

A number of efficient news cameras are on the market which give good results. Many newspapers have been experimenting with the training of reporter-photographers, newsmen equipped with cameras to give double coverage on important or interesting stories. Out of nearly 2000 dailies in the United States it is said that only about 300 have their own photography departments.<sup>4</sup> Because of the cost of equipment and supplies, the resulting expense can be burdensome unless it is closely watched. For reasons of both results and expense, therefore, the employee who takes pictures for the smaller newspaper should have some photographic training since the amateur can be more of a liability than an asset. In a number of one-man engraving plants, it was

<sup>1</sup> Cf. *ibid.*, May 9, 1936, p. XIV.

<sup>2</sup> Cf. *ibid.*, June 13, 1936, p. VI.

<sup>3</sup> Cf. *ibid.*, Apr. 11, 1936, p. 30.

<sup>4</sup> Cf. *ibid.*

found that it was harder to get the photographic problems solved than the engraving process itself.

**Offset Printing.** The photo-lithographic process by which newspapers can be published by offset printing has been advocated as the solution for some of the problems confronting smaller publications. It seems evident that this method has possibilities which are beginning to be realized only now. Claim for being the first newspaper in the United States to be published regularly by this process has been made for the Palo Alto, Calif., *Peninsular Mirror*, a weekly.<sup>1</sup> This, it is claimed, may herald a new day when the small-town daily or weekly can afford local news pictures and can offer the advertiser art service hitherto available only through city dailies.

A further development of importance is seen in a new photo-composing machine on which patents have been issued to Dr. Otto I. Bloom and Samuel I. S. Friedman, of New York City.<sup>2</sup> The advantage claimed for their invention is that it simplifies lithographic offset by replacing the metal pot on a Linotype or Intertype with a camera, thus doing away with the need for casting, cooling, trimming, and ejection—eliminating all type metal. The inventors expect that this will greatly extend the use of gravure and offset lithography.

**Type-High vs. Shell Casts.** Preference is being shown for shell casts as against type-high casts by some smaller newspapers. The advantages claimed for the former are that they are easier to handle, they save storage space, they require less metal than type-high cuts, they are less liable to damage, and they save time.<sup>3</sup> On the basis of 15 years' experience with both kinds, one mechanical superintendent also said that shell casts take less time to route and mortise and are much easier to make up. He estimated that in his shop about a ton of metal was tied up in shell casts where the use of type-high casts would have required 4 tons. He also pointed out that the shell cast meant less likelihood of a cold cast than with the other as it takes less metal and thus does not cool off before a page cast is poured in the casting box. Further, in using 6-em casts on the news page, the makeup man can take a piece of base, and shove it directly

<sup>1</sup> Cf. *ibid.*, Aug. 8, 1936, p. VIII.

<sup>2</sup> Cf. *ibid.*, p. III.

<sup>3</sup> Cf. *ibid.*, July 11, 1936, p. VIII.

to the mat roller without waiting for the cast. Signature shell casts also require much less storage space, while shell casts dull the stereo saws much less quickly than the type-high and there is consequently less danger of injury to workmen.

**Bleed Pages.** Its use in the magazines and in direct-mail advertising has given some impetus to the development of the bleed or marginless page in newspaper production. This creates a mechanical problem that is not easy of solution. As a rule such a page can be produced sideways but not lengthwise because there is no way of shortening the page without cutting off the top and bottom.<sup>1</sup> Although it had been said that their production was impossible in newspapers they have been used in New York, Minneapolis, and elsewhere. Besides the novel effect produced they afford a new way to sell a larger unit of space.<sup>2</sup>

Credit for the first such page ever used by a Pacific Coast newspaper in the regular black and white run is claimed by the San Francisco *News*.<sup>3</sup> It carried a page advertisement for a department store featuring furniture and carried no date line or margin. It cost 15 per cent extra in black and white or 40 per cent additional in black and one color. Two plates were used in the printing with stereotype plates larger than usual and full allowance for shrinkage. The greatest difficulty was in getting the proper register.

Various trick effects can be obtained in newspaper printing depending upon the demand for novelty, the plant facilities, and the ingenuity of the mechanical department. The three Bridgeport, Conn., newspapers, for example, ran a double truck sidewise for a local department store designed merely as an advertising stunt to attract reader attention.<sup>4</sup> Even when some of these tricks are mechanically feasible there is some question of their advisability because of the risks and extra expense involved and because they encourage other advertisers to ask for still more freakish combinations or effects.

**Color Printing.** The rapid spread of color printing has already been commented upon as opening new fields to newspapers as well as helping them to maintain their lead as an advertising medium. More and more newspapers have added the necessary

<sup>1</sup> Cf. *ibid.*

<sup>2</sup> Cf. *ibid.*, Apr. 18, 1936, p. 54.

<sup>3</sup> Cf. *ibid.*, Oct. 27, 1934, p. V.

<sup>4</sup> Cf. *ibid.*, Nov. 3, 1934, p. 18.



equipment until color printing is fairly common even among smaller dailies. As against only five newspapers offering coloroto in 1927, there were 328 equipped in 1936 to furnish R.O.P. color to advertisers.<sup>1</sup> Where at first it was limited to certain pages and certain basic colors, it is now available as R.O.P. and in many color combinations. Between 1930 and 1934, it is said that R.O.P. color lineage decreased forty-fold.<sup>2</sup> This was made possible chiefly by adapting color printing at high speeds to a black and white news-printing process in use for years.<sup>3</sup> The price differential is still great enough, however, to keep many advertisers from using it. This should be overcome in time with the result that the newspaper of the future will literally be much more colorful than that of the past. To be effective, however, color requires good execution.

The adaptation of advertising to the comic pages as a means of capitalizing upon reader interest as well as utilizing the advantages of color is well known. Other forms are colorotogravure and magazine section color. In midsummer of 1936 an advertising campaign utilizing color in the margins was begun in newspapers in 32 cities in Ohio, Indiana, and Texas.<sup>4</sup> The schedule called for 19 insertions over a period of 13 weeks. The necessary equipment, marketed by the Newspaper Color Flash Advertising Co., was furnished free to the newspapers participating. The printing units remained the property of the Color Flash Co., although the newspapers had the right to use them for their own promotional purposes. The device will print slogans or trade-marks, several lines of advertising copy, or reproduce the package or carton of the product advertised. The advantage of this type of printing is that it gives the newspaper a "ninth column" for advertising purposes without extra expense for newsprint. Marginal ads in color are said to be available in more than 300 newspapers.

One of the greatest drawbacks to the further growth of comic, gravure, and R.O.P. color advertising is the lack of standardization in color.<sup>5</sup> The publishers were warned that they must provide color standards or the advertising agencies would do it

<sup>1</sup> Cf. *ibid.*, May 9, 1936, pp. III-IV.

<sup>2</sup> Cf. *ibid.*, July 13, 1935, p. 5.

<sup>3</sup> Cf. *ibid.*, p. IV.

<sup>4</sup> Cf. *ibid.*, Aug. 8, 1936, p. IV.

<sup>5</sup> Cf. *ibid.*, May 30, 1936, p. 8.

for them. The result was the appointment of a color committee by the A.N.P.A. Sentiment inclined to standardization on one black, two blues, two reds, and two yellows.

One way for smaller newspapers to get more readers and more advertising and thus overcome the dominance of larger competitors is to use color, Gilbert P. Farrar, typographic counselor for the American Type Founders, pointed out in an address at the 1936 convention of the National Editorial Association. Besides suggesting other methods, he also painted a picture of the newspaper of the future. As quoted in *Editor & Publisher*, he said in part:<sup>1</sup>

Newspapers of small circulation have had difficulty in defending their position of fewer readers and, consequently, newspapers with large circulations have dominated the local field by numbers alone. Weak newspapers have had to struggle to get more readers, and the larger newspapers have fought to keep their circulation.

It is not enough for a newspaper to *claim* class readership and support. The newspaper itself must reflect a class atmosphere. It must be a better physical entity than its big circulation neighbor.

Two elements contribute to this class atmosphere: (1) better makeup, larger type, bigger units, modern and simple type arrangements, and (2) a new idea for using spot color to give the newspaper a more vivid and attractive appearance.

In the very near future newspaper formats will be radically different. We will probably see the loss of editorial word count, the gradual increase in the use of columns four inches wide in much larger type, and larger and more easily read text type of modern design.

Only a tiny per cent of newspapers use a type as large as eight point, yet eyesight specialists have agreed that 8-point type of modern design is the smallest type that can be easily read by the average person of about 35 years of age. Of what value is a newspaper that is full of unreadable type?

Within the last generation the average newspaper has ceased to be just a newspaper. It is now about 40 per cent news and 60 per cent features. Feature material is really magazine material, and feature material should be treated as magazines would treat it.

Until newspapers regularly use a small amount of color on one or more regular features, advertisers will not be visibly conscious of the fact that an extra color opens up to them a means for outdistancing their competitor, be that competitor local or national.

<sup>1</sup> July 11, 1936, p. XIX.

In an average newspaper plant the cost of adding color to a few features in a newspaper is about one-tenth of what the average publisher thinks the cost to be. And one regular advertiser in color pays for all the cost of color on enough pages to make the newspaper outstanding.

With a very small amount of new equipment an average newspaper can sell one or two extra colors to such local advertisers as are alert for new means to dominate the local market. When any newspaper carries a small amount of color in the text pages of that newspaper—and does it as a regular program—national advertisers will be cognizant of the fact that they can secure an advantage over their competitors who are fighting for trade in that newspaper's territory by using color on their own advertising.

The newspaper that uses color with a new, streamlined type format will do more to obtain advertiser acceptance than the mere claim of numbers in circulation. A newspaper with some spots of color on the feature pages every day will cause more local gossip in a community and this gossip will eventually make it the top paper in that community regardless of circulation numbers. . . .

**Type Dress.** The kinds of type faces a newspaper adopts are a matter that deserves the careful consideration of every publisher. As Mr. Farrar pointed out, increasing emphasis is being laid on legibility. Today's newspaper is so far ahead of yesterday's in the matter of type dress that there is no comparison between them from the standpoint of either legibility or sound and attractive design. Despite this advance there is still room for much further improvement. Smaller papers are more at fault in this respect than the larger ones.

In addition to the redesigning of text type faces to make them more open and hence sturdier and more readable, more and more newspapers have adopted larger sizes for their text. For ordinary reading matter few papers use less than 7 point while  $7\frac{1}{2}$  and 8 point on an appropriate base are fairly common. The result is that the present-day newspaper is much more open than that of a generation ago. The occasional use of wider columns which the Hearst press helped to popularize is another change for the better along with simpler heads. In actual volume the present newspaper page contains much less reading matter than its predecessor, but it is much better displayed and better edited. The result is an improved product, more attractively put up, easier to read, and with less eyestrain for the reader.

On the whole, newspapers are doing somewhat better in the matter of text type than they are in the head dress. It is perhaps significant that most of the 1936 winners of the Ayer awards for typographical excellence used either Bodoni or Century for their principal heads. Various kinds of Gothic and Cheltenham continue to predominate on many newspapers, their only advantages being their blackness, their strength, and the fact that they can be condensed readily.

