

III. Minority-Owned Television

As noted earlier, the medium of television is not targeted to narrow audience demographics in the same way as radio. Consequently, efforts to analyze any linkage between televised minority-oriented programming and advertising practices bore evidence only with regard to such Spanish-language television stations. In response to questions concerning discriminatory advertising practices related to programming, one station wrote in the margin of the survey, “radio maybe, not television.”

Problems related to researching the relationship between television programming and discriminatory advertising practices are compounded by the fact that a significant number of stations owned by African-Americans are Home Shopping Network affiliates that air continuous advertisements. Therefore, complaints about lack of advertiser support coming from these stations may stem from the unique nature of their program format and not from the racial or ethnic composition of their viewing audience.

Excluding the responses of the Home Shopping stations to the survey questions, CRF found only one Spanish-language station that alleged negative advertiser support due to its Spanish-language format and the minority composition of its viewing audience. A Spanish-language station located in a different market responded in just the opposite way—that it had not experienced lack of advertiser support for Spanish-language programming or its minority viewing audience.

The one Spanish-language station that reported negative advertising support for its programming noted that racial discrimination had been encountered in other forms as well. According to the General Manager of a television station in the south-west region, comments from advertisers such as the following are frequently heard:

*Mexicans have bad credit, Mexicans cannot afford our product.*²²⁸

With regard to the issue of whether minority sales staff or status as a minority owner have any bearing on the decision-making of advertisers, the response of the stations was divided and could not form the basis of any broad generalizations.

A. Results of the Survey Questionnaire

The survey questionnaire was completed by eleven stations.²²⁹ While this number may be insufficient to support broad generalizations, the survey results contain widely varied responses regarding advertiser support. Station characteristics that account for some of the range of experiences with advertisers include Spanish-language format, continuous advertisement format, and market location. Further research in this area should attempt to control for these factors.

²²⁸ Survey submitted by station that has requested anonymity.

²²⁹ The survey instrument was sent to all 30 television licensees identified by the U.S. Department of Commerce in 1997 as owned by minorities. Thus, the survey results are based upon completed questionnaires submitted by 36.6% of the sample universe.

1. The Relationship Between Minority-Oriented and Spanish Language Programming and Advertiser Support.

Of the eleven stations that responded to the survey, only two indicated that more than half of their programming is targeted to minority viewers. Both of these stations were Univision affiliates²³⁰ that program a significant portion of their programming in the Spanish language.

In response to questions concerning discriminatory advertising practices related to programming, only a few stations noted that such practices might be related to programming in a language other than English or programming targeted to minority viewers. The two Spanish language stations provided opposite responses to this issue. Specifically, KLDO indicated that advertisers do *not* withhold support due to minority viewership or non-English programming. The other Spanish language station, KINT, responded just the opposite—that advertisers *do* withhold support due to minority viewership and also because of non-English programming.

Two stations owned by Granite Broadcasting,²³¹ neither of which air Spanish language programming or devote over half of their programming to minorities, provided responses that were consistent with KINT— that foreign language and minority targeted programming will adversely affect advertising performance. Granite Broadcasting station agreed that advertisers are less likely to patronize minority programming and non-English language programming. WTVH disagreed with those statements.

In summary, the response to the questions was as follows:

Q. Does your station target more than half of its programming to minority viewers?
A. Yes (two stations)
A. No (nine stations)

and...

²³⁰ Univision is the largest programmer of Spanish-language television in the U.S. The Univision Network is publicly-traded and non-minority-owned. Univision owns several stations, while other affiliates are independently owned but air Univision's programming.

²³¹ Granite Broadcasting is a minority-owned company that owned 12 television stations in 1997. See, BIA MasterAccess database, 1998. The majority of its programming is "general market" format.

Q. If your answer to question #1 is “no,” is there another socio-economic audience segment toward which a majority of your programming is targeted?

A. Yes. (one station²³²)

A. No (eight stations)

and...

Q. Do you believe that advertisers or their advertising agency representatives engage in practices to withhold advertising support to a station if they perceive the station’s programming is targeted to the viewers described in questions 1 or 2?

