NBC

America's Network

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28. Baker, "Agenda for Discussion."
29. Sidney Eiges, comments in "The National Broadcasting Company and the Negro National Community: A Roundtable."
30. Stockton Helffrich to Jack Hein, February 3, 1950.
31. The script by playwright Eugene O'Neill is written in stereotyped black vernacular, replete with multiple references to "niggers."
32. Joseph Baker to William F. Brooks, November 24, 1950, NBC/WHS.
33. William Brooks, "Interracial Relations," NBC internal document, January 16, 1951, NBC/WHS.
34. Ibid.
35. "Webs Brush off Talmadge Beef on Negro Talent," *Variety*, January 9, 1952.
36. Ben Warfield to NBC, January 1952.
37. Stockton Helffrich to Anita Barnard, January 30, 1952, NBC/WHS.
38. Stockton Helffrich to Charles Barry, November 12, 1951, NBC/WHS.
39. "NBC's 'Talent Has No Color' Projects," *Variety*, March 18, 1953, 1. NBC's curious evaluating system for black performances counted the number of blacks on air at any given moment. Thus, if the Duke Ellington Orchestra, with twenty-six members, appeared on radio seventeen times, as they did in 1952, the network claimed 442 blacks on the air. The cynical view invites speculation that if the network booked more frequent choir or orchestra appearances they could therefore quickly improve their figures.
40. Ibid., 3.
41. "Jackie Robinson to Direct New Community Project," *NBC Chimes*, January 1953, 10.
42. Alvin Webb, "Footlights and Sidelights," New York Amsterdam News, July 18, 1953, 24.
43. "Negro Acts Appeal to Webs for 'Plums for Crumbs,'" *Variety*, January 28, 1953, 1.
44. Alvin Webb, "Militant Action Urged in TV Fight," New York Amsterdam News, August 8, 1953.
45. Joseph Baker to Sylvester Weaver, July 13, 1954, and Joseph Baker to Sidney Eiges, July 13, 1954, both in NBC/WHS.

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NBC, J. Walter Thompson, and the Struggle for Control of Television Programming, 1946–58

MIKE MASHON

Television is a profit-maximizing set of entities, an industry whose success is largely measured by its ability to deliver viewers to advertisers. This puts the sponsor at the center of program strategies. Thus we must acknowledge the complex relationship between networks and advertisers, two industries whose differing responsibilities and sometimes conflicting needs produce the programming. Never was that set of determinants more in flux than in the period between 1946 and 1958. Among the many changes within the television industry during this time, none was more dramatic, or had more lasting consequences, than the transition in sponsorship trends. In 1946 television inherited an industrial structure from radio that relied on advertiser-produced programming; by 1958 sponsors were buying commercial spots on shows owned or licensed by the networks.

At the center of this evolution were two businesses—the National Broadcasting Company and the J. Walter Thompson advertising agency—whose histories are inextricably entwined. Their corporate behavior, within the broadcasting industry as well as toward each other, reflects the enormous changes that took place in television during the period. In particular, their early collaboration on two programs, *Hour Glass* and the *Kraft Television Theatre (KTT)*, illustrates the problems inherent in the shifting relationship between sponsors and networks that would eventually lead to the end of the sponsor-dominated system of broadcast production that had prevailed in radio since the 1930s.

Early Developments in Television

Both NBC and CBS devoted much effort and expense to their experiments with television during the 1930s, especially NBC, since it served as a laboratory for parent company RCA's manufacturing work. Several advertising agencies also began preparing for the new era, especially Thompson, where the Radio Department assumed responsibility for the company's ventures in television. The plans for NBC-TV proceeded along two tracks: creation of the network, including five owned-and-operated (O&O) stations in New York, Washington, D.C., Chicago, Cleveland, and Los Angeles, and improvements in the amount and quality of network programming.

NBC executives initially envisioned that network production would be locally based: that is, programs would originate from the affiliate station and be sent to other stations in the chain, but they would be sponsored by a different local advertiser in each city. The fear was that no one sponsor would be willing to pay for the entire network, at least until television production techniques and costs had stabilized. However, by early 1946 several internal studies indicated that local advertisers were unwilling to support high-cost programming, so landing national advertisers was made a top priority. Further, concentration of production in New York, Chicago, and Los Angeles—the three principal entertainment centers in the United States, and also, not coincidentally, the locus of advertising agency power—made network, not local, production more economically feasible.[1]

The point of producing programs was, of course, to make the network an attractive buy for national advertisers. However, most large companies were apprehensive about television. The unknown costs of the new medium constituted the greatest element of uncertainty. Television was considered a risky and potentially unprofitable investment until its saturation level increased. With the bare bones of a network on the East Coast and individual stations operating in Chicago and Los Angeles, the medium was available only to a fraction of the nation, with the number of actual viewers being an even smaller percentage.[2]

NBC was compelled to use loss leader tactics as a way of overcoming advertiser reluctance to enter unfamiliar territory. The network hoped to offer complete in-house packages (programs put together by the network itself and sold to advertisers) priced at 15 percent below cost and, for those sponsors who furnished their own shows, deep reductions in both time and facilities charges. Despite the blandishments of discounts and time franchises (a classic "get in on the ground floor" appeal), in 1947—the year that WNBT in New York went to seven-days-a-week programming—there were only fourteen advertisers on the network, sponsoring less than half of NBC's total television broadcast hours. Still, the network was obliged to provide a substantial program service in order to promote the buying of TV sets and, in turn, to attract paying customers, even if that meant the majority of the schedule would initially be unsponsored.[3]

Placing a show on the schedule was a cumbersome process, whether the show was an in-house or outside package. No single individual was responsible for overseeing shows brought to the network by potential sponsors, advertising agencies, or independent producers. The result was chaos. NBC's Sales Department (whose bailiwick was ostensibly the sale of network time) occasionally mediated negotiations between advertisers looking for a program and producers or agencies seeking sponsors for their shows. If the groups reached agreement, the department considered its participation a success, and a segment of the schedule was filled. The Sales Department was not, however, concerned with the quality of programming provided by NBC, only with fitting together package, sponsor, and time slot. NBC executives feared there was no mechanism by which the network could keep truly awful shows off the schedule. To rectify this situation, program manager Ted Mills suggested appointing a program liaison "whose job is that of supplying NBC audiences with quality, the one person to whom program quality—and not the easiest, most available program—is the total emphasis. . . . We 'pioneers' should do everything we can to start television off at the highest level possible, and for my dough, the biggest threat to high standards is from the agencies in its early years."[4]

While it would take several months for NBC to act on Mills's recommendations for program quality control, his denigration of advertisers reflected a deep corporate skepticism about the ability of agencies to deliver distinctive programming. Few executives had ever seriously suggested that television would develop as anything other than a commercial medium, but there was considerable sentiment at NBC that program creation and execution would best be left to the network. However, the personnel demands and expense of television production made it impossible for any network to produce all its programming in house. Thus, as in radio, agencies assumed a major role in the initial evolution of the television schedule.

