

Now & Next E02 – Pacific Content on the Audio Renaissance

Full interview transcript

Leora Kornfeld (LK):

What we're seeing with podcasting is the coming together of two mediums that traditionally were not linked. The jokes always were – and I worked in radio, and actually I know that both of you worked in radio, too – that we sort of *settled* for a career in radio and the thinking was, "Oh, you couldn't make it in the big leagues with TV." It wasn't as glamorous. It wasn't as lucrative generally and, of course, the other old joke of "that person has a face for radio."

But now with podcasting, we're seeing a whole different situation where, actually, it's no longer the red-headed step-child. So, what happened?

Steve Pratt (SP):

I can only give my perspective on this, that I had a weird route to radio and I started on TV and got frustrated by the restrictions of television and how formatted it was, and the inability it had for doing new and interesting things, to get them green-lit to be able to experiment and try new ideas. And I ended up going into radio, particularly on a digital radio service called CBC Radio Three, but precisely because it was more creatively liberating, and it was almost set up as an innovation lab. It's really easy in radio to try new ideas and try new formats and it doesn't cost the same as it does in TV to be able to try something, see what it sounds like, and see what the audience reaction is.

I know this is probably different than over-the-air radio, but I think that magic combination of audio and digital lends itself to very quick and speedy experiments. And you can get this level of engagement by trying different experiments because it's not a screen and it doesn't have to look perfect on the screen. You're imagining everything in your head. The power of audio is pretty amazing for trying stuff and experimenting to see what works.

LK:

Right, but that was always there and generally Hollywood didn't ever pay much, if any, attention to radio. So, something else is going on here. Dan, any ideas?

Dan Misener (DM):

I think one of the things I've noticed over the past couple of years has been in podcasting, especially in coming from public

radio, the increasing understanding that you can do it yourself. And over the past couple of years I've gone to the Third Coast International Audio Festival, which has very, very public radio roots. It's existed for a number of years and early on it was a collection of dozens or maybe a few hundred largely public radio people coming together to nerd out about public radio stuff. And what's happened in the past couple of years is that alongside this moment, podcasting is generating an explosion of interest in audio storytelling way outside the public radio tradition. At the most recent Third Coast that I attended I think they capped attendance at 800.

And it wasn't the classic group of people I was used to seeing. There were people who were coming not necessarily from a public radio background but from online video, and from television. There was an increased commercial presence there, not just from the big legacy broadcasters but from some of the newer places like Gimlet. Places like Wondery had presence at the Third Coast Festival, which again, does not have its roots in commercial radio or commercial audio. And I think the sort-through line with a lot of it is people understanding that there's a huge amount of opportunity right now and the barrier to entry is so low and that there are increasing numbers of ears on this medium. And places like Hollywood are looking to podcasting or audio storytelling almost like a farm team, right?

If you're looking for original IP that you might license or auction for a movie or for a television series, radio and audio is a relatively low-cost way to experiment and try new ideas. And I have seen that up close and personal just in the attendance of industry events over the past couple of years.

LK: Apart from the cost base of production, what are you seeing that is unique about what podcasting can do?

SP: I'd say there are maybe two big things. One is on the user side of being able to just choose what you want when you want it. And the other is getting out of the type-like rigid formats of traditional radio so that it's a wide-open space.

So, on the first one, much like Netflix has done to television, when you have a choice to watch things that are perfect for you versus things that are designed for a huge, mass audience, you're going to go after the thing that is perfect for you and that you really love a lot. Podcasts are the same way. I can listen to whatever is on the radio right now or I can program my own commute with stuff that is 100% about me and what I want in the moment for my commute. And I think technology has

become better, and people have figured out how to connect their phones to their cars or being able to go on runs or workouts, the ability to choose and program amazing stuff has just brought more people into the mix.

