

From: Jon Schwartz
To: AREPS
Subject: [areps] Challenge for Public Radio Stations

Sent: Tue 4/13/2010 2:47 PM

Colleagues,

Topics in this memo include online aggregation of viewers; online content and identity; ROI and online business models.

Lately we see more and more studies, proposals, critiques, analyses, grant announcements, and policy papers focusing on so-called public media and its future. We observe the unending transformations driven by the public's embrace of internet platforms for information, entertainment and engagement with one another. Our stations and organizations have made hesitant and then faster-paced investments in new media. We understand that internet-mediated platforms are rapidly becoming as influential in our cultural and political lives as the traditional media ever was. We accept - some grudgingly - that if public broadcasters intend to have the same or greater influence in and public service for our nation as we have had in broadcasting, we and our successors must reinvent public broadcasting on established and emerging internet platforms. But what about the specific future and role of public radio STATIONS?

The future of "public radio" or "public broadcasting" in the internet space is a broader topic than the specific future facing individual public radio stations. Stations face disaggregation online, after enjoying decades of the power of national audience aggregation. Stations have become a tremendous and irreplaceable asset in the local/national partnership. Stations deliver the hugely successful broadcast service that serves over 30 million Americans each week. It is clear that today, whatever local/national partnerships might exist online, they do not resemble the broadcast model. The original basis for strong partnerships in broadcasting are lacking at present: powerful, significant national programming in quantity coupled with an essential, monopolized distribution model locally. Clearly, the fruits of on-air success have not translated to the online space. What is less clear is what kind of local/national partnership will pertain in the future online.

Our broadcast space and its established programming, fundraising practices, and audience dynamics are different to the online space. The path by which public radio grew bears recalling: from scattered independent small stations into a national news giant now supported largely by private, voluntary support. These stations formerly had little identity as a collective entity, practically no national significance despite a number of dedicated and often locally successful stations, and unsurprisingly not a lot of financial assets. The investment by the Corporation for Public Broadcasting in NPR and its nightly news magazine *All Things Considered* was transformational. Nearly overnight a national audience was aggregated as the separate radio stations around the country began airing the same show at the same time. Something each station could not do on its own became possible to accomplish together. NPR could sell and deliver underwriting as a national buy, generating a tremendous new revenue stream to help support the highest quality news on the dial. Stations could insert their own news and information within the national show, gaining them an audience they had not previously enjoyed. That larger audience permitted stations to sell underwriting as well, to augment more and more successful direct audience fundraising. The advent of *Morning Edition* turbocharged public radio stations and NPR. The power of aggregation and powerful content was astonishing.

In the online space, our stations resemble “educational radio” and the pre-ATC days. A PMM February survey of 70 public radio and TV station websites revealed that the average number of visits per visitor over the entire month was 1.76. Less than twice per month! Imagine if this were a measure of the public’s use of our broadcasts! We would be dead in the water. Even so, if *all* public radio stations’ web traffic were combined today with NPR’s own web traffic, public radio online would overnight rank among the largest leaders in news providers online. Fortunately, industry leaders are today working to at least have our stations’ and our national networks’ traffic available as an aggregate number. This may begin to attract the attention of online advertisers more seriously than we have ever seen. Without these, we lack the connections and nodes with which to begin a virtuous cycle of essential content, traffic, and non-subsidized, non-governmental financial contributions and sales.

Of course there won’t be a direct web analog of *ATC* or *Morning Edition* on our websites to create a national impact and identity, underwriting and fundraising vehicle. That’s not the nature of web content. Nevertheless we ought never to forget that public radio’s extraordinary success rests on accomplishing *together* important things of local and national impact that none of us could have done *alone*. Can we once again create and distribute together content that will aggregate and inspire significant audiences, but this time online? Kinsey Wilson and his staff at NPR are working towards this goal. The upcoming re-launch of Public Interactive should help stations. The NPR API/Public Media Platform may become the means by which stations and national organizations and perhaps one day newer, non-broadcast non-profit entities that share our values may begin to forge an online nationally recognized identity and a set of new, modernized relationships that define just what *we are* on-line. The CPB has recently announced two major initiatives, Local Journalism Centers and the Public Media Platform. All of these efforts promise to increase the likelihood that powerful content and capabilities specific to the web will enrich all our sites and our services to internet platforms. Will it be enough? Will the public view the results with the same passion and support with which they have embraced public radio on the air? More subtly, will the public recognize as important a presence online that we now think of as “public radio”? Without the elements of our shared broadcast identity such *Morning Edition*, a similar sound on the air, place on the dial, and all the rest - just what *will* forge an identity for “public media”?