Hour Glass

J. Walter Thompson, however, never vacillated over the new medium. Thompson's first postwar moves into television were modest: purchasing "time signals" (ten-second spots giving the current time) for Elgin and placing travelogues for Pan Am on WNBT in 1945. Their first serious programming attempt came in May 1946 with *Hour Glass,* a variety show sponsored by Standard Brands for their Chase & Sanborn and Tenderleaf Tea lines.

Hour Glass is a seminal, almost completely forgotten program in early television, yet one whose production history exemplifies the issues faced by networks, sponsors, and agencies. It was Standard Brands advertising director Donovan B. Stetler who approached the agency about getting the company into television, mainly with the intent of establishing a time franchise. Sponsor and agency took several months to decide on the show's format, eventually choosing variety for two reasons: it allowed for the network and agency to experiment with other forms (comedy sketches, musical numbers, playlets, and the like); and Thompson and Standard Brands had previously collaborated on the successful radio variety show *Chase & Sanborn Hour.*[5]

The show represented a steep learning curve for Thompson, Standard Brands, and NBC. The lines of responsibility were not completely defined in these early years, and the nine-month run of *Hour Glass* was punctuated by frequent squabbling among the principals. Each show was assembled by seven Thompson employees, led by radio producers Edmund Rice and Harry Hermann. They worked as a tag team, each one putting together a show over two weeks in a frenzy of production. The first week would be spent writing the script and booking acts through Thompson's Talent Department. The script was finalized by week's end, when NBC would be informed of scenery needs. Monday was the first cast rehearsal at the agency offices, and the first camera run-through at WNBT's studios came on Wednesday. There would be one more rehearsal on Thursday afternoon before airtime at 8:00 p.m.[6]

The format of the show was familiar to *Chase & Sanborn Hour* listeners, which was precisely the way John Reber, the powerful head of all broadcast programming at Thompson, wanted it. In carrying over Thompson's radio strategy into television, Reber accentuated star power as the means of drawing the largest audience (Hilmes 1997). Various guests such as Bert Lahr and Jerry Colonna hosted the first several shows, but later the emcee spot was filled by actress Helen Parrish, who predates Milton Berle as television's first home-grown star. *Hour Glass* featured different performers every week, including Peggy Lee and—in one of the first examples of a top radio star appearing on network television—Edgar Bergen and Charlie McCarthy in November 1946. The program also showcased filmed segments produced by Thompson's Motion Picture Department; these ranged from ads to short travelogues. Every episode also included a ten-minute drama (usually adapted by Ed Rice), which proved to be one of the more popular portions of the show.[7]

Rice and Hermann made several alterations to the show (after receiving Reber's blessing): establishing Helen Parrish as the permanent hostess in order to maintain a sense of continuity, restricting the amount of time per act to keep the show moving at a brisk clip, and integrating pitches for Standard Brands products throughout the hour. The actual length of spots varied dramatically during the show's run. Initially the live commercials were more than three minutes long, while filmed spots were as long as five. After a few months viewer response (tabulated by the agency's Research Department) indicated that ads should be held to no more than two minutes.[8]

It must have been the curiosity factor that prompted some stars to appear on the show because they certainly were not paid much money. *Hour Glass* had a talent budget of only $350 a week, hardly more than scale for a handful of performers. Still, Standard Brands put an estimated $200,000 into the program's nine-month run, by far the largest amount ever devoted to a sponsored show at that time. Thompson paid all production staff salaries plus $150 an hour (about $1,200 a week) for rehearsal time at WNBT.[9]

Although Thompson and Standard Brands representatives occasionally disagreed on the quality of individual episodes, their association was placid compared to the constant sniping that was the hallmark of the agency's relationship with NBC. It started with Thompson objecting to the small studio space and escalated when the network insisted that an NBC director manage the show from live rehearsals through actual broadcast. From NBC's perspective it was a reasonable request; they were providing airtime and studio space at such a deep discount that they lost money on the show (the usual time charge for Studio 3-H was $750 an hour, $600 more than Thompson was billed), and they considered all agency personnel to be untutored in the expensive ways of television. The network was similarly displeased that Thompson refused to clear its commercials with NBC before airtime.[10]

Reber, characteristically, saw this as an unjustifiable encroachment on Thompson's responsibility to the client. He was especially incensed that neither Rice nor Hermann was allowed to transmit instructions directly to NBC personnel but rather had to ask the network director to relay information. Although much of NBC policy regarding studio work was based on regulations prohibiting nonunion personnel from supervising union members, Reber interpreted NBC's actions as a preemptive move for creative control of the show.[11]

In February 1947, Standard Brands canceled *Hour Glass*. They were pleased with the show's performance in terms of beverage sales and overall quality, but they were leery about continuing to pour money into a program that did not reach a large number of households (it is unclear if the show was broadcast anywhere other than NBC's interconnected stations in New York and Philadelphia). The strain between NBC and Thompson played a role as well. This struggle for control was apparently not an isolated example in the industry. Referring to the *Hour Glass* cancellation, an editorial in *Televiser* noted that "stations who have set sights on retaining studio control of programs are forcing a 'war of control' by the attitudes of working staff who reflect management, according to these same agency men. Many agency men have complained that they were told to go 'sit in the client's booth' while the station aired the sponsor's show." Still, *Hour Glass* did provide Thompson with a blueprint for the agency's most celebrated production, *Kraft Television Theatre*.[12]