So, to me, that's a huge pattern for audio, that it's mirroring what's going on with other mediums. And the other has a lot to do with radio, where there is a format, and this is the type of programming that goes in there and nothing outside it goes there because we're selling ads to a particular demographic and we're branding ourselves – this is it exactly – we're the country station, or we're news talk, or we're pop hits, or whatever. Podcasting's wide open and I think, the same way as the rest of the internet, you can get some really powerful niches being built where you can be the best show about a particular niche that would never, ever make it on radio and you can find a huge, passionate, loyal audience precisely because it's like nothing that's ever existed on radio before.

DM:

The technology itself has *affordances*. The fact that I can do all the things that Steve just said, in terms of programming my own commute or picking exactly what I want when I want it, that comes on a delivery mechanism, whether it's a smart speaker, whether it's the phone that's in my pocket, whether it's built right into my car, whatever it is, that has affordances. But there are also fundamentals to audio storytelling and to the good old days of radio that really haven't changed. And I think, when you look at the immediacy and the intimacy and the humanity of radio, a lot of that lives on in podcasting and I think having high production values is never going to go out of style. Telling a really good story in a linear way is never going to go out of style. There are certain fundamentals that I don't think are ever going to change even though the delivery mechanism or the mode of consumption changes.

LK:

And it's so interesting because public radio was always very much relegated to the sidelines and now, all of the sudden, it's becoming centre stage in the world of podcasting and the cross-platform products that are coming out of it. It's becoming centre stage because it has the high production values that you talked about. It's thoughtful. It's about storytelling and it's not restricted by a format. It's not about pop hits, or hip-hop, or country, or whatever. And isn't that interesting?

SP:

Yeah, it's fascinating to me. In a way, I guess I just think about it in radio terms. You talk about foreground listening and background listening where with foreground listening you have to put your full attention into something. You're fully engaged,

that the primary focus of your attention is on what you're listening to. And background listening is where you might be doing something else. You might be writing emails, or it might be that something occupying the foreground of your brain is not the audio. I think a lot of traditional radio is more background, particularly music stations, even long-form talk stations are things where your attention might be brought to the foreground for a short period of time but mostly it's something you leave on in the background, for hours sometimes.

Public radio and storytelling and that high-quality piece is very different in that regard. There's not a lot of storytelling in that format on music radio, for example. So, when you're in commute, to be able to grab somebody and pull them into the foreground with something that is really compelling narrative art that has a great beginning, middle, and end and you're attached to characters and it has emotions in it, compared to something that is extemporaneous talk about something where people are arguing for the sake of arguing to create drama in real time. To me, it's no question about which one I would choose, and I think a lot of other people are moving in that direction, too.

LK: Right, although with the binge listening that people are now doing with podcasting, I'm worried that people will never arrive at their destination because they're going to get pulled in from one episode to the next and there's going to be a lot of people late for meetings. Now even...

DM: Those are the moments that I think radio storytellers, audio storytellers, podcasters, when they're doing their jobs right, are aiming to create.

LK: Right. No, absolutely, now even now, most people know about podcasting. It's moving closer to the mainstream. If we look at the numbers from an industry perspective, it's very interesting, too. So, as an industry, and this is based on ad revenues, radio is about a \$20-billion-a-year business, I believe. Podcasting is growing by leaps and bounds. I think it's up 80% year over year and it's about \$300 million year. So, it's a little over 1% the size of the radio market and I know this is a stat that you, Steve, have been thinking about because you wrote about this recently: the challenge of getting the 75% of people who've never listened to a podcast to do just that, to listen to a podcast. So, how do you do that?

SP: Well, it's interesting. I think there's a whole bunch of different people in the industry and different strategies being employed

to figure out how to get that other 74% to come in and have their first podcast listening experience. I think, on the content side, there's a whole bunch of possible formats for podcast that don't exist yet and that should. If you look at what is popular in podcasting, it is very, very different from what is popular on top TV charts, or top movie charts or, maybe the best analogy is that podcasts are more like books in some ways. One of my friends, podcast news guy James Cridland, used that analogy that it's a bit more like books than other mediums if you look at a bestseller list.