Part of the answers to the issues of aggregation, content and identity are certainly related to another major issue that confronts stations and national providers: money. A business plan. Minnesota Public Radio is certainly one of the biggest investors and leaders in innovation and content on the web. However MPR’s Jon McTaggart reported at a national conference that his organization’s ROI - return on investment was not much more than 30 cents on the dollar. We all feel that pain, every day. We know we need to dedicate time and money online, staff and content and technology to forge ahead if we are to create public service online that is comparable to our impact on-air. Yet we know that *we are turning dollars into pennies online*, even as the public’s use of the internet soars. Online advertising revenues surpassed radio advertising revenues for the first time last year. We must see a path to sustainability in order to commit the management focus and financial investment required for online success. But managers and consultants quietly wonder whether success online can bring sustainable financial success. We must ask whether a traditional medium’s revenues can both sustain itself *and* feed the demands of the online space? Grants can fund specific projects, but they hardly constitute a sustainable operating budget for this entirely new medium and its associated enterprises. Like oil, government money is still flowing, but there isn’t as much of as there once was, and demand for it is growing by leaps and bounds.

We are energized by projects announced and proposals floated for innovative initiatives. Many managers remain wary. In difficult economic times we must place our bets carefully. We must be more insightful about whether and which projects may lead towards a future in which online enterprises begin to support themselves. We must ask how that would come about, and what projects are simultaneously being initiated that will test means of support. After years of effort in the online, we need to know that the funders and those proposing new media projects possess and share a vision that includes not only laudable individual projects but an emerging blueprint wherein these projects lead to a coherent and plausible virtuous cycle - not over a financial cliff. We need clarity that developing content and technologies will enrich not just one organization but will spread across our system in ways that build public media values and identity that we share; that will make a significant impact and contribution for the American public; and will generate sufficient support from individuals and businesses in addition to priming the old grants pump.

In short, we need substantive clear strategic planning, not just hope.

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From: Jon Schwartz
To: AREPS
Subject: [areps] Challenge for Public Radio Stations Audience Measurement and Localism Addendum

Sent: Thu 4/15/2010 4:24 PM

My thanks to the many of you who have called or written in response to the original memo posted Tuesday. To make this easier, I hereby grant permission for it to be republished on other sites. If you have a moment, I ask that you let me know when you do.

A follow-up matter may be worth sharing. Localism, even hyper-localism in online services is a hot topic for analysts and experts these days. In our public broadcasting world, Kinsey Wilson and Vivian Schiller have said time and again that NPR member stations are important to NPR's future in the online space for this very reason, besides the other historical and broadcast circumstances. Kinsey has launched the Argo project with this angle in mind.

Here is the question. How are local stations doing, *locally*? In broadcasting, I never compare my station's Arbitrons with NPR's, let alone with CNN or Fox or any other national source. We are concerned with the impact our stations' hard work is contributing...locally. To the best of my knowledge, we don't have any internet rating service that measures and reports *local* ranking. This may be because the internet is not geographically bounded like broadcasting. And perhaps everyone believes they have a shot at conquering the world. After all – someone will. And you never know. Still, are we missing vital information about how public radio is serving the online public? Is that omission coloring our perceptions of our public service impact?

We take broadcast audience measurement nearly for granted, other than the change in methodology signaled by PPM. In contrast, it is difficult to even know what the online measurement standards are and how we are to interpret the results. When public funds are involved, measurement of results is even more critical. How are we doing? How is our contribution to society being used? By whom? Are further investments required? Would they be wise?

Stations are understandably pleased to see traffic on their sites from all over the country and around the world. However I am sure that those making significant investments in their online capabilities and coverage want to make a significant impact in the area in which they are providing that local news coverage. It is entirely possible that in the individual markets we serve, our internet impact stacks up quite respectably, relatively speaking. Or not. We just don't know.

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From: Vivian Schiller
To: AREPS
Subject: [areps] Some comments and update on pubradio's digital future...from Vivian and Kinsey

Sent: Mon 4/19/2010 7:56 AM

Dear Station Colleagues;

We promised you further thoughts and some updates on NPR's efforts to forge a stronger partnership with member stations and articulate a digital vision that will enhance public radio's strength and relevance as technology and consumer habits change.

Jon Schwartz touched on some of these issues in his recent note to AREps. And in meetings with stations reps across the country, many of you have expressed a desire to understand and engage in a conversation about public radio's digital future and the business models that will support it.

Certainly, we don't have all the answers. No one does. And we understand that NPR is just one of many public media organizations that are thinking about these issues and proposing strategies. But with those caveats in mind, we'd like to share some thoughts.

Simply put, we believe that public radio is uniquely positioned to address the news and information needs of the American public at a moment of crisis in American journalism – and that digital media will be a core part of that solution.

