

February 10, 1927

NEWS-LETTER #171

PENNSYLVANIA RAILROAD PAYING OFF FIVE MILLION
WITHOUT NEW FINANCING

During the month of January the Pennsylvania Railroad paid off five million dollars of maturing obligations out of treasury funds and without new financing. On January 15th the largest item was paid consisting of \$3,894,000 of 6% equipment trusts issued in 1920.

There was also paid on the first of January one million dollars worth of 6% first mortgage bonds of the Clearfield and Jefferson Railway Company which has been owned by the Pennsylvania Railroad since 1912.

In connection with dividends it is interesting to note that the report of receipts and expenses of the Class 1 Railroads for 1925, the last year for which information was available, shows that in that year there was a slight gain in revenue available for dividends over the preceding year.

In 1924 these Railroads had available for distribution as dividends nineteen days' income.

In 1925 the amount available was twenty days' income.

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COLLIER'S WEEKLY TO USE RADIO

The National Broadcasting Company announce that Collier's will be the first publication to broadcast a weekly program over the radio. The new feature, which will be called "The National Weekly Revue" will consist of a dramatization of the Collier's features of the current week.

For example, some well known author will be present and say a few words. A mystery story will be given a dramatic presentation. Then there will be short sketches, comedy, personalities, in addition to which there will be music. The aim will be to work into a harmonious unit the contents of a magazine without losing the atmosphere of the publication.

It is not so stated by the National Broadcasting Station, but it is to be presumed that the program will seek not to cover Collier's so completely that listeners will not care to buy the magazine, but rather to interest them in obtaining copies.

The feature is to be included in the Sunday Evening programs of Stations WJZ - WBZ - KSKA - KYW.

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CHAIN STORES IN THE GROCERY FIELD

Everyone is familiar with the fact that chain stores are becoming increasingly important in all retail selling. The following figures compiled by the Chain Store Age show in a brief and striking manner what a tremendous factor the chain store has become in the grocery field.

1. Chain grocery sales in 1925 amounted to almost two and one-third billion dollars.
2. This volume is handled by 850 chain grocery organizations operating 52,000 stores.
3. Chain grocery sales amount to 50% of all urban retail grocery sales.
4. In the 5 largest cities, grocery chains do 57.4% of all retail grocery business.
5. It would require 3,220 average-size wholesalers and 140,000 average-size independent retailers to do this volume.
6. By concentrating on the 850 chain grocers you cover 50% of your urban market.

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INCREASE IN NEWSPAPER ADVERTISING

During the first 11 months of 1926, newspaper advertising in 22 of the leading cities of the United States shows an increase over the first 11 months of 1925 of almost 5% (4.99 to be exact).

This figure was cited in the Fourth Estate recently as an example of rapid growth in newspaper advertising. Probably the increase in magazine advertising in many of the leading publications in this period has exceeded the figure given for newspapers, although the exact percentage of gain has not been published so far as we know.

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COURSE OFFERS NEW VIEWPOINT ON
JOURNALISM

Announcement is made by The New School for Social Research of a course in Modern Journalism to consist of twelve lectures by Mr. Silas Bent.

Mr. Bent graduated from college twenty-five years ago and has had reportorial and other newspaper experience in New York, Chicago, St. Louis and elsewhere.

This course treats of the latest phases of news gathering as is suggested by the titles of some of the lectures, such as

"Changing Newspaper Morality"
"The Invasion of Privacy"
"The Tabloids"

This course starts on February 21st and is one of a number of courses on various aspects of Social Research.

A booklet describing this course and others is posted on the Bulletin Board on the fifteenth floor.

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CRITICISM OF ADVERTISING BASED ON MISTAKEN
PREMISES

The Fourth Estate of January 22nd contains a brief report of an address delivered by Professor Morris G. Bishop of Cornell University at a meeting of the Advertising Club of Ithaca, on January 13th.

Professor Bishop made the familiar old assertion that the effect of advertising is to create and to justify high prices. His principal example to prove this point was a notorious patent medicine which has, in fact, created a demand for its product at a price far above its worth.

Evidently Professor Bishop is not aware that this product and its advertising are merely examples of the improper and almost illegal use of advertising and therefore are in no way a reflection on the profession as it is practised by the leading advertisers and agencies of the country.

Professor Bishop also made the time worn remark that he did not believe that in this country any more automobile tires would be sold by advertising than would be sold without it. His argument is that the demand is there and that just so many tires will have to be purchased every year.

Among the factors Professor Bishop has overlooked are those of the investments in the equipment in plants, etc. which have been made by the big tire manufacturers. Having built a sale to a given figure the

manufacturer obviously cannot afford to stand by and let his whole business go over to that of an aggressive competitor.

The weakest point of all in Professor Bishop's remarks is that his understanding of advertising was basically incorrect because he apparently regards advertising as some extraneous growth on the body of business rather than an actual part of business itself.

Because this speaker is a fairly well known writer his remarks were given considerable publicity, but it doesn't appear probable to the "News Letter" that they will effect any radical change in the practice of the advertising business.

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THREE MILLIONTH CAR PRODUCED

On January 15th the Chevrolet Motor Car Company turned out its three millionth car. This fact, in itself, is not as interesting as the enormous growth which has taken place recently in the sales of Chevrolet.

Car number two million was built after fourteen years of production, whereas car number three million was completed fourteen months later.

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DEATH IN LONDON OFFICE

We very much regret to report the death of Miss O. Thompson, Stenographer to the Copy Department, London office. Miss Thompson was a victim of the influenza epidemic now raging in England and died suddenly from double pneumonia on Thursday, January 27.

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