Kraft Television Theatre

The hour-long *Kraft Television Theatre* drama on NBC proved to be one of the most durable and honored programs of the golden age, staying on the air until 1958. When Kraft executives approached their Thompson representatives in late 1946 about putting together a plan for television, John Reber and his colleagues, having achieved some measure of satisfaction with the playlet segment of *Hour Glass*, suggested a longer dramatic format. This dovetailed nicely with Kraft's overall marketing strategy in the late 1940s, which stressed the concept of "gracious living," an appeal to middle-class, suburban, family values. *KTT* was to feature quietly paced, intimate dramas; as one Kraft representative put it, the show would be a "respectful guest in America's living rooms."[13]

Kraft Television Theatre premiered on May 7, 1947, with a drama called "Double Door," starring John Baragrey and directed by NBC staff director Fred Coe. As had been standard practice in the radio era and would continue to be in television, Thompson rented studio space from NBC at the network's Rockefeller Center headquarters. Costwise, it was a modest production; the "time and talent" costs were only $3,000, of which $1,200 went for talent.[14]

The time charge involved not only the use of NBC's facilities but also the transmission charges for use of the coaxial lines that connected the six cities along the network. Although *KTT* quickly established itself as a critical favorite, in Kraft's estimation the show was only as useful as its ability to move product. In this it succeeded beyond everyone's greatest expectations. Sales of advertised products rose dramatically in television cities and, even more importantly, a poll conducted by *Television* magazine in November 1947 showed that *KTT* had the highest sponsor identification of any show on television.

Kraft and Thompson prided themselves on keeping costs at a minimum in the early years of *KTT.* The dramatic emphasis was on warm and engaging family fare ("realism with a modest moral," as one executive put it) solicited from young playwrights in New York; all performers were selected by Thompson's Casting Department. Although the show was almost entirely an agency product (Thompson employees Stanley Quinn and Maury Holland were the producer/directors, Ed Rice was the Kraft liaison), NBC took a great interest in the program's operation—too much, in fact, for John Reber's liking.[15] In the fall of 1947 NBC Television producer Fred Coe argued that the network should have more input into the editorial content of *KTT.* This proved to be a real sticking point for Reber, who strongly believed that the agency should control every aspect of a program in order to harmonize the entertainment and advertising segments. In Reber's mind, Thompson's allegiance was to Kraft's wishes, not those of NBC. Reber also insisted that agency employees be denied on-screen credit for their efforts, making exceptions only for stars, writers, and in some cases directors. In short, nothing was allowed that might detract from audience identification with the sponsor.

Coe and several NBC executives were unwilling to allow the agencies such latitude in programming decisions. NBC policy in early 1947 stated that the network would exercise exclusive control over all its televised productions; agency personnel could serve as creative liaisons, but whatever happened in the studio was the responsibility of the network. For Reber, this dictum was intolerable, for it essentially removed Thompson from the loop once the script was written. He had swallowed his reservations on *Hour Glass* by granting NBC control of physical production, but since *Kraft Television Theatre* represented a considerable investment for both the agency and sponsor, and since television was gaining national prominence, more was at stake for Thompson, and the agency's disagreement with NBC intensified. Coe was adamant, however, that all creative decisions made in the studio would rest with him, and he asked NBC president Niles Trammell to intercede with Thompson on his behalf.[16]

The stalemate turned out to be short-lived. In November 1947 NBC announced that it would allow agency directors and producers to directly supervise productions at network facilities and simultaneously increased the rates agencies paid for use of those facilities. It was a victory for Reber and other like-minded agency personnel, but NBC's capitulation was based less on pressure from Madison Avenue than on economic and creative concerns. Several NBC executives argued strongly that it was