**Format.** The rising cost of newsprint and other mechanical factors has helped the movement toward smaller newspapers. In extreme form the tabloid size newspaper is the answer although other factors enter into its production. With few exceptions, however, newspapers of today have a smaller format than did those of yesterday. This is not only more economical but easier for the reader to handle.

Eight-column pages are still more common than those with seven but the 12-em column is the current standard as against 12½ and 13 ems formerly in use. The 8-column page lends itself better to a balanced or semibalanced makeup as well as to more advertising space to the page. A considerable saving is possible in both newsprint and composition through the use of the 12-em column without any loss of advertising revenue where the rate is figured on the line basis. This is obviously because the advertiser pays so much per line regardless of whether the line is 12, 12½, or 13 ems.

Many newspapers effect a further economy in newsprint by shrinking the page and by using 4-point column rules instead of the more common 6-point. The business manager of one newspaper of more than 75,000 circulation told the writer that his paper saved some \$20,000 a year by shrinking the page ¼ inch. This is so small as not to affect the value of the advertising or to be noticed by the reader, yet it results in appreciable savings from the standpoint of good management.

**Industrial Hazards.** In spite of safety measures, accidents occur in newspaper plants just as they do elsewhere. Quite aside from the personal element, such mishaps are wasteful and expensive. In extreme cases they may lead to damage claims which it is better to avoid. For obvious reasons the possibility of accident is always greater in connection with the actual production of the newspaper than elsewhere in the establishment.

Individual newspapers have their own ways of dealing with this problem beyond any requirements that may be fixed by state laws or local ordinances. The experience of the *Hartford Times* in this connection shows what can be done by proper organization and teamwork to reduce shop hazards to a minimum.<sup>1</sup> The *Times* initiated a Safety Council in September, 1931, which resulted in marked improvement. In 1930 the *Times* had seven lost-time accidents with a total of 311 days lost. In 1931 the number was reduced to five with 131 days lost. The next year it was down to two such cases with only 27 days lost, and in 1934 there were no lost-time cases.

The council is composed of the department heads with the business manager as permanent chairman. Each month a member serves as safety inspector with authority to inspect the entire plant and to report at the next meeting anything he finds dangerous. Any suggestions he makes are gone over thoroughly and those that are approved are given to the mechanical superintendent to enforce.

Each department has a bulletin board on which are painted the number of days that department has achieved without a lost-time accident. Gold stars are given for each month without such a mishap. Such an accident is one in which a man who is hurt is unable to return to work the day after the accident. In 1936 five of the six mechanical departments had all exceeded 1000 days without a red mark. A mimeographed shop organ is published monthly in the interests of the campaign.

Most of the safety changes suggested were found to be feasible within the shop at little or no expense. For example, a stereotyping employee suffered a bad burn when hot metal ran down his leg and into his oxford. As a result, a guard was put on the box to prevent a recurrence of the accident and the men were instructed to wear high shoes and to keep their trouser legs below their shoe tops. They were also urged to wear safety shoes which have a metal cap to protect the toes.

Shatterproof goggles are supplied to workmen operating circular saws or engaged in drossing hot metal. In the engraving department an ingredient that was injurious to the skin was replaced with another that was as good and no more expensive but which was harmless to those handling it. The marked

<sup>1</sup> Cf. *Editor & Publisher*, June 13, 1936, p. XVIII.

improvement shown as a result of these measures has also been reflected in a definite saving in insurance costs.

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## CHAPTER XIX

### INDUSTRIAL RELATIONS

Few other lines of human activity present such a variety of problems as does newspaper publishing, and the kaleidoscope of problems is forever changing. The problems of production, sales, and distribution have been discussed at some length, but there are many others, both internal and external. These include such matters, for example, as employee relations, wage contracts, relations with other publishers, and membership in local and national trade associations.

These problems are rarely identical for different communities or for different newspapers. While the experience of one publisher or one community may suggest a solution elsewhere each newspaper has to work out its own salvation in terms of its own policies, facilities, and needs. There is perhaps no other industry whose component parts have so much in common yet face such individual problems. This is inevitable because of the very individualism of the newspaper and the fact that each is in a very literal sense a personality as well as a commodity or product.

✓ **Social Security Law.** New problems confronted practically every newspaper publisher in the nation, along with other employers, as a result of the Social Security Law enacted in 1935. Like other New Deal legislation, it was expected to be subjected to court tests as, in some respects, its application was not clear even if its validity was upheld. Need for clarification of the definition of who is an employee, for example, was indicated from the outset. In the case of the newspaper, it clearly covered staff and shop employees, but did it include newspaper carriers, solicitors working on commission, or drivers operating their own cars for the delivery of papers at so much per mile? The answer depended not only upon the kind and degree of control exercised by the newspaper over such employees but upon legal interpretations and rulings by the enforcing officials.

Regardless of these things, it was evident from the first that enactment of this legislation meant new problems for publishers



as well as for other employers. The law provided that all employers of eight or more persons should pay an annual tax on their payrolls, starting at 1 per cent for 1936, 2 per cent for 1937, and 3 per cent for 1938 and thereafter, less contributions to any state unemployment funds up to 90 per cent of the federal tax. The law was expected to result in a great increase in administrative cost and confusion, and it was freely predicted that it would place a heavy burden upon industry.<sup>1</sup> Harvey J. Kelly, chairman of an A.N.P.A. special committee, estimated in 1936 that the average annual cost of security legislation to newspapers over the next 12 years would be \$26,500,000.<sup>2</sup>

As to the wisdom of some form of social insurance in principle there could be little doubt. In spite of its leadership in other directions, the United States has lagged in such matters. The chief question, then, was as to the form, method, and extent of the legislation. The law of 1935 placed an additional fixed expense of doing business upon all employers and required the tax to be paid whether or not the employer made a profit.

One complicating factor for some newspapers, as with other industries, was that they already had their own pension systems in operation. Just what was to become of these arrangements after the law became effective was a question. Employers who had found their own programs satisfactory were naturally reluctant to abandon them. To such employers, the A.N.P.A. committee on social security recommended that they retain their private pension plans for the moment.

**Employee Welfare.** The Social Security Law was the result of a growing recognition of the need for general insurance against unemployment and old age. Many enlightened publishers, however, had anticipated these needs at least in part. They had set up various schemes of employee welfare. These were practically all individual programs, but it was at least significant that many of the better newspapers had taken the lead in this respect.

Among such newspapers and newspaper agencies were the *Chicago Tribune*, the *New York Times*, and the Associated Press, to name only a few. Some newspaper employers underwrote various kinds of group insurance for their employees, the individual amounts varying with the length of service. Others

<sup>1</sup> Cf. *Editor & Publisher*, Nov. 23, 1935, pp. 5, 6.

<sup>2</sup> Cf. *ibid.*, Apr. 25, 1936, p. 5.

had put into effect limited disability plans for employees in good standing. Still others encouraged cooperative ventures on the part of employees including building and loan agencies. Individual employers, as a rule, were fairly lenient about continuing employees on full pay for an indefinite time in case of illness although this had the obvious disadvantage of uncertainty.

A number of the larger newspapers established club facilities for their employees. They fostered periodical outings and various kinds of recreation for them such as bowling and golf. The *Columbus Dispatch*, for example, sponsored a small country club for its workers who had their own clubhouse, a nine-hole golf course, and other recreational facilities for whose operation and maintenance they chose their own officers.

In greater or lesser degree, these schemes to promote closer cooperation between employer and employee, between various departments of the newspaper, and among the individual employees were open to small as well as large newspapers. William Allen White and the *Emporia Gazette* provided a good example of this.<sup>1</sup> Most publishers found such programs a good investment from any point of view.

Prior to 1930 a good many newspapers also followed a share-the-wealth policy with their permanent employees. As the publication prospered, the profits were shared with the workers in all but the mechanical departments whose terms of employment were covered by their wage scales and union contracts. With some newspapers this took the form of bonus payments, usually at Christmas time, and with others it was made in salary increases. The amounts generally were based on the share of profits available, the length of service, the importance of the employee's position, and the special value of his services. The *Chicago Tribune* exemplified this practice, although it discontinued the policy for several years on the supposed grounds that employees came to take it for granted.<sup>2</sup>

Some enlightened and farsighted publishers have found it to their advantage to take their employees into limited partnership with them by enabling them to buy stock in the organization. In some cases this has been limited to a few executives, and in others it has been thrown open to all employees. The Scripps-Howard newspapers are the best example of the latter. The

<sup>1</sup> Cf. *ibid.*, Aug. 15, 1936, p. 5.

<sup>2</sup> Cf. *Fortune*, May, 1934, p. 113.

advantage of such a program is that it gives the employee the double incentive of saving and investing his money and supplies the added stimulus of working for himself. The stock can be paid for on the installment plan. For an employee to be a stockholder is to give him an interest that is not possible in any other way.

**American Newspaper Guild.** While the American Newspaper Guild is primarily an organization of editorial employees, it presents something of a problem from the standpoint of newspaper management. That certain conditions of employment in the newspaper industry, especially among white-collar workers, are far from what they should be no one can deny. That some improvement in these conditions is both desirable and necessary is generally admitted. That some form of professional organization to raise the standards of training, work, and employment would contribute to this end is more or less self-evident. But whether the Guild as originally organized and operated supplies the final answer is not clear.

Publishers took various attitudes toward the Guild. Some met it half way, some gave it more or less grudging recognition, some tolerated it by sufferance, some ignored it, and some were openly hostile to it. Some who went at least part way with the Guild at the outset withdrew their recognition, especially after the Guild became definitely affiliated with the American Federation of Labor. Such publishers raised particular objection to the Guild's insistence that hours of work be fixed, and that selection of editorial employees be limited to a closed Guild list, as well as upon the political and other implications involved in the close alliance with organized labor. The attitude of the New York *World-Telegram*, most important of the Scripps-Howard newspapers, which have a long record of championing the cause of labor, supplied a case in point. The *World-Telegram* in July, 1936, broke off negotiations with the Guild. The management took strong exception to Guild policies but expressed its willingness to continue collective bargaining with its employees.<sup>1</sup> Negotiations were resumed later and in April, 1937, the *World-Telegram* signed a contract with the New York Guild as to pay, hours, and working conditions without, however, granting the preferential

<sup>1</sup> Cf. *Editor & Publisher*, Aug. 1, 1936, p. 4. Later the *Cleveland Press* gave notice of terminating its "accord" with the Guild, *ibid.*, Nov. 21, 1936, p. 6.

shop.<sup>1</sup> The New York *Times* was another whose management declined to negotiate further with the Guild, but said it stood ready to deal with its own employees as such at any time.<sup>2</sup> Yet in December, 1936, the New York *News* signed a contract with the Guild which recognized it as the exclusive bargaining agent for editorial help and established a "preferential" shop. The agreement also recognized that the "publisher has a constitutional right to speak, write and publish whatever it may deem fit." In Boston the Guild also signed a one-year contract with the *Herald* and *Traveler*. By early 1937 more and more of the larger newspapers signed contracts with the Guild or posted agreements which embodied many of the points sought by the Guild. The smaller papers for the most part remained unorganized. David Stern, the Philadelphia and New York publisher, who signed a contract with the Guild, resigned from the A.N.P.A. in protest over its stand on the Guild question.<sup>3</sup>

Extreme possibilities growing out of the Guild's formal alliance with organized labor came to a head in the local Guild strike which caused the indefinite suspension of the *Seattle Post-Intelligencer* in the summer of 1936. This strike originally involved a minority of editorial employees who quit work in protest over the dismissal of two of their number.<sup>4</sup> Because Seattle is a stronghold of organized labor, the strike quickly assumed spectacular proportions. The plant was immediately picketed not only by striking employees but by teamsters, longshoremen, and others following the denunciation of the *Post-Intelligencer* by the Seattle Central Labor Council as being "unfair to organized labor."

