

## Background

The idea of establishing networks came about to hold down production and programming costs by making a program available to several different broadcasting facilities. In the early days of radio when live entertainment was a huge expense the tying together, via a live network, several stations who could share the costs was a necessity. Nearly every station belong to a network then, just as nearly every television station now is a network affiliate.

Further, the advertiser quickly found networks as a good means of promoting nationally-marketed products. Besides the fact that a huge audience was reached, administrative costs in handling the advertising was greatly reduced.

However, during the last decade and a half the national radio network has diminished in its appeal. Radio stations which no longer carry a great deal of live entertainment programming, used the national networks only for national news, and are more-and-more using regional networks as a supplement to their programming. Radio is finding its own again after being pushed out of the media spotlight by television in the 50's. Radio didn't die, as some predicted. Instead its entire flavor changed. Retaining its primary attribute as a "personal medium," radio began to do just that with music and information aimed at one person -- the listener. Different kinds of stations became popular, some featuring programming for the businessman, radio for the younger set, morning programs for the housewife. Some stations began reaching all of these, at different times of the day.

While the regional network is nothing new to broadcasting, it has seen considerable growth in the last decade. Further, the regionalization of interests on behalf of the listener and the advertiser has made the establishment of such regional networks financially successful.

Regional networks have been carrying baseball games and other sporting events to those areas where fans lived and there was great interest. And there are other examples.

Regional news and farm networks have been especially lucrative. The growing farm economy required quick dissemination of farm information. Much of this information is a necessity to the agribusinessman.

Further, the advertiser wanting to market his good -- machinery, seeds, services, fertilizer, feed, chemicals -- looks for the way he can get the greatest number of farmers and ranchers to hear his message at the lowest possible cost. The regional farm network is the answer.

Now in Missouri only five stations have full-time farm directors: KFEQ, St. Joseph; KHMO, Hannibal; KWTO, Springfield; KLIK, Jefferson City; and KCMO, Kansas City. Even though these are primarily urban stations they are the only ones which can afford the expense of a farm department. Advertisers wanting farm programming are forced to purchase time on these stations at a huge price and still get a largely-urban audience.

If the advertiser decided to purchase time on (a) sufficient number of local stations to cover most of the farm audience and (was) able to find programming on each station that appealed to the farmer-rancher (say a weathercast), his costs again would be high. He could elect to buy

only a handful, say seven semi-rural stations and keep his costs down. However, he then has the additional expense of providing copy for the advertisements, securing affidavits-of-performance and paying each station. Judd Wyatt, advertising director of the M.F.A Insurance Companies, says his firm has one full-time employee who does nothing but handle radio station advertising paperwork. Not, on the following page, the advertising costs of 40 selected radio stations in Missouri.

Under the Missouri Network Plan, and advertiser could purchase time on the network for around \$2.00 per commercial minute per station, considerably below the per-minute cost were he purchasing the stations individually. He would cut administrative costs considerably in that he would have only one order, one affidavit-of-performance, one rate, and one check. But most important, he would be reaching a clear majority of the farm audience when the farmer-rancher was listening. His cost-per-thousand would be much lower.

A survey of selected radio station managers shows much interest in the establishment of such a network. These survey forms are listed in the appendix.

Such a network service does not preclude, certainly, the possibility of providing the service to urban areas. In fact, studies show that urban listeners have some interest in rural programming, particularly consumer-oriented information. WGN, Chicago, for example, programs more than 80 minutes of farm programming per day -- during prime radio time -- and remains the top station in that 54-station market.

*Source: The original business proposal for Missouri Network, Incorporated (October, 1972)*