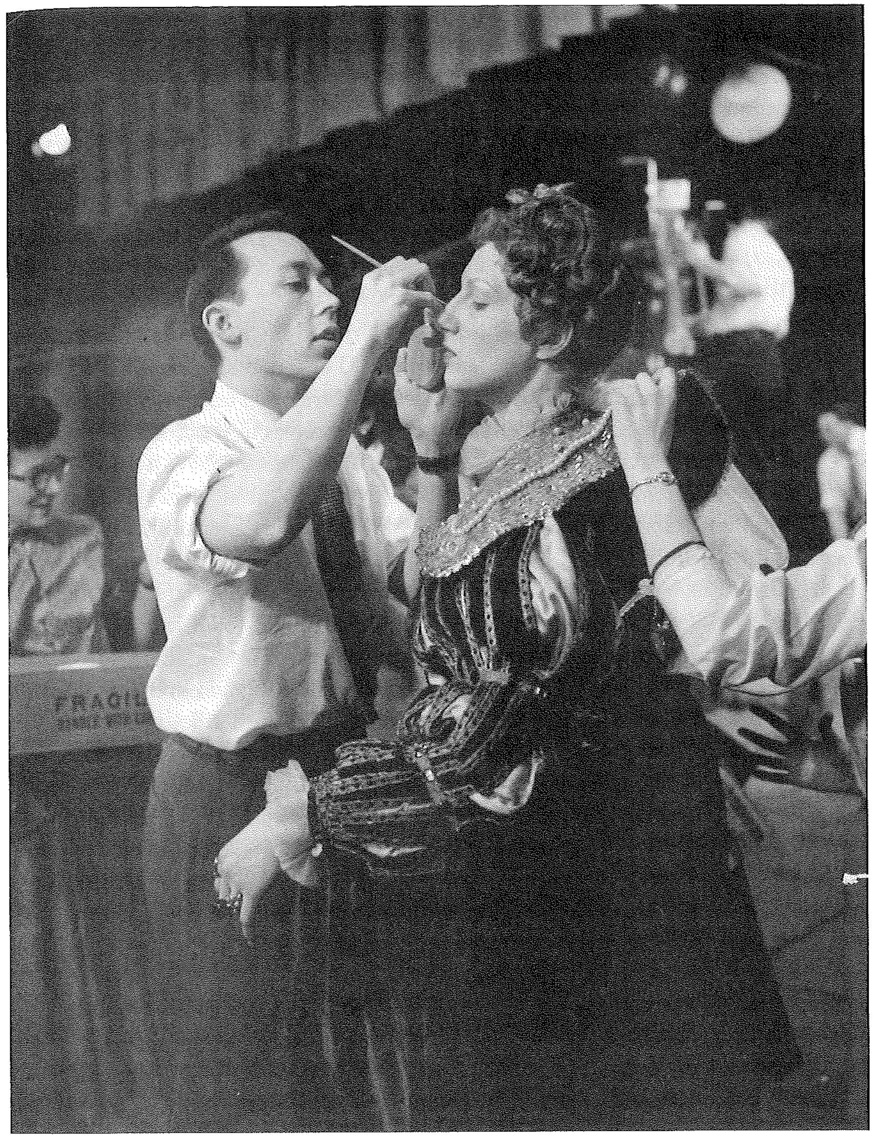

FIG. 9 Behind the scenes on the set of the *Kraft Television Theatre*'s production "Of Famous Memory," March 21, 1951. Nancy Marchand played Queen Elizabeth I, a role that required her to age from twenty-five to seventy-five in the course of an hour. Often makeup technicians had less than three minutes to effect the changes between scenes, given the hectic pace of live television drama. (Wisconsin Center for Film and Television Research)

manifestly impossible for the network to hire enough people to support an operation providing live programming from 6:00 to 11:00 p.m. seven days a week because the medium's demands were just too great. They reasoned that it took months to produce motion pictures and Broadway plays, yet television's insatiable appetite for programming demanded fresh material every day. Investing such responsibility with one or two people was a recipe for formulaic productions, they contended, and if Thompson and Kraft wanted to take that risk, then they were welcome to it.[17]

The Philosophy of Scheduling

For many Madison Avenue agencies, however, the mysteries of television threatened to disrupt previously efficient media departments. The larger shops such as Thompson, Young & Rubicam, and BBDO had already developed television expertise by 1948, but the vast majority of agencies found themselves at the bottom of a very steep learning curve. As a result, the 1948 and 1949 seasons served as a rough shakedown for the entire industry. Although it was by no means clear in 1948 just who would dominate television programming, for the most part agencies seemed to expect that the medium would be a version of the radio model with a variety of program sources, while the networks—in their private deliberations at least—made it clear they intended to concede as little power as possible. Nonetheless, all participants agreed that extensive television broadcasting could not be initiated without the production input of advertisers; thus an uneasy truce settled over the industry.

One question that lingered—and received an inordinate amount of attention in trade journals—was the issue of sponsor identification, a bedrock fundamental of broadcast advertising. The idea was simple: if a consumer made the connection between a show and its sponsor, then inevitably an intangible called the "gratitude factor" would emerge; the grateful viewer would buy, for example, Texaco gasoline to thank the company for sponsoring *Texaco Star Theater.* Early research indicated that sponsor identification was indeed more powerful on television than radio; one survey by Young & Rubicam in 1948 concluded that over 80 percent of all viewers could correctly match a television show with its sponsor, twice the rate of radio (and there was an almost 100 percent recognition of Milton Berle and Texaco). Of course, identification depended almost entirely on the practice of single sponsorship, which at this stage of television development was still the norm. A perusal of the programs offered in the fall 1948 schedule is testimony to efforts to link show and sponsor: *Camel Newsreel, Chevrolet Tele-Theater, Philco Television Playhouse, The Swift Show,* and so on.

The promise of a financial bonanza in television invested practically every aspect of the new medium, including scheduling, with a sense of urgency. A network that could attract the largest audience share would be sure to reap the greatest profits. One important aspect of this enticement was the concept of "audience flow," the idea of capturing viewer attention and holding it through a seamless continuity between programs. When he arrived at NBC as vice president for television programming in 1949, Sylvester L. "Pat" Weaver found a schedule that was without direction; as he described it, "Programs landed next to each other by mere chance, with each agency building its show in a way that was aimed at nothing more than keeping the client happy."[18]

In a sense, Weaver was slightly off the mark. Agencies were, of course, deeply concerned with their own shows, devoting considerable research to determine the proper time slot. For example, Thompson purchased 9:00–10:00 p.m. Wednesday on NBC for Kraft in 1947 (this at a time when they literally could have gotten an option on any period they desired) because their research showed that Wednesday was the night people were most likely to be at home. Further, the agency did not want *Kraft Television Theatre* to interfere with Thursday night's *Kraft Music Hall* on radio (Hawes 1986, 138–39).

At the same time, agencies were anxious about programs either adjacent to or competing against their shows. Sponsors recognized the time franchise as a double-edged sword—once a time period was purchased, the buyer was powerless to move if challenged by a popular show on another network—so they spent a great deal of time worrying about adjacent programs. A long-standing scheduling theory in radio held that shows of similar format or genre should not be broadcast consecutively for fear that the audience would grow bored and change stations. This attitude changed in late 1940s on radio with the advent of block programming on independent stations, but the concept did not immediately transfer to television. Many believed that the medium's perceptual demands made it difficult for the viewer to endure more than an hour or so of the same type of program.[19]

A sponsor's biggest fear was that their show would suffer by being placed next to a weak program providing an insufficient lead-in audience. This led to enormous headaches for the networks, and in many instances they could not satisfy the demands of one advertiser without antagonizing another. Thompson, for example, was particularly insistent that NBC protect *Kraft Television Theatre* by strengthening the program lineup before 9:00 p.m. The agency was horrified to discover in April 1948 that *KTT* was being clobbered in the Hooper Teleratings (which at this point measured New York audiences only) by boxing on WABD, the DuMont station.[20]

It is indicative of how important *KTT* was to NBC that the network promptly reshuffled the Wednesday night schedule, replacing a quiz and a cooking show with two musical variety programs. Because *Americana Quiz* was sponsored by the Encyclopedia Britannica and *In the Kelvinator Kitchen* was paid for by Kelvinator, NBC had to offer both advertisers discounts and rebates so that they would move their shows. Their replacements were produced by NBC and carried as sustainers: that is, without advertising.