Dan and I have joked a couple times, like where is the *Family Feud* or *Jeopardy* of podcasting. Why is there not a hit soap opera? Why is there no sitcom out there that reaches really broad audiences? Because of the genesis of podcasts themselves, of coming out of either that really quick-and-dirty democratization of tools and publishing where you get a lot of long-form interview podcasts and then also the public radio pieces that Dan was talking about. Those are the kind of dramas that are the primary home for podcasts and I think the formats need to be broadened to be able to pull in that other 74% and think more mainstream.

One the other side, we have huge players like Google that are making brand new steps in thinking about podcasting where audio is now going to be included in regular Google search results. So, if you search for a person and they've been a guest on a podcast and it's a great interview, your podcast could show up as one of the top search results and you can just click on it and it will start playing. And it's not telling you that it's a podcast. It's not making you download a new app. It's just kind of click and you're listening. Boom, you're a podcast listener. I think that sort of thinking is really interesting and smart as a way to grow new listeners.

DM:

I think there's a format piece to this and a technology piece to this, but there's also a huge marketing component to this. And I think what I would love to see is people treating podcasting less as an oddity or an unusual medium or do more to shake off the stigma that it's a weird, niche medium. The more that podcast marketing ends up looking like marketing for a feature film that you might see in a theatre, or a television series that you might watch on Netflix, or a book you might buy at the airport. The more that we can treat it as mainstream culture, and the more that we can treat podcasts as the big-budget, high-value entertainment and information products that they are, the better. The less we can be, as you said, the red-headed step-child it, the better.

LK: Google recently announced a native podcast application for Android phones, right? That is a huge, huge step forward, too, because before that, there was only a native application on iPhones, which are what, 10% or 15% of the world's phones?

DM: I was just going to say, on Androids, prior to Google Podcasts, there was no good default option. So, you've got this huge number of potential podcast listeners without a good, baked-in option on the device that they have in their pocket, or in their purse, or in their hand all day long. So, on the Android's side, it was looking pretty fragmented. There were some big third-party players. So, you look at Pocket Casts, which is a paid app on Android. You look at Radio Public, which I think is free. You look at a handful of these big third-party apps but if you're at a dinner party and someone recommends a show to you, and you're on Android, you not only have to be intrigued enough by the show that was recommended to you, but you also have to figure out how to download a podcast app. And then you have to figure out how to use that podcast app to get what was recommended to you.

There were all of these speed bumps and I think part of the challenge in podcast land is that existing podcast listeners take their own experience for granted and how easy it is for them to listen to new shows, and they don't think enough about the onboarding experience or the first-run experience for somebody who is maybe aware that podcasts are a thing but has never actually spent any time with one.

There are all these little, tiny, technical speed bumps that are not things you can't overcome but it's enough friction in the system that keeps, I think, large numbers of people who can really benefit from podcasts in their lives from actually sampling them and learning how they might fit in and add value to their day to day.

LK: And on top of that, you talk about the person at the dinner party or the barbecue or whatever, saying, "Hey have you listened to this series or that series?" They'd also have to go through the humiliation of admitting that they didn't really know where the app store was, that they didn't know what third-party podcasting software was. All of those things you just sort of nod along and you smile, and you pretend you know what's going on whereas on iPhones, it was right there on the home screen, but as we said, that's only 10% to 15% of the phones in the world and I think a lot of people didn't realize that.

SP: Yeah, the other crazy piece about this that the product manager for Google Podcasts told me was that the average iOS device is used for listening to 10 times as many podcasts as the average Android device. And so, I think, if there are more Android devices in the world and now there is a really frictionless way to get people from a search result and in one click you're listening to a podcast, the ability to make up a lot of that 10-fold gap and to hit more and more people worldwide, the potential audience growth is huge. I think they have, conservatively, estimated they could double worldwide podcasting audiences in the next couple of years with this.