The strike was unique in that it resulted in the first complete suspension of an important newspaper, and it marked the first widespread participation of organized labor in a Guild strike. It presented the curious spectacle of members of the mechanical unions under contract in the same plant not striking but refusing to pass through the picket lines on the ground that to do so would endanger their "safety and health."<sup>5</sup> These same employees

<sup>1</sup> Cf. *ibid.*, Apr. 10, 1937, p. 8.

<sup>2</sup> Cf. *ibid.*, Aug. 8, 1936, p. 6.

<sup>3</sup> Cf. *ibid.*, Dec. 19, 1936, p. 57.

<sup>4</sup> Cf. *ibid.*, Aug. 22, 1936, p. 3; New York *Times*, Aug. 23, 1936.

<sup>5</sup> Cf. *ibid.*

likewise declined to set type for the *Post-Intelligencer* in other shops on the ground that their contracts did not cover such employment. To cap the climax, the international presidents of both the typographical and pressmen's unions branded the strike illegal as far as it affected their men. After 15 weeks the strike was settled by a one-year agreement fixing a five-day, 40-hour week, vacations with pay, a minimum of \$40 a week for editorial employees of three years' experience. The pact did not grant Guild recognition but provided for re-employing the strikers. Cases of the two discharged employees were left to the National Labor Relations Board which eventually ordered their reinstatement.<sup>1</sup>

**Labor Relations.** On most daily newspapers the closed shop has long prevailed in the mechanical departments. The result has been that relations between the management and such employees are generally harmonious, fairly well stabilized, and reasonably well standardized, making due allowance for differences in local conditions. In the main, such employment is covered by contracts running for one or more years which stipulate the hours and conditions of employment and the wage scale. Such contracts may be between the individual newspaper and the individual union, or they may be made jointly between all the publishers in a given city and the different unions involved.

Upon the termination of a given contract, it is customary to negotiate for a renewal of the agreement with such modification of the terms as conditions may warrant. In many such cases the unions present arguments for an increase in the wage scale. Some of these are granted by publishers, some are approved in part, and some are denied. A system of arbitration has been worked out for the solution of disputes in such cases which has been highly satisfactory in the main. Frequently, there is also provision for appeal if the original award is unacceptable to either side.

Such contracts as came up for renewal in 1936, for example, saw a continuance of old scales rather than any appreciable increases. As Eugene MacKinnon, chairman of the A.N.P.A. special standing committee, reported, "the trend generally is attentive to such economic factors as a continuing decrease of

<sup>1</sup> Cf. *Editor & Publisher*, Nov. 28, 1936, p. 12; Dec. 5, 1936, p. 3; Jan. 23, 1937, p. 8; Feb. 6, 1937, p. 10; Feb. 13, 1937, p. 42.

linage of about 30 per cent under 1929 figures and a current cost of living index 18 per cent under 1929 indices."<sup>1</sup>

As a rule, the larger the city the higher is the scale provided by such contracts between publishers and union labor. As indicated, the scale is based upon such factors as the newspaper's income in terms of its advertising revenue, living costs, and other pertinent conditions. The rate of pay for night work is invariably higher than for similar daytime work. Among the typographical scales listed in the MacKinnon report, the range was from 74 cents an hour at Leavenworth, Kans., to \$1.13 at Miami, Fla. Others covered by similar scales include the stereotypers, pressmen, photoengravers, and mailers, those of the engravers being the highest of all.<sup>2</sup>

According to a report published in *Editor & Publisher*, nearly half of the members of the International Typographical Union are employed on newspapers.<sup>3</sup> At the time of the report, the membership stood at 65,832 of whom 31,724 were newspaper employees, 18,575 in the daytime and 13,149 at night. Of 435 newspaper shops represented in the A.N.P.A., 321 were operating under contracts with the union, while 51 others were manned by I.T.U. members but without a contract. Of the shops included in the report, only 42 were nonunion and 21 were listed as not in the jurisdiction of the union.

The five-day week was adopted by the I.T.U. at its 1932 convention. The trend of average mechanical department wages, covering 36 principal cities and taking 1929 as the base, is shown by the following table:<sup>4</sup>

1929	100.0
1932	104.2
1934	95.0
1936	103.8

"Although the average number of contract hours per week has dropped from the peak level to around an average of 41 hours," this report pointed out, "the wage scale has been so maintained that, page-for-page, publishers are now paying, in the larger cities at least, considerably more for production and that the trend is decidedly upward."

<sup>1</sup> Cf. *ibid.*, Aug. 22, 1936, p. 16.

<sup>2</sup> Cf. *ibid.*

<sup>3</sup> Cf. *ibid.*, Feb. 8, 1936, p. XIII.

<sup>4</sup> Cf. *ibid.*

For the individual mechanical departments the comparison between 1929 and 1936 follows:

	1929	1936
✓ Typographical:		
Average contract hours per week.....	46.14	40.94
Average hourly rate.....	\$ 1.160	\$ 1.196
✓ Stereotypers:		
Average contract hours per week.....	45.76	43.53
Average hourly rate.....	\$ 1.050	\$ 1.085
✓ Photoengravers:		
Average contract hours per week.....	43.34	40.27
Average hourly rate.....	\$ 1.352	\$ 1.453
✓ Pressmen:		
Average contract hours per week.....	45.76	43.27
Average hourly rate.....	\$ 1.026	\$ 1.068
✓ Mailers:		
Average contract hours per week.....	46.19	42.88
Average hourly rate.....	\$ .876	\$ .893

In some cities, organized labor has been extended to include newsboys, particularly those engaged in street selling. Following an agreement among the Cleveland publishers which reduced the number of editions and changed the time of first editions, street sellers there struck for better wages and working conditions.<sup>1</sup> They denied that it was a strike but it had all the earmarks of one, boys refusing to handle papers, bundles being destroyed, carriers being intimidated, and the city being placarded. After a disturbance lasting the better part of a week, the dispute was settled through the mediation of the Cleveland Regional Labor Board. The publishers agreed to reduce the cost of papers to news vendors from \$2.15 to \$2 a hundred, to accept the return of unsold papers, and to guarantee \$15 a week to boys selling papers all day at downtown corners. A somewhat similar dispute occurred between the Cincinnati *Enquirer* and its street sellers.<sup>2</sup>

Another dispute involved the Cleveland *Press* and the mailers' union.<sup>3</sup> The latter claimed that laborers employed on heavy nights to assist in loading bundles onto trucks from the loading platform must, under the terms of their contract, be union

<sup>1</sup> Cf. *ibid.*, May 26, p. 32; June 2, p. 30; June 16, p. 38, all in 1934.

<sup>2</sup> Cf. *ibid.*, June 29, 1935, p. 39.

<sup>3</sup> Cf. *ibid.*, July 13, 1935, p. VIII.

employees. On ordinary days, such loading was done by truck drivers and their helpers who were not union members. The dispute was settled by an arbitration board which decided in favor of the *Press*. The decision hinged upon the meaning of "dispatching of papers" as covered in the contract. The award declared, however, that the jurisdiction of the mailers' union ended when the newspapers were put into the chutes to the loading platform.

**Wage Policies.** Except by special arrangement, it is not customary to pay editorial employees for overtime work on the ground that the nature of the employment is such that it does not lend itself readily to a plan of compensation based upon minutes and hours. In fact, it is fairly common in some editorial offices to work occasionally without taking the regular day off. In some instances these are permitted to accumulate so that the employee can extend his vacation by that much or can take an extra vacation as conditions warrant. It is a common feature of contracts with mechanical department employees, however, to provide for time-and-a-half for overtime and double time on holidays and under other special circumstances.

The N.R.A. and its codes gave considerable impetus to the shorter work day and the curtailed work week. This may have some permanent effect upon some parts of the newspaper industry just as it had upon other industries. The movement was reflected, for example, in the demand of the Chicago typographical union in 1936 for a 30-hour week at existing rates and in the allowance in Houston by a local arbitrator of "six days' pay for five days' work" which in effect increased the scale by 20 cents an hour.<sup>1</sup> On appeal, an international board reduced the award to approximately \$1.01 which was still equivalent to the so-called peak wage.

**Bonus Systems.** The average business department employee works for a stated salary. As a rule he does not enjoy the security of a contract but then he is not likely to be dismissed except for cause or unless business conditions make it necessary. In some cases he works on a combined salary and commission or bonus basis and, more rarely, on commission alone.

The Policyholders Bureau of the Metropolitan Life Insurance Company made a study of the methods of compensating adver-

<sup>1</sup> Cf. *ibid.*, Aug. 22, 1936, p. 16.



tising salesmen.<sup>1</sup> Forty-two newspaper publishers cooperated in the study, the individual newspapers ranging from 30,000 to more than 800,000 in circulation. That they were a fairly representative group may be judged from the fact that they were from 21 states while 8 of them published more than one newspaper.

The report showed a marked preference for paying local display and classified salesmen on a salary basis. Of 57 plans reported by the publishers supplying information, 46 were of the straight salary or salary and bonus or commission type with only 11 on straight commission. Twenty-eight of the 29 publishers who said they used only one plan paid a straight salary. The one exception used a commission system. The other 13 publishers followed more than one method. It is worth noting that eight of the 11 straight commission plans were used only in unusual cases and generally for only a few salesmen.

The New York *Times* found a bonus system advantageous for its advertising salesmen in stimulating teamwork, in rewarding individual achievement, in paying them in proportion to established earnings, and in increasing both lineage and revenue for the newspaper. It put into effect two systems known as Plan A and Plan B. They are described as follows:<sup>2</sup>

Plan A: based upon increased advertising income for the *Times*. For each \$50,000 increase in advertising revenue over the corresponding month of the previous year, the *Times* paid to each eligible person  $\frac{1}{2}$  per cent of his annual salary. If a decrease occurred, however, it had to be made up before the plan was again operative. The benefits of this plan were shared by all advertising salesmen, advertising department executives, and the promotion, office, and credit managers. Telephone salesmen, classified sales girls, secretaries, clerks, and office boys participated to the extent of half shares.

Plan B: based on lineage gains. For it to be operative, the *Times* had to gain (1) in lineage compared with the corresponding month of the previous year, and (2) in the *Times's* percentage of its field.<sup>3</sup> If these were accomplished the bonus was 1 cent for

<sup>1</sup> Cf. *Bulletin* 15, Ohio Newspaper Association, Apr. 27, 1936.

<sup>2</sup> Cf. *Editor & Publisher*, May 2, 1936, p. 5; Apr. 25, 1936, p. 5.