Pat Weaver

Even before the arrival of Pat Weaver in August 1949 as vice president in charge of television programming, considerable attention was being given to network-produced shows. In recognition of the need for central planning, a streamlined Television Program Department was created in the spring of 1949. As it would with Weaver, NBC reached into the ranks of the advertising agencies to pick Norman Blackburn of J. Walter Thompson as the national program director. Robert Sarnoff (David Sarnoff's son) was appointed production manager, Charles Prince was named manager of talent and procurement, and staff director Fred Coe was charged with creating new programs.

It was a much simpler arrangement for the network than the chaos of 1946–48. These four constituted the Program Board, which met regularly to discuss the schedule: Blackburn set the overall strategy, Sarnoff oversaw day-to-day productions (including the assignment of NBC personnel to agency shows), Prince looked for outside properties the network might wish to buy, and Coe, as the "idea man," developed new programming ventures. However, despite the rather grand plans envisioned by the network, the Program Department was hobbled by a small budget and practically no support staff. The majority of programs initiated by the department were news and public interest shows: in other words, sustainers. The board members—Coe in particular—spent most of their time servicing agency productions and not NBC-owned packages like *The Clock*.[21]

It was precisely this kind of dependence on Madison Avenue that galled Pat Weaver. If anything exemplifies Weaver's tenure at NBC, it was his relentless ambition to gain complete control of the schedule; almost every important executive action he took while at the network relates to it in some way (Kepley 1990b, 48–49). Upon arriving at NBC, he suggested that the network's television operation be streamlined by centralizing authority in his office. It was a bold move, one that Weaver was able to initiate primarily because NBC-TV's immature corporate structure was bereft of middle management personnel who might otherwise object to his power grab.[22]

Further, he was granted extraordinary leeway by RCA president David Sarnoff while the network was struggling to establish its program service. Sarnoff was, of course, vitally interested in NBC's activities—even to the point of making his son Robert a network executive—but at least until the mid-1950s he was much more focused on RCA's more technology-oriented production (see Douglas Gomery, chapter 9). Only when NBC's long-range planning shifted from expansion to stabilization as the television market leveled off did the elder Sarnoff wield the kind of whip hand he displayed at RCA (Kepley 1990b, 59; Dreher 1977, 173; Bilby 1986, 229–66; O'Connell 1986, 191).

Weaver also recommended that the network finance program development in part by farming out research, promotion, and legal work to outsiders. He admitted that his was a "spend money to make money" philosophy, but his single-minded insistence on control was grounded in the belief that NBC would maximize its profits only when it did not have to rely on outside sources, whether agencies or independent producers, for product. He reasoned that the network needed the flexibility to rearrange the schedule at will in order to both optimize audience flow and counterprogram the other networks; with this power NBC could attract the largest audiences. The promise of popular programming would encourage new stations to affiliate with NBC, and the subsequent expansion of NBC's coverage would allow the network to charge higher advertising rates as more people purchased television sets, preferably RCA sets, a rather consequential factor in the NBC game plan.

Weaver's approach met with some approval from the RCA board; between 1949 and 1951 the network absorbed $1.2 million in losses to produce ten programs in house. By 1953 those losses totaled $5.5 million, but the network was inching toward profitability. However, problems with one of NBC's most important sponsors prompted Weaver to make a major push for program control, one that would ultimately bring about the complete reorganization of the network's structure (Weaver 1994, 7; Kepley 1990b, 53).[23]

Colgate was sponsor of the *Colgate Comedy Hour*, a mainstay of NBC's powerful Sunday night lineup since 1950. In an unusual arrangement—and one Weaver never tired of criticizing—NBC produced the program, but Colgate owned the rights to the 8:00–9:00 p.m. time slot. Although Colgate occasionally complained about the show's content (especially when guest hosts Dean Martin and Jerry Lewis would make sly references to Colgate's competitors, what *Variety* called "cuffo plugs," after "fisticuffs"), neither network nor sponsor could argue with the program's popularity: it consistently beat Ed Sullivan and *Toast of the Town* on CBS (Weaver 1994, 214).[24]

Still, for the 1952–53 season, Colgate spent over $8 million in time and talent charges for the *Comedy Hour*, an escalation in cost that caused the company to reconsider if the expenditure was worth the return in increased sales. As owner of the time franchise, Colgate notified NBC in January 1953, through its agency Ted Bates, that it was thinking of replacing the *Comedy Hour* with another, less expensive program. Weaver was livid. He already had a very poor relationship with Colgate's chief executive officer Edward Little, but more importantly he believed that the loss of the program would be catastrophic to the entire Sunday night schedule. It angered Weaver that a program so vital to NBC's fortunes could be scuttled by a sponsor who did not own the show, only the time in which it aired.

The answer, Weaver contended, was for the network to produce the entire schedule top to bottom; NBC could then tinker with programming and audience flow to suit its institutional needs, not those of Madison Avenue. He freely acknowledged that the creation of huge new sales and production departments would be very expensive, but to saddle NBC with this debt now would pay off handsomely in the long term (Kepley 1990b, 52).

These ideas apparently got David Sarnoff's attention, for he asked Weaver to outline a strategy for the plan's implementation and its attendant costs. Weaver suggested streamlining the network in a way that would eliminate many of its promotional, research, and merchandising activities. More dramatic was his plan to reorganize NBC's middle management into a unit-producer system with himself as its leader.[25]

Concern on Madison Avenue

All Madison Avenue was alarmed by the skyrocketing costs of program production. From the agency perspective, the key to commercial television was to lower costs while increasing the number of viewers. Agencies and networks agreed that the only way to promote set circulation was to provide programming of sufficient popular interest to lure a wider audience. Costs could be contained in various ways. Almost every issue put out by television trade journals during the early 1950s contained at least one article on how to shave production expenses with new techniques, equipment, or approaches to planning.

Weaver believed that he had the answer—albeit an entirely self-serving one—for the advertiser concerned about the medium's rising cost: participation advertising, dubbed the "magazine concept." In participation advertising, advertisers purchased discrete segments of shows—typically one- or two-minute blocks—rather than entire programs. Like magazines, which featured advertisements for a variety of products, the participation show might, depending on its length, carry commercials from up to four different sponsors. Similarly, just as a magazine's editorial practice was presumably separate from its advertising content, the presence of multiple sponsors meant that no one advertiser could control the program. By Weaver's reckoning, the network would assume that responsibility.