A. Yes (two stations)

A. No (nine stations)

and...

Q. Do you believe that advertisers or their advertising agency representatives withhold advertising support to a station because the station’s programming is in a non-English language?

A. Yes (three stations)

A. No (seven stations)

and...

Q. Do you know of specific advertisers or advertising agencies that view your programming and/or audience reached as negative factors which prohibit them from using your station as an advertising vehicle?

A. Yes (two stations)

A. No (nine stations)

²³² One Home Shopping Network affiliate indicated that its programming targets the general population and that no specific efforts are directed toward minority viewers.

The two stations that responded in the affirmative to the last question also indicated that advertiser support is either withheld or substantially discounted due to their programming. The Home Shopping Channel indicated that 71% or more of its advertising support is either withheld or discounted due to its programming. One of the Spanish language stations indicated that 25-30 percent of its advertising support is lost due to the nature of its minority-oriented programming.

These same two stations and an additional Home Shopping affiliate indicated that members of their sales staff have had encounters with ad agencies or advertisers that would “lead [one] to believe that [their] station’s programming was a negative factor in obtaining advertiser support.” In response to a question about the level of decision-making within the advertiser community, one Home Shopping affiliate attributed the lack of advertiser support to decision-making by ad agencies. The other Home Shopping affiliate attributed the lack of support to ad agencies as well as advertisers. Ad agencies were perceived as responsible for the lack of support, according to the Spanish-language station.

Only two stations estimated the amount of lost sales related to negative advertiser perceptions about minority-targeted programming. One Univision affiliate estimated lost sales at 17 percent. A Home Shopping affiliate estimated lost sales in excess of 60 percent. It should be noted that the programming of both of the Home Shopping affiliates is not targeted to minority viewers. It is presumed, therefore, that any negative perceptions on the part of advertisers are related to the continuous advertisements that are aired by these stations.

2. The Relationship Between Ownership and Control by Minorities and Advertiser Support

The response was divided on the question of whether ownership or control by minorities negatively affected advertiser support. Four of the eleven stations responded in the affirmative to the question, “Do you believe that advertisers or their advertising agency representatives engaged in practices to withhold advertising support to your station, if they perceive the station’s ownership and control is by minorities?” WHSL, a Home Shopping affiliate in St. Louis, Missouri, and KINT,²³³ a Univision affiliate in El Paso, Texas indicated that they knew of specific advertisers or agencies that view their station’s ownership or control by minorities as negative factors that hinder advertiser support.

Questions related to ownership were completed by the latter two stations as follows; the other nine stations did not respond to these questions.

²³³ KINT is owned by Entravision Holdings LLC, an Hispanic broadcaster.

Q. Has anyone on your station's sales force reported or discussed any encounters with advertisers or their advertising agency representatives which would lead you to believe that your station's ownership and control by minorities as a negative factor in obtaining advertising support?

A. Yes (WHSL & KINT)

and...

Q. If you answered yes to question # 5, at which level in the decision making process do you believe your station's potential to obtain advertising support from advertisers or their advertising agency representatives was impaired?

A. Mostly from advertisers (KINT)

A. [Advertisers and ad agencies] evenly (WHSL)

and...

Q. Give an estimate of sales loss which can be attributable to advertisers or their advertising agency representatives perception of your station's ownership and control by minorities

A. 3% to 5% (KINT)

A. 61% or more (WHSL)

The next section summarizes the survey findings concerning minority sales personnel.

3. The Relationship Between Minority Sales Staff and Advertiser Support

Stations were asked to respond to questions concerning the experiences of minority sales staff in relationship to advertiser support. Four of the stations indicated that the race or ethnic background of their sales staff *does* have a bearing upon the decision-making of ad agencies or advertisers to support their station. Seven of the stations indicated that the race of the sales staff was *not* a factor. The first four stations also indicated that the minority status of their sales staff can have either a positive or a negative impact on the decision-making of advertisers. Specifically, in some instances, status as a minority sales person was a positive factor in encouraging sales, and in another set of instances the impact was negative.