<sup>3</sup> The latter was based on the percentage of all advertising published in the *Times* in relation to the total lineage of New York City newspapers.

each agate line gained. A full bonus share was awarded only if all six advertising divisions gained. If any one division showed a decrease its salesmen received only a quarter share of the bonus earned by the others, the remainder being divided among the salesmen of other divisions. This bonus was limited, however, to outside salesmen and executives. For classified advertising a supplementary plan was in operation based upon the number of insertions and white space sold by individuals. Telephone solicitors who exceeded their weekday quotas were also rewarded.

**Cooperatives.** In common with other lines of activity, newspapers have found it definitely to their advantage to join hands in many ways in recent years. This cooperation has taken place on a national scale as well as along class and local lines. It has found expression in such agencies as the American Newspaper Publishers Association, the Newspaper Advertising Executives Association, the International Circulation Managers' Association, the Association of Newspaper Classified Advertising Managers, the National Newspaper Promotion Association, the Inland Daily Press Association, the Southern Newspaper Publishers' Association, and many others.

Many of the states, too, have active and progressive newspaper associations which contribute largely to the progress of their members. Within the states there are subordinate groups. Even in individual cities publishers whose predecessors not only would have nothing to do with each other but fought each other with tooth and claw now find that a "live and let live" policy generally pays the steadiest dividends. The practices of working out joint agreements relative to the renewals of labor contracts, advertising rates, and circulation policies, already described, are further proof of a changed order in publishing.

It has taken publishers a long while to realize that there is as little reason for newspaper wars of the sound-and-fury variety as for most other strife. The public generally is quite apathetic toward such warfare which yields profit neither in circulation nor in advertising and, as a rule, simply drains the purses of the contestants who in the end have little to show for belaboring each other. The public memory in such matters is short.

It is difficult to understand the apathy of publishers toward the national and state newspaper associations. From the standpoint of management alone, it would be hard to overestimate the

tangible benefits to the daily newspaper industry derived from the activities of the A.N.P.A. Its annual sessions, the work of its standing and special committees, and its reports and publications are well worth the time and dues of every member just from the selfish point of what he gets out of them if for no other.

The same is true of the state associations which in their own sphere work to improve and to strengthen the place and opportunities of the member newspapers. Their offices serve as a clearinghouse for inquiries and for information. They publish bulletins on matters of interest and importance to their members. They keep a close eye on the state legislative program and how it affects newspapers. Yet the experience of most such associations is that many members will not lift a hand unless their own interests are immediately affected while nonmembers are downright cold to the proposition.

Some benefits which are impossible through the national associations on account of their very size are well within the range of the smaller groups. Cooperative buying is one of these. The New York Associated Dailies, for example, had a special committee which studied the subject of collective buying for more than six months.<sup>1</sup> Its investigation indicated that economies in the purchase of basic materials, such as newsprint, metal, and ink, were possible ranging from 15 to 50 per cent. The committee also inquired into advertising checking services, mat services, features, general representation in the national field, insurance, type-casting machinery, dry mats, rollers and blankets, cooking schools, calendars, and plant appraisals.

W. O. Dapping, of the Auburn *Citizen-Advertiser*, was chairman of the committee. "We have secured sufficient data with respect to each item enumerated in this report," he declared, "to assure publishers joining the group that they will save from 15 to 50 per cent on many items under consideration from the prices they now have to pay individually. The savings in the aggregate are enormous." On the basis of current needs of the papers, the committee declared that a saving of more than \$100,000 a year was possible in the basic commodities alone.

A plan to control publicity in Wisconsin was set up in 1936 through the Wisconsin Press Association. Similar plans are in

<sup>1</sup> Cf. *Editor & Publisher*, Jan. 16, 1932, p. 40.

effect in California and Minnesota. In these and many other ways the newspaper cooperative is fruitful.

#### Suggested Periodical References

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- : "Bonus System Boosts Times' Lineage," *Editor & Publisher*, May 2, 1936, p. 5.
- : "Chronicle Agrees to Wages and Hours," *Editor & Publisher*, Nov. 28, 1936, p. 12.
- : "Cincinnati Wage Scale Continued," *Editor & Publisher*, Sept. 26, 1936, p. 20.
- : "Cleveland Press Signs with Guild," *Editor & Publisher*, Feb. 29, 1936, p. 9.
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- : "Milwaukee News Posts New Wage Scale, Ends Negotiations," *Editor & Publisher*, Apr. 4, 1936, p. 16.
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## CHAPTER XX

### OFFICE MANAGEMENT AND CORRESPONDENCE

#### I. OFFICE MANAGEMENT

Sound and efficient management of its business office is essential to the proper operation of any newspaper. To attain this, it is necessary to have the right sort of coordination among the various departments, the effective administration of a thousand and one office details, and the proper handling of correspondence. This last, depending in large part upon the size of the newspaper itself, may range from a few letters a day to hundreds of thousands of pieces of first-class mail in the course of a year.

There is neither the space nor the need for going into great detail here with any of these things. A considerable literature exists which deals fully with the principles of both management and correspondence. In the main these principles apply to or can be adapted to the newspaper as well as to other lines of activity and for a closer study of them the reader is urged to consult the bibliography.

It cannot be emphasized too much, however, that newspapers have been slow to follow the lead of business and industry in these matters. However much they have striven to excel editorially, many newspapers have been handicapped on the business side by slipshod methods, loose ends, and a failure to coordinate efforts throughout the plant. As a result newspaper management has suffered when compared with that of other kinds of business. It is only in recent years that newspapers have been overcoming this condition.

**Coordination.** Unless the efforts of the various departments which make up the newspaper are coordinated, much of its energy and substance may be wasted. This need for teamwork applies particularly to relations between the editorial departments on the one hand and those on the business side on the other. If there has been any major weakness in newspaper management, it is that these two halves of the newspaper organization have

been operated too long as though they had little or nothing to do with each other.

Even a cursory examination will show any such view to be wrong both in principle and in practice. No matter how excellent the editorial tone and contents of a newspaper may be, they will avail little if the circulation is limited or if the advertising force fails to sell sufficient space to enable the newspaper to support itself. Conversely, the best efforts of the circulation and advertising sales forces will not suffice if the editorial and news staffs produce indifferent work. One of the first things to recognize, therefore, is that a community of interests exists throughout the newspaper shop. Like a chain, no newspaper can be stronger than its weakest link. It is important, then, that it be strong at every point.

**Importance of Control.** One of the major elements of good management is competent control. This in itself implies wise direction based upon good judgment, broad vision, and experience. Such control is vital to the successful management of the newspaper. Without it, the plant cannot be operated efficiently, individual departments may work at cross purposes, plant facilities may not be used to the best advantage, and the property may be run at a loss. A newspaper so managed is distinctly behind the times.

Cooperation between all departments of the newspaper is both desirable and necessary. In its practical aspects, the teamwork of the editorial and mechanical departments is of the utmost importance to the newspaper. Any failure of proper management and control at this point may spell continual trouble for the newspaper. Whether it is viewed as a publication or as a business enterprise, the newspaper is particularly vulnerable in this area.

As Paul Bellamy, editor of the Cleveland *Plain Dealer*, pointed out in an address before the mechanical department of the A.N.P.A., modern newspaper publishing is largely a matter of timing.<sup>1</sup> It is a simple matter to say that a newspaper operates on a time schedule with certain editions due at specified hours; it is quite another thing to abide by that schedule and at the same time keep down operating costs. In Mr. Bellamy's language:<sup>2</sup>

<sup>1</sup> Reprinted in *National Printer Journalist*, July, 1934.

<sup>2</sup> *Ibid.*

Time is most definitely of the essence of newspaper operation. If we keep the flow of copy to the composing room constant and adequate, then the make-up editors can get the pages to the stereotype department and avoid that bunching of pages at the close of each edition which results not only in going to press late, but in poor stereotyping which requires new mats and new plates. The responsibility for correct timing lies, of course, with the editor in charge of the operation. Each one of such editors worth his salt has to develop a kind of sixth sense which warns him in advance that he is getting into a hole on his night's production and he had better do something at once. The foreman of the composing room, the head make-up, and even the copy cutter can be of the utmost service to the editor in charge by keeping him aware of the progress of the whole operation during the hours of production.

An imposing list can be made of very practical matters which involve the relations between the editorial and production departments alone. These include such factors as the number of editions, overset, clean copy, makeovers, and the number and size of cuts. A lack of coordination between the two departments with respect to any of these can mean the difference between efficient and inefficient operation or, carried to the extreme, profit and loss.

The tendency has been to reduce the number of editions for the sake of speedier production and operating economies. Overset is a constant problem which needs unremitting attention. Some overset is inevitable on a live newspaper, and any policy that would shut off the flow of copy merely because the paper was full would be distinctly penny-wise and pound-foolish. The task is to hold overset to a minimum without throwing away important news and at the same time without incurring needless typesetting expense. This applies likewise to makeovers and replates. It is well known that clean copy speeds up production. Concerning this acceleration, Mr. Bellamy added:

We all know that in the past twenty-five years there has been a great speeding up of the newspaper business, and we may as well reconcile ourselves to the idea that the more easy going ways of a quarter century ago have departed forever. Readers of modern newspapers demand that they be up to the minute and that, so far as possible, each succeeding edition shall contain the latest developments on all important stories. The question is how to give them without going wild on the bases.

The practical possibilities of close cooperation between the editorial department and the photoengraving room were likewise

pointed out by Mr. Bellamy. On this phase of operation he cited five points:

1. We discovered a number of years ago that it was to our advantage to use standard size prints. When a photographer returns from an assignment and develops his negative, the negative is inspected by the art editor and decision made then and there as to whether the cut to be made from the print should be one, two, or three columns wide, or more. Whatever size is determined upon, the print is made by the photographer so that it will stand a reduction of one-half or one-third, and all other prints to be used in the same layout are made so as to take the same reduction.

2. In the art department, a standard size layout, or mask, is made. The reduction of these layouts is also either one-half or one-third. The result is this: When three prints are photographed by the engraver for a single layout, only one operation of the engraver's camera is necessary because all of the prints will be reduced the same amount, resulting in only one operation there. In many newspaper plants, I have reason to believe, little or no attention is paid to the standardization of prints and layouts in their early stages.

3. We have found cooperation essential between the editorial department and the engraving room in regard to the timing of cuts for various editions. The art editor informs the engraving room foreman as to just what editions the various cuts are required for. This often results in pictures making an early edition, without the necessity of a special plate.

4. Further cooperation we find imperative between the make-up editor and the foreman of the engraving room, that the latter may be kept informed at all times as to the order in which the cuts on a given flat should be finished. By this means the cuts that are to be used on a page that goes to the stereotyping room early in the evening are finished first, and those that go on the later pages are finished later.

5. There should also be cooperation between the editorial department and the engraving department as to the making of what we might call emergency cuts. These are cuts, the copy for which reaches us after our usual deadline for a given edition. As soon as the art editor knows at what time such a print will be ready he notifies the foreman of the engraving room. This often makes it possible to reserve a place on a flat which is going through for an early edition and obviates the necessity for a special plate.

These various methods of cooperation can also be very effective between the Sunday Magazine Department and the engraving room, with variations, of course.



Another field of cooperation lies in the relations between the engraving room and ad alley, between the engraving room and the stereotyping room and between the engraving room and the composing room.