As a veteran of Madison Avenue, Weaver recognized that this manner of advertising directly contradicted conventional agency wisdom concerning television. Although participations were becoming somewhat more commonplace at the local level (and had been common on local radio for years), most agencies and advertisers were reluctant to part with their faith in sponsor identification and the resulting gratitude factor. Many agencies were willing to reconsider their traditional insistence on production control but remained skeptical about participation at the national level.

Arguably, it was the sponsors and not the advertising agencies who thought they had the most to lose from the network's assumption of program control. In general, those advertisers who resisted the magazine concept—such as Kraft—were among the few who had a time franchise they wanted to keep. Agencies, however, sought to maximize advertising volume and their own profits by increasing the number of television advertisers and shifting the cost burdens of production elsewhere. Weaver and many agency executives were in accord that participation advertising promised greater profitability for both the networks and Madison Avenue. The networks could charge sponsors higher rates for shorter periods of airtime, and the agencies could gain clients and commissions if they were required to produce commercials for multiple advertisers during an hour of programming rather than just one.

Thompson, however, was slower to react to the changes within the advertising community, largely because of a firmly ingrained corporate philosophy personified by John Reber. For example, Kraft's advertising was the bailiwick of the Radio-Television Department (*Kraft Television Theatre, Kraft Music Hall* on radio), the Copy Department (print advertising), the Art Department (commercial illustrations), and the Outdoor Department (billboards). These departments had a general idea of who was doing what for Kraft, but there was little coordination of effort. This reliance on specialists—phenomenally successful for the agency during radio's heyday—left Thompson with a cumbersome organization structure that often pitted one department against another.

Moreover, it was becoming increasingly clear that complete control of television production was unprofitable not just to clients but to the agency itself. *Kraft Television Theatre* was a tightly budgeted, well-managed program, but Thompson's costs in terms of salaries, research, overhead, and other expenses were not covered by the 15 percent commission. The money was in syndication, as the agency had discovered in 1951 when it purchased an independently produced show called *Foreign Intrigue.* However, other agencies had moved far more aggressively into syndication than Thompson, and with impressive results. Young & Rubicam in particular increased its television billings so dramatically throughout the 1950s that by 1954 they were the number one agency; Thompson was a distant third behind BBDO.[26]

Although Thompson was certainly amenable to signing production contracts with independent companies (for example, with Screen Gems for *Ford Theatre* and with Hal Roach for *Screen Directors Playhouse*), it remained the agency most strongly committed to in-house control of programming. Even as one agency after another stopped program production altogether, Thompson continued its work on *Kraft Television Theatre* and in 1950 introduced *Lux Video Theatre,* a half-hour live dramatic program on CBS.

Thompson further committed itself to production in October 1953, when it premiered a second *Kraft Television Theatre* on ABC, and again in the fall of 1955 with its *Ford Star Jubilee,* a once-a-month "spectacular" on CBS. The addition of a second *Kraft Television Theatre* surprised many industry observers who had expected Kraft, if anything, to pare down its television activities. NBC had tried to convince Kraft executives in the summer of 1953 to alternate *Kraft Television Theatre* with the *US Steel Theatre Guild,* but were rebuffed. Although the show cost Kraft almost $65,000 a week and consumed 40 percent of their advertising budget, the company remained pleased with the prestige and sales generated by the program. The original *Kraft Television Theatre* was never a ratings success, but Kraft apparently never expected it to be, consistently claiming that they measured the show's popularity by the number of recipe requests, not by its Nielsens.[27]

Thus the purchase of an hour on ABC on Thursday nights for another *Kraft Television Theatre* was made primarily on the basis of creating another advertising vehicle for Kraft's products, such as the new Cheez Whiz. The strain on the agency's television department was enormous, as each version had three episodes in development at any given time. Still, Thompson managed the programs with surprisingly few personnel—only nineteen people on the production staff in addition to the casting and script units. However, sales figures from products advertised on the ABC program did not justify the additional $2 million in costs, so Kraft pulled the show in January 1955. Even Thompson's expertise in production and the popularity of its programming did not solve the problem of profitability.[28]

By the end of the 1954–55 season, many agencies and sponsors felt constrained by their programming choices. Production was too expensive to try on one's own, yet the networks, independent producers, and talent agencies seemed to be unable to control costs either. A season-long mania for big-name, high-priced talent was maddening to agencies unwilling to pin their hopes on a single performer; the rapid descent of Arthur Godfrey, whose popularity plummeted after a spate of uncharacteristically churlish behavior, was frequently cited as an object lesson. Thompson—one of the few agencies still producing programs—set a firm ceiling on talent costs, turning down, for example, Gloria Swanson's demand of $7,500 to star in a *Lux Video Theatre* remake of *Sunset Boulevard.*[29]

An important new source of programming was the major Hollywood studios. Since the *Paramount* decision of 1948, the major studios had been seeking ways to recoup the revenues lost when they were forced to sell their theater chains. Paramount and Warner Bros. had at one time owned television stations, but they sold their licenses in 1950; others invested in subscription and/or theater television. Far from fearing the new medium, the majors tried to co-opt it. Failing that, by the mid-1950s, several studios had decided to invest heavily in television program production and to sell their backlog of feature films to syndication companies, who in turn leased them to television (Hilmes 1990; Anderson 1994). Whatever disagreements may have existed between the two major American entertainment industries thus came to an abrupt and profitable end, and on television's terms. Hollywood realized that television offered a means of stabilizing income (and an antidote to the blockbuster mentality), especially when syndication was thrown into the mix.[30]

Madison Avenue viewed these developments with alarm, convinced that the newfound coziness between the networks and the studios would come to dominate prime time. They complained that the networks were so wedded to ratings that they deliberately shunned any program they did not control in some fashion. Independent packagers also contended that they were being shut out of prime time. As one producer said, "We call what we're doing 'Operation Vulture.' We develop programs and then we wait for an existing show to drop dead. Then we'll jump in, and with any luck, we can sell one of ours." An advertising agent added, "They come in and tell us what shows we can have in what time periods, take it or leave it. I'm beginning to feel like a messenger boy with no other function than to carry word of the network's demands to the client."[31]

