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# **A TALE OF TWO SYSTEMS: MINORITY CONSUMERS DEVALUED BY ADVERTISERS**

*WILLIAM E. KENNARD*  
*CHAIRMAN, FEDERAL COMMUNICATION COMMISSION*

Blacks don't buy Volvos.  
Hispanics don't bathe.  
African-Americans are "suspects, not prospects."

All of these are stereotypes; generalizations that we all thought and hoped had gone the way of the black-and-white television and the rotary phone. Unfortunately, this is not the case.

All of these sentiments were expressed by various advertisers and advertising executives. They were excuses given for not advertising on minority-formatted radio stations, even on outlets that are some of the highest-rated stations on the dial.

In a first of its kind study of the advertising industry, the FCC has found that the story of the radio business is a tale of two systems. Some companies refuse to advertise on urban-formatted or Spanish-language stations or are told by their advertising firms to do so. And others will only do so, but only after demanding deep discounts – often as large as 59 percent.

Because of these practices, minority-formatted radio stations find it harder and harder to generate the revenues they need to remain profitable. In fact, our study found that these practices reduce revenues to these stations by as much as two-thirds. The bottom line is clear. They are being deprived of advertising, the lifeblood of their business.

This is a system whose tale must be told, and whose story must end. These practices are not only unfair. They do not make any business sense. Madison Avenue needs to understand today's Main Street. There is not only a diversity of peoples in America, but a diversity of types of people within each group – rich and poor, educated and unskilled, blue and white collar.

Unfortunately, the examples offered in this study suggest that some advertisers do not recognize the reality of minority consumers and the power of minority-formatted stations in reaching them. They fail to realize that there are untapped mar-

kets right here at home in the neighborhoods of our long-neglected minority communities.

In the end, we all suffer from these practices. If minority-formatted stations can not make themselves profitable, then they have less money to invest in the quality programming – news, public affairs, entertainment – that communities expect from their radio stations, as well as less money to invest in the equipment that brings it to them.

Moreover, bypassed by some of our biggest companies, African-American and Hispanic families find themselves on the outside looking in to our national marketplace. If radio stations cannot tell their listeners about new products or great sales, how can they serve their listeners? And how can these listeners be equals in the most equitable arena there is – the marketplace?

And these policies hurt us, as a nation, too. Economically, we cannot continue to prosper if the purchasing power of all Americans is not unleashed. Politically, our democracy is weaker if our airwaves and our national debate lack strong voices from all corners of our country.

If “sunshine is the best disinfectant,” then the FCC study is a first step to ending these practices. There are many companies and advertisers who do treat minority stations fairly, and they can be our partners in educating those who do not. That is why I, along with the American Advertising Federation, the National Hispanic Foundation for the Arts, Representatives Menendez and Cheeks Kilpatrick, will be hosting a February 22 ad summit. The meeting will bring together minority broadcasters, advertising firms, and companies to begin to assess the full extent of the problem. Once we gather the data, I believe that we will have a powerful tool to convince errant companies that ignoring minority consumers is not only wrong, but is also foolish.

In the end, all of us will win. Minority broadcasters will get the attention and revenue that they deserve. Companies will be steered to untapped markets. Those that listen to these stations will be respected and better served by the marketplace. And we, as a nation, will have one system – open and fair to all.