In the long run, the most important factor in determining whether an editorial department cooperates effectively, and therefore economically, with the mechanical departments of the newspaper, is the morale of the newspaper as a whole. I have been singularly fortunate in my newspaper life in having the opportunity of working with mechanical departments which get just as excited over a really big news story as the editorial or circulation departments. When this happy situation prevails the details of coordination are pretty sure to work themselves out satisfactorily. But they cannot be left to themselves. . . .

**Coordinating Committees.** Various methods of promoting interdepartmental teamwork are in use. On some of the larger newspapers different kinds of coordinating committees or boards have been established. These are usually made up of department heads or representatives of various departments. They meet at stated intervals or on call, and it is their task to work out solutions to their common problems and, in general, to increase the efficiency of both plant and personnel while reducing needless expense. The *Plain Dealer*, for example, has a production board on which sit representatives of the various mechanical departments as well as of the editorial department. This committee meets weekly when the details of interdepartmental cooperation are worked out. Similarly, the *Toledo Blade* has a sort of executive committee known as a conference board consisting of the editor, managing editor, treasurer, circulation director, and display advertising manager. It meets weekly or on call to consider the policies and problems of that newspaper. Such a procedure is logical and it can be varied to suit the needs of the individual publication.

**Business Ethics.** It is as vital for a newspaper to operate according to a code of business ethics as it is for it to pitch its editorial policies on a high plane. As a matter of fact, any other course is illogical and indefensible. The one set of standards is necessarily geared to the other. It is inconceivable that a properly managed newspaper would engage in sharp advertising or circulation practices while putting up a bold front as to its good faith with its readers in its news and editorial columns or that it would be dishonest with its readers while insisting upon

strict business policies. Here again it is the part of sound management to harmonize and coordinate the efforts of all departments in such matters.

To retain their good will and confidence, upon which it is so dependent, a newspaper must keep faith with both readers and with advertisers. It must not do for one group of readers what it is unable or unwilling to do for another. It cannot afford to appear to favor one set of advertisers at the expense of another.

One of the ever troublesome problems is that of the rate card. Newspapers are continually urged to make concessions to this advertiser or to shade the price to that one. A rate card is, in effect, a published promise to abide by the rates announced, subject to the conditions stated. Any deviation from the published rates or the rules governing them is not only dishonest but is sure to breed trouble. From the standpoint of both ethics and sound business practice, it is the office of good management to adhere to the rate card. For every would-be "chiseler" who is lost by such firmness, a dozen satisfied customers will be retained, and it is the steady customer after all who is most important in the economy of any business.

**Division of Space.** The allocation and arrangement of working space for the various departments of the newspaper will naturally depend largely upon the physical factors involved, such as the size of the publication and the nature and location of the building in which it is housed. Of necessity the heaviest machinery, such as the presses, will be found on the ground floor or in the basement with the mailing room close by so as to facilitate the distribution of papers to carriers, substations, dealers, delivery trucks, and the mails.

For the remaining departments, the best arrangement will generally be that which will serve the public most easily and will facilitate interdepartmental relations. The details will depend upon whether the building is of one or more stories. Many of the newer plants for small dailies tend to the former. One such structure has a central lobby at the front of the building with a counter behind which is the general business office. Handy to the counter are desks for the cashier and bookkeeper, classified advertising, and city circulation. Behind a partition to the left is the editorial department, and to the right, similarly, is the advertising department. The rear half of the building is used by

the production departments with a carriers' room close to the press.

In buildings of more than one story, it is customary to put the general business office, including classified advertising, on the ground floor with a counter where the public can come to pay small bills, to place want ads, to leave mail, or to make inquiries. In small plants, the advertising and circulation departments also will be found frequently on the first floor with the editorial department and the composing room on the floor above. In a certain three-story plant, the general business office and classified and general advertising are on the main floor, with circulation and retail display advertising on the second floor, and editorial rooms, artists, photographers, and the engraving department on the third floor. The stereotyping and composing departments are off a mezzanine between the first and second floors. In another three-story shop in the same city, the first floor houses the general office, classified advertising, and the mailing room, the second floor general and retail advertising and promotion, and the third floor the editorial departments, circulation department, and the composing room.

**General vs. Private Offices.** There are two schools of thought relative to general as against small semiprivate offices. In many of the newer plants the tendency runs to large general offices, with the private offices reserved for the highest executives. But in one large modern plant, for example, there are roomy general offices on their respective floors for the business and editorial departments with small cubicles set off by glass doors and partitions for department heads and other executives. A general office that is open facilitates both supervision and interdepartmental relations. A shop that is cut up into small offices or one in which the offices are housed without much regard for their relation to each other is handicapped.

**Purchases.** Regardless of which department makes them, all purchases should be based upon a budget. To facilitate their handling and to make sure that they are within budget allowances, all purchases should be made by or at least should clear through the general business office. In large purchases, this office is in a position to ask for bids or to take advantage of discounts. A requisition form can be helpful, showing the nature and quantity of the materials or services desired, the approximate

cost, and with a place for the signature of the responsible department head. In small plants such purchases can be made directly by the business manager, but in the largest shops there may be a purchasing agent who gives his entire time to such buying.

**Records and Filing.** Adequate records are important to the newspaper office just as they are to any business office. The matter of proper financial records has been discussed in the chapter on accounting and cost finding. Other records which must be kept and filed properly include those dealing with circulation and advertising as well as those in the general office. The business of the newspaper, in fact, is made up of myriad small accounts, especially in the area of circulation, classified advertising, and retail advertising. These involve not only a record of the financial transactions but of sales and production records as well. No detailed rules can be laid down to cover this need which varies with individual newspapers. The problem is to devise and maintain records which are both simple and adequate to the purpose and yet not burdensome.

Regardless of what kinds of records are kept, the newspaper must have filing facilities to provide for current needs as well as for reasonable expansion. In many cases records can be destroyed after a time, and the space they occupied can be used over and over. This procedure applies, for example, to the copy and insertion orders for certain kinds of advertising. In many offices it is the practice to hold them for 30 days or until the account is settled or any likelihood of disputes or need for adjustments has passed. The newspaper also needs an adequate editorial filing system for photographs, cuts, mats, and reference material of all sorts but any detailed discussion of this problem belongs elsewhere.

Within the business departments, the choice of records and the methods of keeping them must be determined by the responsible executives. But it is not enough merely to file material which it is desired to preserve. The test is whether, once filed, it can easily be found again. The best practice in filing is to collect or assemble the material, to classify it, and to index it. The classification can be by name, location, or subject. Indexing can be by letter, by number, or by date. As suggested, it will be necessary to preserve some records and letters indefinitely while others can be disposed of after a time. In either event it will be

necessary to make periodical transfers from the "live" file. This can be done quarterly, semiannually or annually. It is also good practice where material is taken from the file for any length of time to keep a record accordingly, showing the date of its removal and the signature of the borrower.

**Ticklers or Reminders.** By means of colored tabs and other devices it is possible to care for routine matters as they become due. To name only two, these might include the payment of bills and the solicitation of subscription renewals. Some such system is particularly necessary in the circulation department where it is good business to attempt in advance to turn a subscription that is about to expire into a renewal. Some form of "tickler" is also adaptable to the collection of past-due accounts.

**Telephone Service.** A newspaper generally meets its public in four or five ways. One of these is through the publication itself, and the others include personal dealings at the counter or with representatives of the paper, correspondence, the telephone, and, to some extent, the radio. That adequate telephone service is essential to any newspaper is self-evident. This is not only a matter of protection in news gathering but it is also necessary in facilitating the business of the newspaper: the solicitation and handling of want ads, calls concerning circulation, and inquiries of all sorts.

Many newspapers have their own P.B.X. boards which require the services of one or more special operators. But mere mechanical proficiency is not enough. Since it deals so extensively with the public, it is important that the newspaper have operators who know how to meet the public. A telephone operator who is at once courteous and helpful and has a pleasing voice is as much a missionary for the newspaper as any agent it has.

## II. CORRESPONDENCE

Because of the very nature of its business, it might be supposed that the newspaper would set an example in its correspondence. Unfortunately this is not always the case either with respect to promptness in answering business communications or in the quality of the outgoing letters themselves. Besides editorial mail which belongs in a separate category, newspaper

correspondence falls under the following heads: advertising, circulation, promotion, credit, and collection. These will frequently involve complaints and adjustments also.

A large proportion of the mail of a newspaper has to do with individual subscribers, small advertisers, and special inquiries of one sort or another. In many cases, therefore, the newspaper must make an individual approach in dealing with these correspondents.

**Promptness.** The need for, and the value of promptness in, answering correspondence are obvious, yet it is a strange commentary on many lines of business that they sometimes seem blind to these facts. The extreme viewpoint is that of the business executive who was quoted at length in a magazine article to the effect that most letters were unnecessary and therefore he did not trouble to answer any but the most imperative. However such a policy might work in rare individual cases, the newspaper could not follow it for the simple reason that it is too dependent upon its public. Nevertheless one of the most common complaints against newspapers, particularly from advertising agencies and prospective advertisers, is that replies are often delayed or that only part of the information asked for is supplied.

**Handling the Mail.** One method of expediting correspondence is to fix the responsibility for it and to arrange for the most effective method of handling it. This means that incoming mail should be received as soon as practicable after it is sorted at the post office, and outgoing mail should be keyed with the dispatch of mails from the post office. The detailed arrangements will vary with the size of the newspaper and the city in which it is published. In many offices it is customary to send an office boy or some other employee to the post office after each main distribution there.

Of equal importance is the prompt handling of mail after it is received in the newspaper office. This is especially true of editorial mail which is likely to contain news from correspondents, and syndicate or other matter. It also applies, however, to advertising- and circulation-department mail. A subscriber or an advertiser who gets a prompt acknowledgment of the renewal of a subscription or of an insertion order is always favorably impressed. It is a small but important part of office routine,

therefore, to work out a simple, effective, and sure method of seeing that all incoming mail gets promptly into the hands of those to whom it is addressed or who are responsible for attending to it.

**Qualities of a Letter.** Although there are many types of letters certain qualities are essential to all correspondence that has any claim to merit. The importance of sound principles and practice in the art of letter writing is evident from the fact that many firms employ experts to oversee their correspondence. It is their task to see that all outgoing mail is in harmony with the things for which the firm stands and, in particular, that it creates and develops good will.

The business correspondence of a generation ago was stiff, formal, and highly artificial. In current practice many of the meaningless forms and phrases of that day have given way to more natural and effective means of expression. Instead of the fixed patterns formerly in use, the correspondence of today is couched in simple, direct language and fashioned to suit the needs of the occasion. Being more natural, it is more informal in tone. The good business letter of today is, as one writer puts it, "correct in form, artistic in appearance, conversational and informal in tone without sacrificing dignity, familiar without being bold or aggressive, definite in purpose, and above all, courteous."<sup>1</sup>

Authorities on business correspondence are fairly well agreed that its essential qualities are clarity, conciseness, correctness, courtesy, and character.<sup>2</sup> Others are unity, variety or individuality, and the "you" attitude. To achieve these qualities requires planning, good judgment, an understanding of human nature, an ability to express oneself clearly, simply, and in good English, and a natural courtesy.