Network Hegemony

Agency-produced shows such as *Kraft Television Theatre* were very much the exception by the mid-1950s. Participating advertising was becoming the predominant

form, catalyzed by the producers of small-ticket consumer goods, like Procter & Gamble and Lever Brothers. These companies were interested in circulation, or, in the parlance of the trade, "tonnage." In other words, they looked for programs with high viewer appeal; being completely uninterested in institutional advertising, they made their program purchase decisions almost entirely on the basis of ratings. By dispersing their advertising dollars throughout the schedule, these manufacturers ultimately strengthened network control of programming, for only the network could work with these companies to provide a multitude of participations in various programs, all of which were, in turn, network controlled (Boddy 1990, 158). The networks further embraced multiple sponsorship as a means of stabilizing their own income by avoiding the volatile swings of recession-sensitive durable-goods producers.[32]

By the fall of 1957, only three shows were wholly produced by an agency: *Kraft Television Theatre,* BBDO's *Your Hit Parade,* and McCann-Erickson's *Club Oasis. KTT* continued to drop in the ratings, and in April 1958 Kraft decided to sell the rights to the program to Talent Associates, a production company headed by David Susskind. Moving the program from agency to package production relieved much of Kraft's financial obligation to the show, as they could now split production costs with Susskind. Thompson personnel were kept on as creative consultants, but the main agency responsibility now lay with the commercials. *KTT* remained on the air only a few more months before it was completely reconfigured by Talent Associates as *Kraft Mystery Theatre,* which lasted until September 1958.

Although Thompson continued to supervise Kraft's subsequent television programs, its reign as the preeminent in-house production agency came to an end. The agency continued to encourage its clients to be associated with marquee names and event programming, but by the end of the decade it not only had completely converted from a specialist to an all-media approach but also had modified its entire promotional philosophy. No longer did it equate identification with single sponsorship; instead, the agency advised many of its customers to seek mass circulation through saturation advertising.[33]

In this, Thompson was very much in sync with Madison Avenue thinking. By the 1958–59 season, the agency withdrawal from direct production responsibility was essentially complete. No longer was sponsorship synonymous with control—it now merely meant the purchase of advertising time on somebody else's program. While sponsor identification remained important to such advertisers as Kraft and Revlon, most sponsors prized circulation over prestige; as a result, fewer agencies offered advertiser-licensed shows to the networks.

Thus, after little more than a decade of continually adjusting and redefining their relationship with sponsors and production companies, the networks were finally settling into a system of production that was cost effective yet flexible. The network role in this second phase of commercial television was essentially administrative—independent production companies generated programs, and sponsors paid the networks to advertise on their shows.

Conclusion

Throughout television's first decade, the agendas of NBC, J. Walter Thompson, and Thompson's clients increasingly diverged. Concerned that the expense of television programming far outstripped that of radio production, agency executives sought ways to develop television as a mass advertising medium while also seeking to avoid draining agency revenues with television program costs.

As part of this reassessment, Thompson and other agencies had to rethink their conception of single versus multiple sponsorship, which consequently influenced the industry's view of television as a marketing tool. Although Madison Avenue may have relinquished production responsibilities during the 1950s, the idea of sponsor identification remained an article of faith not easily denied. Single sponsorship was long equated with identification, but even this was subject to economic pressure.

For NBC, the shift from full to participating sponsorship also expanded the network's economic base by encouraging increasing numbers of smaller advertisers to buy nationwide markets while allowing large sponsors the opportunity to spread their messages efficiently throughout the schedule. The network continued to offer a variety of sponsorship packages throughout the 1950s to create a flexible advertising market, a strategy that paid off in substantial profits by the end of the decade. As the size of the television audience grew, so too did NBC's profits.

Of course, the changes in organizational behavior by NBC and J. Walter Thompson in the 1950s had a lasting impact on their business alliance. From the 1920s onward, NBC and Thompson had a mutually beneficial relationship that thrived despite the occasional disagreements. In the radio era this partnership was especially close, since Thompson served as a major program supplier for the network; in a very real sense, Thompson programming helped NBC achieve financial stability.

But by the time Thompson reorganized in the mid-1950s, the stakes had changed. Participation advertising marked the demise of the type of agency-network connection common in radio. Where once an agency like Thompson would establish a link with a specific network, as it did with NBC (and as Young & Rubicam did with CBS), by 1958 agencies were purchasing spots on all the networks, severing these kinds of long-standing ties. By the early 1960s, Thompson was purchasing more advertising time on CBS than NBC; it simply had no economic need to continue that relationship as the classic network system of the 1960s and 1970s took hold (Hilmes 2006, 217–18).

Notes

Abbreviations

JWT J. Walter Thompson Archive, Duke University

Kraft Kraft Foods Advertising History Collection, Center for Advertising History, Smithsonian Institution