- We believe the public radio system has an opportunity to achieve national authority and local relevance across an expanding number of platforms by forming a digital network whose impact is far stronger than the sum of its parts – an approach that has been so successful for us in broadcasting.
- Audio will remain at the heart of what we do, whether on-air or in the digital space, particularly as mobile delivery assumes greater importance and internet radio becomes available in cars. But we'll also need to develop greater versatility in the way we deliver content and meet audience expectations.
- Strengthening our efforts in news on digital platforms – at both the national and local level – remains our most immediate and urgent priority. But there also is great opportunity in the music space, as we've discovered through NPR Music's nascent partnership with a dozen or so member stations around the country.
- Public radio's diversified revenue base is a source of great strength. And while no one can say with certainty what the business model will look like in 10 years, we think our model stands a better chance of holding up on new platforms and devices than the commercial model.
- Last but not least, as mission-driven organizations we have an obligation to think first and foremost about our audience. And our audience is already online. Prudent investment in digital media is not merely an option, as [Todd Mundt persuasively argued the other day](#). It must be a priority.

This is a vision we've long held at NPR, and more importantly one to which we've devoted considerable resources despite the budget limitations imposed by one of the worst economic downturns in U.S. history.

And from the start, we have focused money and manpower on addressing the digital needs of Member stations, not just those of NPR.

Fundraising efforts and discussions with stations about Project Argo began in March 2009. Plans to overhaul Public Interactive began last summer. Discussions around the creation of a Public Media Platform and the fundraising required to support it got underway in September 2009. Efforts to develop a digital training strategy for stations began in the late fall. And station-focused work on the API has continued throughout.

As we'll detail below, we're making progress on each of these initiatives.

Admittedly, our investments in digital strategy have yielded more immediate returns at the NPR level. Frankly, if we couldn't demonstrate some success at home, there'd be no reason for the Member stations to have much confidence in our ability to deliver on the broader vision. But our focus is absolutely on the strength and potential of our *network*. We hope that our actions of the last year have demonstrated NPR's commitment to our function as a membership organization.

But there's also no escaping the fact that laying the foundation for radio's digital future is a costly and complex undertaking that will take some time.

When efforts of this kind are undertaken in the private sector, they are typically eight-figure, multi-year endeavors. When NBC decided to bring the web operations of its 10 owned-and-operated stations in house in 2008, it hired 60 people and spent millions building new infrastructure. [AOL's expansion of Patch](#) – its online local play – is a \$50 million-a-year undertaking that will play out over five years; [Yahoo! And MSN](#) are embarked on similarly ambitious local plays. And even single-market startups like those launched in San Francisco and Washington are expected to consume \$5 million to \$10 million a year and take several years to break even.

We don't have those kinds of resources today. But we have a relationship with our local audiences that's those organizations don't - -and perhaps never will. And we haven't been standing still.

Specifically:

- Project Argo – which will demonstrate how stations can build a stronger online presence – is underway and funded for two years. All twelve sites will be up and running by the end of August. And one station has said it plans to apply the model to as many as a dozen different subject areas as it seeks to deepen its online presence.
- The NPR API has been continually improved and is now capable of supporting not only NPR traffic, but that of large member stations. WBUR has been the first to take full advantage of this service, integrating NPR content into its site and driving steady growth in its traffic. We are encouraging any and all stations to migrate our content to their website and integrate as their own.
- We're currently working with a half-dozen stations to demonstrate how to put their content into the API so that it can be widely shared throughout the public radio network. As the first piece of evidence of how this can work, a story from the Northwest News Network automatically flowed through the API to WBUR. Imagine if all stations had access to each other's content. That's what we're working towards.

- We have begun to overhaul Public Interactive which will make web publishing and content sharing quicker and easier. In the next few weeks, we will name about a half dozen small and medium-sized stations that have been selected to participate in a test of a new open-source content management system that will form the foundation of PI's new service. All of this, incidentally, is being funded, for now, from existing PI revenues, which are up 10 percent year-over-year.
- And finally, we've reached out to other large national producers in public broadcasting (APM, PRI, PBS and PRX) and raised nearly \$1 million toward the planning for what we're calling the Public Media Platform – a more robust version of the NPR API that would expand public broadcasting's ability to serve the content and technology needs of the system.

NPR can and will provide editorial leadership, technology infrastructure and some financing. But even as we're bringing these resources together, it is important for stations to begin taking steps on their own.

WBUR has seen exponential growth in its traffic not simply because it embraced the API, but because it undertook a redesign of its site, overhauled its news operation and began forging partnerships with Boston.com and other local news outlets.

And it's not just the big players who have led the way. Tiny KALW has also been a leader in the online space by redesigning its [news site](#), revamping its newsroom and recruiting citizen volunteers to help fuel an expanded online presence in the Bay Area.