To be effective any letter must have a plan, and the writer must think not only what he is going to say but how he is going to say it. A letter that lacks clarity is almost worse than no letter. Planning is also essential to conciseness which means that the various parts of the letter must fit together properly without being verbose. On the other hand, brevity must not be mistaken for conciseness since a letter can be so brief as to be wholly inad-

<sup>1</sup> Cf. Sarah A. Taintor, *Training for Secretarial Practice*, McGraw-Hill, p. 85.

<sup>2</sup> Cf. George B. Hotchkiss and Edward J. Kilduff, *Advanced Business Correspondence*, Harper, p. 20.

quate, and thus no better than one which is so long as to be confusing. To be correct a letter must follow the proper forms and usages with respect to appearance, technics, and language. It is important that a letter always be courteous in tone even where it deals with controversial matters. Personality gives character and individuality to correspondence but without being eccentric in tone.

**Sales Letters.** The newspaper uses sales letters in both advertising and circulation campaigns. Such letters will vary with different publications according to the purpose and personality behind them and the nature of the group at whom they are directed. Among their chief aims are to solicit potential customers, to pave the way for personal salesmanship, to sell direct-by-mail, and to turn inquiries into sales. In one way or another, sales letters, singly or in series, must get the attention of the reader, must prompt his desire on the basis of a convincing fact or argument, and must result in action on his part. This is equally true with respect to either advertising or circulation appeals.

It was the fashion of a bygone day to lean heavily upon extravagant claims and exaggerated statements. The prospective advertiser or reader, as the case might be, was more gullible than than now in that he did not know the facts and had no ready means of making comparisons or a check. Today both are wiser and more critical in their buying. They demand proof in place of unsupported claims and the nature of sales talks and sales correspondence has changed as a result.

**Promotion Letters.** Although they are closely related to selling, promotion letters probably belong in a separate category. As has been shown there are several functions of newspaper promotion: to create or cement individual good will, to make a favorable impression upon the public generally or upon specific groups, and to lay the groundwork for, or to support, selling campaigns. From the standpoint of the business office, the object of such promotion is to get or hold customers. The promotion may be either direct or indirect in its approach. Promotion also lends itself to manifold stunts limited only by human ingenuity.

**Complaints.** Since it is not infallible, the newspaper occasionally makes mistakes which call variously for correction, apology, and adjustment. With respect to certain kinds of editorial



errors, it is sufficient to say that the newspaper is under the legal necessity of giving reasonable satisfaction. Complaints affecting the business office are likely to grow out of faulty deliveries, mistakes in advertising copy, and errors in billing.

The attitude of business has changed greatly toward complaints in recent years. From a "public be damned" attitude, the policy has veered sharply toward the view that the customer is apt to be in the right. At any rate business has become much more conciliatory toward the dissatisfied or disgruntled customer and will do anything within reason to retain his good will and his patronage.

This is particularly true of newspapers which have such a close relationship with the reading and buying public. It is part of the new policy to be prompt in making adjustments and to take a distinctly friendly attitude in meeting the customer more than half way, in acknowledging errors, and in adjusting misunderstandings. This is equally true whether in dealing with the customer personally, or by telephone or mail. From something which irritated the customer and vexed the business office, the complaint has been turned into an opportunity to cultivate good will by repairing mistakes and improving the service.

**Credit Letters.** The average individual is most sensitive in the region of his purse. The credit manager therefore faces the task of reducing losses from bad credit risks to a minimum and, at the same time, of helping to keep sales at a maximum. His office is one that requires tact and good judgment. Where the credit rating of a prospect or a customer is doubtful, the credit manager must move warily, yet be on the alert. He must be able to make inquiries without arousing suspicion or giving offense. Where the need is plain he must be able to say "No" firmly and yet without harvesting ill will. Correspondence incident to the work of the credit department calls for skillful handling.

**Collection Letters.** Newspapers will generally have more occasion to use collection letters than those relating to credit. Their recipients range from the subscriber who is in arrears to the classified advertising user who has neglected to pay his bill and, less frequently, to the display advertiser. Here again the problem is to bring about collection of the account without antagonizing the debtor except as a last resort. Collection policies must be neither too lax nor too strict.

It is the general practice with newspaper collection letters as with others to arrange them in series, graded according to time and tone. Such correspondence with a delinquent begins with a mild tone. If this does not produce the desired results, subsequent letters or notices are couched in firmer language. If these prove ineffective, a stronger attitude is adopted. If all ordinary pleas fail and the account is important enough, it can then be turned over to a collection agency or finally to an attorney for legal action. Psychologically, the play in all this correspondence ranges from appeals to the customer's pride and his sense of fairness to fear and the threat of legal action. Ordinarily the first dunning letter will not be sent earlier than 30 days after the first statement has been rendered. Others may follow at intervals of two weeks to a month. A newspaper should adopt a collection policy that is flexible enough to deal individually with special cases.

Resort should be had to forcible collection only in extreme cases. In all others the newspaper can afford to be reasonably patient and to keep its statements and letters courteous. Most customers are fundamentally honest, and, like any other business, the newspaper reaps good will when it effects its collections by persuasion rather than by recourse to strong-arm methods. It can often avoid any need for extreme measures by having its collection policies well known and understood in advance.

**Form Letters.** Experience will suggest certain kinds of form letters that will be useful in the newspaper business office. For some purposes return or single postcards can also be used. This applies particularly to certain kinds of routine correspondence which falls into more or less definite patterns. Acknowledgments of subscriptions and replies to some inquiries or minor complaints can be handled in this manner. For some purposes, complete form letters will suffice, and for others certain key paragraphs can be pieced together to form the desired letter. In any event, the letter should be kept as personal as possible. It is especially desirable to avoid being baldly commercial or to use cheap or slovenly forms or those which are too obviously patchwork.

**Office Correspondence.** The length to which record keeping is carried will depend to a large extent upon the size of the office and the volume of its business. For the sake of safety and protection,

it is often necessary to have intra-office communications in writing. These serve as insurance against errors and help to fix responsibility. They can be handled as memoranda or as forms which can be checked. In some instances these will be filed along with other records and correspondence.

**The Law and Letters.** Whether they pertain to business or not, letters are more than pieces of paper containing messages. A letter accepting a proposal involving a consideration embodies a contract which is just as legal as though a formal document had been drawn to the same end. Under the law, too, a letter is the property of the person to whom it is addressed, but he is not entirely free to do with it as he pleases. For example, he may sell it, give it away, or destroy it, but he may not publish it without the consent of the writer. For one person to write a letter to another about a third person may involve libel, and in this respect a newspaper is no different from an individual. It behooves the newspaper to be especially careful as to how its officers or agents involve it legally. In extreme collection letters, for example, the newspaper must be on its guard to avoid anything which might be construed legally or technically as extortion or blackmail. Testimonial letters concerning the effectiveness of advertising or the merits of the publication are widely used by newspapers which, to be on safe ground, should obtain the consent of the writers before publishing such letters.

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## CHAPTER XXI

### TOMORROW'S NEWSPAPER

What of the newspaper of tomorrow? How will it differ from that of today? Will its objectives change? Will it enjoy less or more freedom, and how will this come about? Will it yield ground to the radio and to television, or will it continue to find ways to meet this competition? Will publishers learn to present a united front in matters of common interest? To what extent will the newspapers succeed in solving their common industrial problems?

These and many other questions will occur to the student of contemporary journalism. But unless one has the gift of prophecy or has more temerity than average, the answers are not readily apparent. And yet there are signs and portents that suggest the direction in which American journalism is moving.

Much of the general answer might be put in capsule form: it lies largely in men and in management. That is to say, to the degree that the answer to the personnel question is found, the right kind of direction is assured, the purposes of publishing are strengthened and improved, and some of the mechanical difficulties that now confront the industry are overcome, the jig-saw puzzle of problems will be solved.

**Man Power.** The business side of the newspaper needs trained personnel quite as much as the editorial departments. On smaller newspapers, the Jack-of-all trades is still in demand, but on larger publications the degree of specialization increases with the newspaper size. Even on smaller papers, however, rules of thumb and the long hard road of individual experience are being outmoded to some extent.

The business side of the newspaper is a compound of manufacturing (production), sales (advertising and circulation), and distribution (circulation). Each has its own problems and each shares the common problems of publishing. The manufacturing end now trains its own personnel through its system

of apprenticeship and through the fact that in the larger cities the closed shop insures a supply of skilled labor. But in sales and distribution a more or less hit-or-miss method of recruiting new blood is in use which is neither sound nor adequate.

Several symptoms may be cited of the unsoundness and inadequacy of this practice. One is the continual turnover in newspaper personnel which is wasteful and expensive. Another is the trial-and-error method by which recruits or replacements are obtained and started on their way to learn, often as best they can. A third is the narrowness of such an apprenticeship.

Trained selling and scientific distribution will be as necessary to the production of tomorrow's newspaper as the practice of sound technical and engineering principles. For the time being mechanical and technical improvements have outrun much of its personnel methods.

On the newspaper of tomorrow the advertising staff will know much more of the economics of advertising, the principles and psychology of selling, the theory of distribution, and the proper servicing of advertising. It will also have some first-hand appreciation of the work and problems of other departments, especially circulation. Similarly, the circulation personnel will have more definite training not only in the theory and principles of sales, distribution, and transportation but it will have a better working knowledge of the tasks of the editorial, news, and mechanical departments. Promotion, too, will come into its own as a sort of catalyzer for the entire newspaper.

There are two possible sources for this more highly trained and better rounded personnel of the newspaper of tomorrow. One is within the industry itself and the other in the colleges of commerce and business administration and the schools of journalism. It might be neither possible nor desirable for the publishing industry to set up an apprentice system such as the crafts do in the mechanical departments or as the American Newspaper Guild proposes for the reportorial staff. It is within the power of the industry, however, to provide for progressive training of personnel as some of the banks and insurance companies do, for example, with their workers. This could be done by making available to new employees in lecture or book form the best of the knowledge and experience gained by others and by requiring them to utilize it. The newspaper might also set up certain

standards for employment and promotion and, instead of confining the employee to one groove, shift him around enough, at least at the beginning, to give him some first-hand acquaintance with other phases of the business.

One valid criticism of the schools of journalism is that they do not give enough attention to the business side of publishing. Too much of the emphasis there is on the editorial functions. Part of this is due to oversight and part to lack of demand since the great majority of students are interested mainly in writing or editing and only incidentally in business subjects. If enough publishers were interested to the point of indicating and insisting upon the kind of newspaper business training that is needed, much of this deficiency could be quickly remedied.

In the future, the schools of journalism not only will have to expand their courses dealing with the business and industrial aspects of publishing but they will have to see to it that their students appreciate and take advantage of them. As a result, they will turn out more and better equipped graduates for enlistment on the business side. They will also render assistance by extension work of one kind or another.

**Management.** The first fruit of better personnel for tomorrow's newspaper will be better management. It is significant that some of the most important newspapers are already recruiting their executive personnel for 20 years from now. The employees in the ranks may not know it, but they are being watched for signs of growth, vision, capacity for work, and executive ability. In one such organization, in particular, the emphasis is upon young blood but while the publishers want the fire, ability, and enthusiasm of youth now, they also want leadership for tomorrow. The kind of leadership they are insisting upon for the management of the properties, moreover, must have a background of experience in various publishing departments.

