

## Business Studies: Broadcasting and Its History

Radio and television have undergone seismic shifts in the way they produce content and make it available to viewers and listeners since the start of the 20th century. Streaming may have revolutionized the entertainment business, but everyone who binges their favorite television show via a streaming service or listens to music in their car thanks to an app on their phone is in the debt of the pioneers of the broadcasting business who first brought entertainment to the masses in their own homes.

### The Early 20th Century

The person who first brought radio broadcasting to audiences in the United States was [Reginald Fessenden](#), who first experimented with sending out broadcasts with music and vocals back in 1906. The Herrold School in San Jose, California, began experimenting with radio transmissions and call signs in 1909 under the guidance of Charles Herrold, and the Department of Commerce soon decided to regulate radio, a decision that led to radio stations having call letters.

The post-World War I era was a turning point in radio broadcasting history. During the war, only a select group of organizations were permitted to continue working on radio transmitters and receivers. Westinghouse made great strides during this time, and during the postwar era, many radio stations were founded, several of which were started by local newspapers. [Pittsburgh's KDKA](#) claims to have been the first fully functional radio station in the U.S., though this has been disputed.

Since stations quickly started accepting paying advertisers, the United States never imposed license fees for radios the way other countries did. The Radio Act of 1927 established the Federal Radio Commission, which a few years later was renamed the Federal Communications Commission, or FCC. The FCC continues to regulate and oversee broadcast stations and the content they air to this day.

Within a decade, [by 1931, most households in the United States owned a radio](#). A few years later, in 1934, independent radio stations banded together for the first time to create a system for sharing syndicated content. The FCC then declared that NBC, which at the time was strictly a radio network, must sell its Blue Network division. The Supreme Court upheld this decision in 1943, stating that the scarcity of radio waves meant that the FCC was correct in taking action to prevent any one company from controlling too much of the spectrum. The Blue Network eventually became ABC. CBS was also operating as a radio broadcasting network by this point. Many of the radio networks were airing serialized soap operas in the afternoons. The first soap opera was created by a [Chicago](#) radio station in 1930. The genre earned its name because [Procter & Gamble](#) was a major sponsor of several shows, and in time, the company actually produced its own soap operas as well. Only one radio soap opera, *Guiding Light*, successfully transitioned from radio to broadcast television. In fact, [Guiding Light](#) aired on CBS until the fall of 2009 and was the last of the Procter & Gamble soap operas.

## **Broadcast Supremacy and the Rise of Viewing Options**

The final episode of the hit television show *M.A.S.H.* aired in 1983, and **more than 100 million viewers** tuned in to CBS to watch their favorite Korean War medics say goodbye; this would be the most-watched TV episode of all time. Twenty-one years later, *Friends*, which had been the defining sitcom of its era, only drew a little more than 52 million viewers. When the 21st-century sitcom phenomenon *The Big Bang Theory* aired its **final episode** in 2019, slightly less than 18 million viewers tuned in. What happened? Quite simply, the rise of options. *M.A.S.H.* aired during the infancy of cable television. Until that point, the only television content viewers had available was what was aired by the major networks and independent stations like Chicago's WGN and **Atlanta's TBS**. **Cable** meant that over the course of about a decade, people's choices exploded. That impacted the number of people viewing *Friends*. By the time *The Big Bang Theory* went off the air, cable and broadcast networks were also competing for viewers against streaming services like Netflix and Hulu. Radio also lost listeners as satellite radio put up stiff competition and then apps like Spotify and Apple Music began dominating the market.

## **The Business of Broadcasting**

Broadcast networks depend on advertising dollars to fund their **business**. Shows with bigger audiences command more money for their advertising slots, and it's because of this that ratings for television and radio are carefully tracked. Sports, especially events like the Super Bowl, still draw large audiences and allow broadcasters to charge heavily for each **commercial**. However, recently, networks have turned to new streams of revenue, like product placement within shows and running their own subscription-based streaming apps to monetize their vaults of programming, to continue to be fiscally viable in a changing entertainment landscape.