While there are a number of other examples like this throughout public radio, we recognize that the vast majority of smaller stations need significant support of all kinds to compete online. Please know that NPR is committed to that support. In fact, it's one of the areas of study of our strategic plan currently under discussion with the NPR board.

We will continue to seek your input on these efforts, involve you directly in experiments as they come online, and keep you informed of progress at every step of the way.

- Vivian Schiller and Kinsey Wilson

From: Jon Schwartz
To: AREPS
Subject: RE: [areps] Some comments and update on pubradio's digital future...from Vivian and Kinsey

Sent: Mon 4/19/2010 4:46 PM

Thank you, Vivian, for the recapitulation and update of NPR's vision and several current tactical and technological projects and intentions. It is most helpful to see these summarized from time to time for NPR members and others in public broadcasting. The projects are both innovative and promising.

One hopes that the NPR initiatives spring from strategic goals that winnowed many possible projects into just these and that they operationalize the company's strategic plan. Or, if they arose independently of any board and management strategic planning - "bubbled up" - that they were evaluated with many others and selected because they do indeed operationalize current strategic goals.

The ability to align strategic interests and tactical efforts is only made more difficult since we have entered a new medium, the internet. It is more vital than ever to pose the questions, "To what end?" and, "If we achieve this result, then..." to the operational and annual goals. And the answers should indicate directly the achievement of strategic measurable goals that emerge from a company's long term direction - its strategy. Now more than ever this is critical since we are subsidizing the digital investment from our broadcast revenue streams nationally and locally.

Strategic hypotheses concerning online services should answer questions that many at stations and the networks pose, including:

- * Can and how will digital investments stop or strongly minimize cannibalizing broadcast revenues in a reasonable timeframe?
- * What are the projected metrics for digital investment and how do they quantifiably impact the company's overall metrics? In other words, do the numbers add up on the business side of the strategic analysis?
- * Do the metrics include member stations' digital performance and does that support growth in station funding of NPR? If not, is there a business model that predicts additional revenues that exceed the growth in expenses that include the expansion into digital, internet platforms?
- * In order that digital investments not distract management focus from our broadcast business which itself requires more of that focus than ever, what business organizational structure is required? Is the current structure appropriate?
- * How will NPR and its members align their diverse needs and goals in a multiple media environment? Can we achieve specific alignments in the online space that can lead to a similar success as we have enjoyed in broadcasting? How will we demonstrate that NPR and other networks bring such value to stations in the online space that those stations are driven not by loyalty or habit, but by results, to devote aspects of their identity and content to network content - as they have done with morning and afternoon drive time.
- * What specific, substantive value will stations offer to NPR and other networks such that it makes real world sense to devote time and money to partnership on line - as has the

distribution of broadcast content and the contributions of local talent brought to those networks in the past?

* Is there a business model and plan incorporating the hypotheses above or similar ones? Is there decision making criteria?

Strategic goals must be "chained" together such that operationalizing them each year produces a logical sequence of outcomes that are not random, independent achievements but lead to well-defined outcomes with quantifiable metrics indicating the success (or failure!) of the strategic goal. They should not produce simply a basket of unrelated outputs that leave the original hypotheses and strategy unconfirmed. Were such strategic recipes to emerge, digital investments underwritten by the CPB, other funders, and our own might be viewed with more clarity.

Questions about strategic planning and the alignment of interests are what occasioned my original memo. The needs and aspirations of individual stations and of NPR, not to mention the CPB and other national organizations, are understandably diverse and understandably not fully aligned. Nor should they be. But we do need clarity about where they could and whether they should.

NPR is unique among all the major nationals. As a membership organization and the last major national American broadcast news source controlled by broadcasters, NPR has the strength of its local/national partnership to leverage in the online space, while continuing the partnership's major contribution in local and national broadcast news. But that partnership has always been challenging. Alignment of interests in the past has primarily been externally enforced by a variety of mechanisms including distribution, federal non-commercial regulatory requirements, and funding; to mention several. That is not the case online.

We must be clear-headed about relationships, value, content, finance and all the rest in a new medium. It may be the case that stations and national networks do not bring as strong a substantive and mutual value to the partnership table as they did in the broadcast medium. For instance, newspapers may be more logical partners online for stations - or NPR! In a hyper-local vision of the internet, there are those who see the future as one further away from NPR, PRI, APM, focused instead more on local collaboration.

Personally, although I see much value in examining and entering into newspaper and other local collaborations, I doubt it makes sense to turn away online from the close and intertwined relationships with NPR and other networks that have proven so resilient and successful in broadcasting. But ten years later on-line: I believe we are past the point of simply making assertions that it is so - or it isn't so. We need to make clearer, sounder, deeper analyses of the hypotheses and questions before us and then act, to execute on the outcomes.

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