Too often the youth just breaking into the business has an eye only for a job and nothing more. If he shows average ability, he hangs on and achieves minor promotions and small increases in pay. But if he aspires to become an executive he must take a long range view and try to shape his career accordingly.

Quite aside from the personal angle, newspaper management itself will be different tomorrow. It will be more exacting, and it will tend to become somewhat more uniform as a result of the

application of tested ideas and principles. The newspaper of tomorrow will be more of a unit than that of today. The old practice of operating the various activities of the publication in separate compartments, as it were, is outmoded now. The newspaper of the future will call more than ever for teamwork and for the close cooperation and interlocking of all departments.

As a result of this greater cohesiveness and other improvements made possible by better management, there will be less waste and less lost motion. The acceptance of sound methods of accounting and, in particular, of the control of costs will be universal. The same will be true of proper budgeting. Both advertising and circulation rates will be put on a sounder and more equitable basis.

The publisher of tomorrow will be a business executive rather than an editor, and his task will be industrial rather than professional in that sense. This will be inevitable from the very nature of the newspaper business. But the publisher of tomorrow will need an all-round background. Publishing as a whole will be a problem of sound management more than anything else.

**Motives.** The soundness and breadth of that management, in turn, will hinge to a large degree upon the motives that actuate it. Granted a good market for a publication and given a management that is based on wise business principles and sound public policies, no publisher need be concerned over the future.

The profit motive can never be removed from the publishing industry in America unless the entire political and economic complexion is changed and this is not likely. Profits are necessary, for one thing, as a matter of self-preservation. Further, there is nothing inherently wrong in making a reasonable profit in the newspaper or any other legitimate business. On this score little fear is warranted not only because of the conscience of the newspaper but because for the most part profits from the newspaper business have been very modest by contrast with those from many other lines of endeavor. For another thing, the increasing tendency toward higher taxes will be an additional deterrent.

Renewed fear has been expressed over the possible invasion or restriction of freedom of the press in America. To some degree this fear has been warranted but to a considerable extent it has not. The newspaper of tomorrow must continue to be jealous

of its integrity and its independence, both without and within the industry.

Newspapers will adopt still higher business standards. They will bar their advertising space to any advertiser who is open to the least doubt or suspicion. They will not tolerate any interference or attempts at dictation on the part of advertisers or other outside business influences.

The service motive will play a larger part in the newspaper of the future: better service to readers and better service to advertisers. This is not only a matter of higher standards but of good business. The newspaper will see to it that the advertising is more truthful and that the advertiser stands back of his advertisement. It will also give more assistance to the advertiser by helping to protect him from unscrupulous competitors and by aiding him to get the maximum benefit from the space he buys through more scientific research and analysis of markets and circulation. By improving its own quality and strengthening its circulation, it will give the advertiser more for his money and enable him to benefit accordingly.

**Methods.** The newspaper of the future will follow somewhat different methods from those now in use. These will be the result partly of mechanical improvements and partly of changes in policy. Newspapers will be somewhat different in makeup, in contents, and, perhaps, in size, with more emphasis on quality and less on bulk. Circulation will come in for re-appraisal on a more rigid basis than is now used. Advertising will be presented more effectively and more attractively, and the newspaper will assume more responsibility for its results. This last was suggested by Gilbert P. Farrar, of American Type Founders, in the address previously referred to:<sup>1</sup>

The newspaper of the future will take a leaf from the book of magazine publishers—the leaf which shows the amount of effort being put into helping an advertiser write the newest copy, use the latest types in the most modern layouts, and be more concerned about the success of the advertising than the amount. . . .

**Money.** One justification for the profit motive in the newspaper industry is to enable the newspaper to be independent financially. This does not mean profits so much as it does

<sup>1</sup> Cf. *supra* p. 396.



strength to resist any storm that may beat upon it. The day when a newspaper can be started on a shoestring is past, probably never to return. The day when a newspaper could be operated with a hatful of type and an antique press is gone forever, too.

Tomorrow's newspaper, then, will require a larger investment of capital, larger funds for operation and stronger reserves to meet any emergency. This can be achieved only by sound financing and wise management. This, in turn, will call for husbanding its resources, for ploughing much of the profits back into the business, and for the steady accumulation of necessary reserves.

Probably the newspaper of tomorrow will continue to be a closed corporation with ownership in the hands of a few. There are successful examples, of course, of employee ownership and control. But neither this type of management nor one in which the common stock is made available to the public as in the case of other industries is likely to spread within the newspaper industry.

As a result of improved financial resources the newspaper of tomorrow will take better care of its personnel. By reason of their greater fitness as well as by its greater capacity to pay, salaries and wages will be improved along with better working conditions. There will also be greater security for competent employees.

**Machinery.** It is doubtless in the field of machinery and equipment that the greatest and most rapid changes will take place. This trend has been evident for some years, and one has only to consider the improvement in typesetting machinery, in presses, in stereotyping, in newsprint, in engraving, and in wire-photo—to name only a few of the more obvious—to realize what a revolution a few years can bring. It takes no prophet to predict that tomorrow's newspaper will be better printed and better illustrated and that it will reach the consumer more quickly and over a wider territory than that of today. Better typesetting, more legible type faces, improved presswork and engraving, and a vastly better system of highways and transportation will combine to these ends.

The newspaper of tomorrow will have to meet some competition from the radio and from television, but it will not succumb to them. Each will continue to serve a useful function, and this will be possible without vital injury to the other. The

radio and television will always have the advantage of speed, but they can never match the newspaper in respect to completeness, variety, or concreteness, to name only three elements of newspaper superiority. More and more newspapers, too, will have a working arrangement with the radio which will make of it an ally rather than a competitor.

By the same token, the giveaway publication or shoppers' guide will not be a serious rival to tomorrow's newspaper. Unless conditions change radically the signs are all against it. If the shopping guide survives at all, it will be in only a few cities where special conditions make this possible. It is lacking in too many vital elements to stand in the path of the newspaper.

Since the newspaper business as it is now conducted is a survival of the fittest, the newspaper of tomorrow will be a better product in order to hold and to serve its readers. To this end, it will have the benefit of wise management. It will continue to be dedicated to public service for on no other basis can it retain public confidence. It will improve its methods and its standards of doing business. It will join hands with other newspapers in the common cause. It will maintain its independence and integrity, and it will resist every effort to encroach upon or to restrict them in any way. No other course is possible if the newspaper is to continue as a quasi-public institution. Anything less than this is unthinkable. The future of American journalism lies squarely in the hands of those who are called upon to manage it.

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## GLOSSARY OF TERMS

- A.B.C. Circulation.** Circulation as defined by the Audit Bureau of Circulations.
- Advertisement.** A paid public notice as in newspapers or magazines regarding goods, services, or other matters.
- Advertisers' Alterations.** Changes in advertising copy made by the advertiser after it is in type.
- Advertising Agency.** An agency for the planning, preparation, and placing of advertising.
- Advertising Censorship.** Control of advertising through rules, regulations, or laws.
- Advertising Promotion.** That form of promotion designed or used to encourage or cultivate the growth of advertising or confidence in advertising.
- Advertising Sheet.** A publication primarily for advertising purposes (see chapter on Postal Regulations).
- Agate.** Five and one-half-point type; the standard unit for the measurement of advertising space, roughly 14 lines per inch.
- A.N.C.A.M.** Association of Newspaper Classified Advertising Managers.
- A.N.P.A.** American Newspaper Publishers Association, national organization of daily newspaper publishers.
- Audit Bureau of Circulations.** Cooperative organization of advertisers, publishers, and advertising agencies to improve circulation standards and verify the circulation figures of member publications.
- Back Number.** An old issue of a publication (see A.B.C. and Postal Regulations).
- Bank.** A table in the composing room on which matter in galleys is placed.
- Base.** The foundation on which cuts or plate matter are laid to make them type high.
- Ben Day.** A process invented by Benjamin Day, founder of the *New York Sun*, by which line or dot shadings are given to illustrations. These shadings are available in various forms known as Ben Day patterns.
- Bleed Page.** A page whose contents, whether illustration or text, run to one or more edges, leaving no margin.
- Body Type.** The size of type used in straight composition in contrast with display type used in headlines and advertisements.
- Bootjack.** A street seller of newspapers with no fixed station.
- Border.** The rule or other typographical material around an advertisement.
- Bulk Circulation.** Gross circulation without reference to class or quality; also, circulation sold in bulk.

- Carrier.** One who carries newspapers on a route, usually a boy.
- Carrier Promotion.** Circulation promotion built around the carrier.
- Center Spread.** An advertisement spread over the two center pages of a publication.
- Chain.** A group of two or more newspapers under the same ownership or management.
- Chain Newspaper.** One of a group of newspapers under the same ownership or management.
- Chargeable Time.** In cost finding, the actual time that can be charged to a given operation or job.
- Circulation.** The distribution of a newspaper or other publication.
- Circulation Promotion.** Promotional effort directed toward the holding or building up of circulation.
- Classifications.** The different classes or subdivisions of "want" advertising.
- Classified Advertisement.** One published in the classified or "want" section.
- Clubbing.** Subscriptions obtained by offering two or more noncompeting publications in combination at a reduced rate (see A.B.C. rules and Postal Regulations).
- Color Advertising.** Advertising printed in one or more colors other than black.
- Column.** One of the vertical sections into which a page is divided by column rules.
- Column Inch.** Advertising space one column wide and 1 inch deep.
- Column Rule.** A thin rule of brass or type metal used to separate or define the columns of a page.
- Combination Rate.** In advertising, a preferential rate offered to an advertiser who signs a contract for space in two publications under the same management, as for example, daily and Sunday, or morning and afternoon; in circulation, a rate offered to a subscriber who agrees to take two or more publications at less than their combined regular price.
- Complaint.** In circulation, a report made against a carrier by a subscriber.
- Composing Room.** That part of the mechanical department of a newspaper where copy is set in type, proof is read, and forms are made up.
- Composition.** The setting or arrangement of matter in type.
- Copy.** Editorial or advertising matter sent to the composing room to be set in type.
- Copy Cutting.** In the composing room, the process of cutting the copy for the different operations—small "takes" or pieces of the text going to the machines, and the headlines, if hand set, to other compositors.
- Copy Price.** The price for a single copy of the publication.
- Copy Wait.** Delays in the composing room caused by a lack of copy, thus retarding production and increasing the production cost.
- Cost.** In publishing, the expense of producing a periodical in terms of material, labor, and overhead.
- Country Circulation.** That portion of the circulation outside of the city handled through deliverymen, agents, and carriers.