The following questions were completed by only the four stations that indicated that the race or ethnic background of sales personnel has a bearing upon advertiser support.

Q. <u>What percent of cases</u> has the minority race or ethnic background of your sales representative had a negative bearing upon decision of an agency or advertiser to place an ad with your station?
A. 0% to 10% (two stations)
A. 11% to 30% (two stations)

and...

Q. <u>What percent of cases</u> has the minority race or ethnic background of your sales representative had a positive bearing upon decision of an agency or advertiser to place an ad with your station?
A. 0% to 10% (three stations)
A. 71% and above (one station)

Three of the television stations indicated that they knew of specific advertisers or ad agencies that had not supported their station due to the minority status of the salesperson. The same three stations also provided an indication of how frequently advertiser support is withheld due to the minorities in the sales force.

Q. If yes, please indicate the percentage of instances during the course of a year that advertising support is either withheld or substantially discounted because of the minority status of your salespeople.
A. 0% to 10% (one station)
A. 11% to 30% (three stations)

Four of the eleven stations also indicated that members of their sales force reported encounters with advertisers or ad agencies that led them to believe that the race or ethnic background of the salesperson contributed to the inability to obtain advertising. All four of the same stations reported that those difficulties stemmed from the advertisers themselves, as opposed to the ad agencies.

Five of the stations indicated that they experience a 0% to 10% loss in sales that can be attributed to advertiser or ad agency perceptions concerning the minority status of sales personnel representing the station.

As a summary question, the survey requested the stations to rate several factors that potentially affect the decision-making of agencies or advertisers. Averages for the responses provided by the eight stations that supplied answers to the question are as follows:

Question: To what extent do the following factors negatively influence advertiser or advertising agency decisions to advertise on your station?	Average Rate on a scale of 1 to 10 (1 denotes highest level of importance)
programming targeted to minority audience	8
programming targeted to [other specific audience demographics]	9
station ownership and control by minorities	10
race/gender of the account executive representing the station	8

The next section suggests areas for further research.

B. Recommendations for Further Policy Analysis

The survey instrument for this study was sent to all 30 television stations listed as owned by minorities by the U.S. Department of Commerce.²³⁴ The eleven stations that elected to participate represent 36.6% of the sample universe. Given the small size of the survey response and the small number of minority television owners, future research should endeavor to achieve survey participation that is representative of the ethnic and network diversity that characterizes minority ownership.

In order to better understand the relationship between advertiser support and minority-owned television stations, follow-up research should control for certain factors that this study found to influence the findings: 1) non-English language (*e.g.* Spanish or Chinese) programming; 2) market location, which may influence perceptions regarding minority ownership; and 3) affiliation with the Home Shopping Network, which appears to cause reluctance on the part of some advertisers due to lack of entertainment and informational programming. Future research should also examine the impact of advertising practices on the choice of whether shows related to minorities are produced or aired, and

²³⁴ See, NTIA Minority Broadcast Ownership Report, 1997. The report listed 20 African-American, 9 Hispanic, and 1 Asian owned television stations. Respondents to the survey included 9 African-American and 2 Hispanic-owned stations.

on the advertising performance of such shows. It should also examine the impact of advertising with regard to programming oriented toward women.

An additional issue that warrants further exploration is why so many African-American television owners are affiliated with the Home Shopping Network. An estimated 19% to 25% of the stations owned by African-Americans air 24-hour commercials.²³⁵ Questions to be explored include whether capital market discrimination is preventing African-Americans from establishing affiliations with the major networks and program syndications. The extent to which African-Americans been able to migrate from HSN to the major networks should also be researched.

²³⁵ Of the 20 African-American owned television licences listed in the U.S. Department of Commerce Minority Ownership Report for 1997, five were Home Shopping Network affiliates compared to four ABC, five NBC, two CBS, one Fox, and one World Broadcasting affiliates. One station was independent and the affiliation for one other was unknown.