LAB Library of American Broadcasting, University of Maryland

NBC/WHS National Broadcasting Company Archives, Wisconsin Historical Society

1. Philip I. Merryman to Noran Kersta, March 15, 1946, Box 585, NBC/WHS.
2. "Television and the Sponsor Today," *Sponsor,* November 1946, 26.
3. John F. Royal, "Television Report," September 12, 1944, Box 113, NBC/WHS; RCA, *RCA: What It Is—What It Does,* 1947, 28, Pamphlet File, LAB.
4. Ted Mills to Noran E. Kersta, May 14, 1947, Box 585, NBC/WHS.
5. "Standard Brands' 'Hour Glass' Show," *Television,* October 1946, 12.
6. "Standard Brand's $105,000 Tele Experience with 'Hour Glass,'" *Televiser,* January–February 1947, 30–31.
7. Ibid.; Fran Holland (wife of Maury Holland, director of *KTT*), interview, n.d., Oral History Collection, Kraft.
8. "Standard Brands' 'Hour Glass' Show," 13–14; "Standard Brand's $105,000 Tele Experience," 30.
9. "The J.W.T. Weekly News," November 18, 1946, 2, JWT; "Standard Brand's $105,000 Tele Experience," 31.
10. "NBC Television Guide to Commercial Production Procedure, 1946," Box 103, NBC/WHS; "Tele Programs Falling into a Rut," *Televiser,* March–April 1947, 16; Al Durante, interview, n.d., Oral History Collection, Kraft; Warren Wade to Noran E. Kersta, July 29, 1946, Box 585, NBC/WHS.
11. John T. Williams to Noran E. Kersta, May 20, 1947, Box 585, NBC/WHS.
12. Editorial, *Televiser,* March–April 1947, 28.
13. "More Sponsor-Built Shows on the Air!" *Televiser,* May–June 1947, 21.
14. "TV's Crazy Quilt: Facilities Cost," *Sponsor,* February 11, 1952, 32–33, Sidney Bernstein file, Box 1B, Kraft; John H. Platt, speech to Television Council, May 21, 1952, Box 121, NBC/WHS.
15. "Kraft Theatre: A Television Epic," *Broadcasting,* June 15, 1953, 88.
16. "NBC Television Guide to Commercial Production Procedure," 1946, Box 105, NBC/WHS.
17. John F. Royal to Frank E. Mullen, October 22, 1947, Box 585, NBC/WHS; "Television NBC: A Nice Sunday Morning Subject," 1947, Box 105, NBC/WHS; "TV," *Sponsor,* November 1947, 36; "Who Is Responsible for What in TV?" *Sponsor,* January 1948, 52–54; "CBS Video," *Broadcasting,* February 23, 1948, 84.
18. "Weaver Scans the Way Ahead," *Broadcasting,* February 28, 1955, 38.
19. "The Hottest Trend in Radio—Block Programming," *Sponsor,* October 1947, 15–18; "Mr. Sponsor Asks," *Sponsor,* January 3, 1949, 44–46; "What Makes a TV Program Tick?" *Sponsor,* September 12, 1949, 64.
20. Linnea Nelson to George Frey, April 29, 1948, Box 403, NBC/WHS; Walter Scott to George Frey, May 17, 1949, Box 403, NBC/WHS.
21. Carleton Smith to Niles Trammell, July 21, 1949, Box 591, NBC/WHS.
22. "Memorandum Number One," September 26, 1949, Box 118, NBC/WHS.
23. "TV Breaks thru Barriers of Radio Orthodoxy," *Variety,* January 7, 1953, 93.
24. "Colgate's Friend or Producer?" *Variety,* April 23, 1952, 21, 27.
25. Pat Weaver to David W. Sarnoff, March 31, 1953, Box 121, NBC/WHS; Pat Weaver to J. M. Clifford, January 12, 1954, Box 123, NBC/WHS.
26. "The Top 20 Air Agencies," *Sponsor,* December 13, 1954, 31–33.

27. "Report to Sponsors," *Sponsor,* August 24, 1953, 2; "Kraft Theatre: A Television Epic," *Broadcasting,* June 15, 1953, 88–90.
28. "P.S.," *Sponsor,* September 21, 1953, 2; "The J.W.T. Weekly News," September 28, 1953, 1, JWT; "The Show Must Go On," *Pageant,* December 1953, 130–35; Marion Dougherty (casting director, *KTT*), interview, n.d., Oral History Collection, Kraft.
29. "Talent Agents: What's the Alternative to Paying Their Price?" *Sponsor,* February 1955, 36–37, 107.
30. "25,000 Films—How Will They Change TV?" *Television,* July 1956, 64–67.
31. "The Great Debate on Network Show Control," *Sponsor,* October 31, 1955, 92; "Sponsor Backstage," *Sponsor,* April 16, 1956, 30.
32. "Sponsor-Scope," *Sponsor,* February 16, 1957, 9; "Trends for Leading Advertisers," *Television,* April 1957, 54–55; "Sponsor-Scope," *Sponsor,* March 2, 1957, 9.
33. "Sponsor Hears," *Sponsor,* May 3, 1958, 68; "Dan Seymour: Guiding Genius of JWT's Air Strategy," *Sponsor,* July 19, 1958, 30–31; "Sponsor Hears," *Sponsor,* December 19, 1959, 58; "Will Media and Marketing Blend?" *Sponsor,* January 17, 1959, 29–31.

9

Talent Raids and Package Deals

NBC Loses Its Leadership in the 1950s

DOUGLAS GOMERY

In 1962, in his book *The Hungry Eye,* journalist Eugene Paul described the new television industry for a curious public. The title of chapter 4, "NBC First, Where It Really Isn't," reflected the changed realities of NBC's industry ranking since its heyday in the first decade of television—but for many observers it was hard to understand this sudden shift. Hadn't General David Sarnoff and his Radio Corporation of America and NBC network invented TV? Hadn't NBC been the top radio network for two generations? Hadn't Milton Berle been the king of television? Didn't Sarnoff bring color TV to the world? Paul's book confirmed for his readers NBC's surprising slide from first place, a position it had not held for almost a decade. By 1960 CBS-TV was the solidly established choice for the majority of viewers across the country. NBC-TV began the 1950s with thirteen of the top twenty highest-rated shows but fell behind CBS in 1952 and never succeeded in regaining its position. How could this have happened?

Paul blames poor management—but wasn't David Sarnoff the man who outmaneuvered corporate giants to create NBC in the first place? With more historical distance and more primary materials available, we can now clearly see what happened. NBC's fortunes declined in the 1950s when CBS used advice from top Hollywood talent agent Lew Wasserman, head of the Music Corporation of America (MCA), to raid the top stars, bringing CBS into the lead in television ratings and making MCA television's top production company. NBC managed to recover from its 1955 nadir by enlisting Wasserman's aid as CBS had done, but even with the top-rated show, MCA's *Wagon Train,* on its schedule it was unable to catch CBS. Not until the mid-1960s was Wasserman able to stabilize NBC and bring the network back as a serious competitor to CBS (Paul 1962, 43). In the first decade of the twenty-first century, history may have come full circle: Universal Pictures, which MCA purchased in 1962 to become MCA Universal, merged in 2003 with NBC