- Coverage.** In circulation, the extent of territory covered by a publication usually in terms of the proportion of population who are readers.
- Cut.** An engraving, electrotype, or stereotype used for illustration.
- Delinquent.** In circulation, a subscriber who is in arrears.
- Display Classified.** Classified advertising in larger type than the rest, sometimes illustrated, as for example, used automobiles, real estate, and personal finance.
- Display Advertising.** An advertisement in relatively large type, usually with headlines, border, signature, and illustrations.
- Double Truck.** In advertising, two facing pages used by the same advertiser.
- Draw.** In circulation, the number of papers of a given edition issued to an agent, district station, individual carrier, or salesman.
- Drossing.** The process of skimming the dross from molten type metal.
- Dual Management.** That form of newspaper organization in which managerial responsibility is shared by the editor and business manager.
- Duplicating Circulation.** That type of circulation in which more than one copy of the paper goes into the same family on a given day.
- Electrotype.** A cut in plate form produced by the electrolytic process. General advertising frequently comes in this form.
- Em.** Technically, the square of the body of a type; in practice also, the 12-point or pica em which is standard in measuring a column and for other purposes of measurement.
- Entry Fee.** The amount required by the government for admission of a publication to second-class entry (see Postal Regulations).
- Font.** A complete assortment of all the characters and letters in one kind and size of type.
- Form.** Typographical materials made ready for printing by fitting and locking them into a metal frame or chase.
- Forced Circulation.** Circulation built or maintained by artificial means as opposed to natural circulation.
- Format.** The size, shape, and general getup or scheme of a page, section, or book.
- Foundry Type.** Type purchased from or supplied by a type foundry as against that which the newspaper makes for itself.
- Fraudulent Advertising.** Advertising through which money is obtained from the public under false pretenses (see Postal Regulations).
- Fraudulent Matter.** Similar to fraudulent advertising.
- Free County Matter.** Second-class matter carried free in the county of publication under certain conditions (see Postal Regulations).
- Free Paper.** A publication given away or sold at a nominal price (see A.B.C. rules and Postal Regulations).
- General Advertising.** Display advertising not usually local in origin, formerly called national or foreign advertising in contrast with retail advertising.

**Giveaway.** A free paper, distributed without charge for the sake of the advertising it contains.

**Good-will Promotion.** That type of promotion designed to create good will for a publication or to increase its good will.

**Government Statement.** Sworn annual statement required by the government of all publications as to ownership, and, in the case of daily newspapers, the average net paid circulation for the preceding 12 months (see Postal Regulations).

**Gross Circulation.** The total number of copies issued on a given day.

**Guaranteed Advertising.** Advertising guaranteed by the advertiser or, in rare cases, by the newspaper.

**Guaranteed Results.** In classified advertising, a plan whereby the newspaper guarantees the user of space results from the advertising.

**Half Tone.** A cut or printing plate made by photochemical processes in which the resulting illustration is made up of fine dots.

**Heinz Pyramid.** A new style of advertising display begun by the Heinz Co. in which the entire advertisement was made up of separate units arranged in the form of a pyramid.

**Illegal Supplement.** A supplement to a periodical which is contrary to the government regulations (see Postal Regulations).

**Inch.** In newspapers or magazines, the column inch of advertising.

**Indicia.** Certain identifying information required by the government of publications admitted to second-class entry (see Postal Regulations).

**Inland Daily Press Association.** Cooperative organization of inland dailies.

**Institutional Promotion.** Somewhat similar to good-will promotion in that it is usually general in scope and designed to call attention to the advertiser in general terms.

**International Circulation Managers' Association.** Cooperative association of circulation executives, mainly in the United States and Canada.

**Intertype.** A widely used machine for setting type.

**Job Shop.** A shop in which commercial printing is done.

**Job Work.** Commercial printing.

**Joint Promotion.** Promotion undertaken jointly by or in the interests of more than one publication.

**Junior Merchant Plan.** The circulation plan whereby boys are recruited and trained for the task of selling and carrying papers.

**Kill.** Typographical matter thrown away owing to a change in plans or orders.

**Layout.** In typography, the plan or arrangement of text, headlines, and illustrations; or of illustrations only.

**Legal Advertising.** Notices or reports required of, or permitted by, law on the part of public officials, agencies, or political subdivisions, and in some cases by individuals and corporations.

- Legitimate List of Subscribers.** List of subscribers as defined by the Postal Regulations and the Audit Bureau of Circulations.
- Linage.** The amount of advertising carried by a publication in terms of the number of agate lines.
- Line.** Same as agate line; the unit of advertising measurement.
- Line Engraving.** An engraving consisting of lines as against a half tone which is made up of series of dots; the former gives a black and white effect while the latter is more or less shaded.
- Line Rate.** The rate per line charged for advertising. Also used in classified advertising in contrast to the word rate.
- Linotype.** The basic typesetting machine invented by Mergenthaler.
- Little Merchant Plan.** Same as Junior Merchant Plan in which trained boys are the key to the circulation program of a newspaper.
- Local Advertising.** Same as retail advertising, usually that from local retail advertisers.
- Ludlow.** A typesetting machine used in display composition.
- Machine Composition.** Matter set by machine.
- Machine Wait.** The time a machine is idle.
- Mail Circulation.** That portion of the circulation distributed through the mails.
- Matrix.** In typesetting, the brass mold from which type is cast; in stereotyping, the papier mâché "mat" or flong pressed over the form to make the mold from which the page is cast.
- Merchandise Circulation.** That portion of the circulation which will produce returns for the advertiser.
- Merchandising Service.** Assistance given by the newspaper to the advertiser to help him make the most of the advertising.
- Milline Rate.** The advertising rate of any publication in terms of 1,000,000 circulation.
- Misleading Advertising.** Goods or services misrepresented to the public through the medium of advertising; prohibited by law in many states.
- Monotype.** Typesetting machine which casts one character at a time; also used to cast sorts or single display letters or other typographical material.
- Mortise.** A portion of an electrotype or engraving cut out to admit type.
- National Advertising.** Now usually called general advertising; applies to advertising which is general rather than local in nature and which usually originates outside the city of publication.
- Natural Circulation.** That circulation which a publication will normally get in its trade area in terms of population, purchasing power, literacy, competition, and its own policies, without resorting to high-pressure methods.
- Net Circulation.** The net paid circulation after deducting office, advertiser, exchange, file, return, and other unsold copies (see A.B.C. rules).
- Newspaper.** A periodical publication of general circulation issued once a week or oftener with the emphasis on its news and editorial contents but which is made economically possible by the advertising it carries.

- Newsprint.** The paper stock from which newspapers are printed.
- Next-to-reading Matter.** Advertising sold with the agreement that it will be given a position adjoining editorial matter.
- National Newspaper Promotion Association.** Organization of newspaper promotion executives.
- Newspaper Advertising Executives Association.** National organization of newspaper display advertising heads.
- Nonchargeable Time.** Labor which cannot be charged directly to a particular job or piece of work.
- Nonmailable Matter.** Matter barred from the mails (see Postal Regulations).
- Nonproductive Time.** Labor which must be accounted for but which did not contribute directly to production.
- Numerical Circulation.** The total circulation without reference to its quality, distribution, or classification.
- Obscene Matter.** Matter barred from the mails on grounds of obscenity (see Postal Regulations).
- Office Collect System.** Plan of newspaper distribution in which carriers are paid a flat rate and collections are made by the office instead of by the carrier.
- Official Newspaper.** A newspaper designated under the law by responsible public officials to carry legal advertising for a given political subdivision.
- Offset Printing.** Printing in which the impression is made indirectly by transference instead of directly from type or stereotyped plate.
- Overset.** Matter which is set but not used, thus increasing production costs.
- Paid Reading Matter.** Advertising set in the form of an ordinary reading notice which, under the law, must be identified as "Advertisement."
- Periodical.** A publication of general circulation appearing at stated intervals but usually less frequently than a newspaper.
- Plate Matter.** Typographical matter which comes in plate form.
- Position Advertising.** Advertisements given a preferential position either as to page or on a given page for which an extra charge is made.
- Preferential Rate.** A special or reduced rate offered to retail advertisers, usually to those who sign contracts calling for frequent insertions or the use of a large volume of space.
- Premium.** Merchandise or other matter offered or given as an added inducement to subscribers (see A.B.C. rules).
- Productive Time.** Labor expended in actual production.
- Promotion.** The use of various methods to promote or encourage interest in a publication, to increase its prestige and good will, or to swell its advertising and circulation.
- Publicity.** Propaganda in behalf of an individual, agency, enterprise, or institution, much of it advertising in disguise.
- Pyramid.** Form of advertising makeup in which the base of the pyramid is usually the diagonal from the lower left to the upper right-hand corner

of the page and in which the largest advertisements are placed at the apex in the lower right-hand corner.

- Quality Circulation.** That type of circulation which represents intelligence, a high degree of literacy, and, in particular, high purchasing power.
- Rate.** Cost per line of advertising space in a publication, or the cost per week, month, or year of a subscription.
- "Reader."** A small advertisement usually set like other reading matter and appearing in the news columns.
- Reader Promotion.** That form of promotion aimed at the reader to hold his good will and to stimulate his interest in the publication.
- Reprint.** Under the Postal Regulations, a copy of a publication printed more than a week after it was originally issued.
- Research.** Investigation into the reading and buying habits of readers, or economic and social analysis of the trade area on which the newspaper subsists, with a view to impressing readers and advertisers.
- Retail Advertising.** Formerly local advertising; that form of display advertising, almost wholly local in character, derived from department stores and other purely local advertisers.
- Returns.** Copies of the paper which are returned unsold to the office by dealers, agents, carriers, and substations.
- R.O.P.** Run of the paper, advertising which can be placed anywhere without reference to special position.
- Route.** A group of subscribers served by a single carrier, or the territory covered by automobile by a route man serving an outlying district.
- Rule.** A thin strip of metal, type high, which is used to line a paper.
- Sample Copy.** A free copy issued for a limited time to a prospective subscriber (see A.B.C. rules and Postal Regulations).
- Shell Cast.** A thin engraving or stereotyping cast placed on a metal or wooden base.
- Show Through.** Where printing on the opposite side of the page shows through.
- Signature.** The name plate of an advertiser.
- Sliding Scale.** An advertising rate which rises as the amount of space drops and diminishes as the amount of space increases.
- Smut.** The offset that occurs beyond the printing cylinders.
- Specimen Book.** A pamphlet showing the varieties of type faces, borders, Ben Day patterns, and other typographical facilities afforded by a newspaper.
- Square.** Originally the number of lines in an advertisement one column wide and approximately square in shape.
- Start.** In circulation, a new subscriber added to a route or mailing list.
- Stereotype.** A cast or form produced by stereotyping.
- Stop.** In circulation, a subscriber who stops the paper.
- Strike Through.** A condition which indicates excessive penetration of ink.

**Swatch Advertising.** Advertising to which is pasted samples of goods or materials advertised, such as shirting or curtain material.

**Tabloid.** Literally a publication of reduced size; generally taken, however, to mean one given to lurid typography and sensational editorial policies.

**Tear Sheet.** A page torn from a publication and sent to an advertiser whose advertisement appears therein in proof of its insertion.

**Truline.** The advertising rate in terms of effective circulation from the standpoint of producing results for the advertiser.

**Transient Publication.** One which lacks permanency (see Postal Regulations).

**Type High.** As high as the face of the type, *i.e.*, 0.918 inches high.

**Want Advertising.** Same as classified advertising, as distinguished from display advertising.

**Waste Circulation.** Circulation which produces no results for the advertiser and little or none for the publication.

**White Space.** Space the newspaper sells to the advertiser.

**Word Rate.** The plan by which classified advertising is sold at so much per word.

**Zinc Half Tone.** A printing plate etched from zinc.

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