LK: Which leads me to my next question. I want to talk about the creation of original IP, which stands for intellectual property. And this is a really hot topic in the world of podcasting because we have seen popular podcasts turned into TV shows. Gimlet had their series *Homecoming* turned into a TV show starring Julia Roberts. And Wondery has had [four of its series optioned](#). So for you, at Pacific Content, are you looking into those areas as well?

SP: We are not and it's more because of our business model. So, we're a very strange podcasting company in that we don't have a network. We don't make original shows for ourselves and we don't sell ads. The only business we're in is that we make original shows with brands. Very much like what you might see with Red Bull in the video space. We have a company like Red Hat doing a podcast that is original content and seen as a show rather than a piece of marketing. I do think the idea of IP in the rest of the podcast world is a really interesting one. A lot of what we were talking about how storytelling-based podcasts are and how when you have a wonderful narrative arc with a beginning, a middle, and an end, and strong characters and big emotions, those are the things that every other medium looks for as building blocks.

They look for that in television, and they look for that in movies. And as we were saying earlier, it's much more economical to try out a format in audio than it is in other areas, and if you can come to the table with an amazing story, a great set of characters, and a bought-in audience that loves this and knows this brand, I think it's a much easier sell to other platforms than it would be if you were just going in cold with a pitch.

LK: So, you haven't had those knocks on your door? Because you guys have had some of the most successful podcasts out there with Trailblazers, and Choice-ology, Hackable. Any of those knocks coming at your doors?

SP: Well, it's interesting. We don't actually own the content. So, I think that that's our business model, making the shows with our clients so that the show is actually coming from Dell Technologies, or it's coming from Mozilla, or Red Hat, or Charles Schwab. I anticipate that that is something they are going to have happening in the next year or two. But it would not be coming through us.

DM: And I think one of the things that's most interesting to me about podcasts, particularly podcasts from brands, is not how they exist as siloed media products unto themselves but how they plug into larger content ecosystems. Mozilla's a great example of this. They're the not-for-profit behind the Firefox web browser. So, they've got a browser product. They also have a hit podcast. They have a very popular blog. They put out a video series. They create educational resources that are used all around the world by teachers. They have a lot of things going on and they're creating an awful lot of content and the question that I have is not necessarily how do we take the podcast and turn it into a television series, because frankly, maybe the podcast isn't a great fit for a direct adaptation to television, but how do we take what is really great about the podcast series – the host and the content that we're creating around it – and use that to bolster other parts of what Mozilla's trying to do.

How does the podcast fit into educational materials that may become curriculum? How does the podcast feed into a potential video series of short documentaries? How does the podcast reinforce the message that's already going out through the newsletter? You can see that on the brand side of things, but I also look to popular indie podcasts. Places like Lore, where they take a podcast and they've not only turned it into a very successful audio program, they're also publishing books. And they're doing live events and they tour. They've got all of these different revenue streams that are all inside the same content ecosystem. So, I don't think it's just about how do we take a podcast and bring it to Hollywood? Or how do we act as a farm team for Hollywood in the same way that book publishing is sometimes fertile ground for finding adaptation possibilities, but it's how do we plug into something that is much larger and is more of a media ecosystem that comes more from a brand, or from an independent publisher, or from one of these larger shops? I don't think it's just podcasts to TV or podcasts to film.

LK: Because what we're talking about here is really something that's getting a lot of attention, talking about the business side of things, the investment community. There was never a big investment community prior to the podcasting boom for

anything audio-related because there just wasn't enough of an ROI. It just wasn't a big enough business but a lot of the thinking in the investment community is exactly what you two have been talking about, that with podcasting for relatively, certainly compared to TV or film, relatively low budgets, you can flesh out an entire production. Then you can test it with an audience, then the idea is that you can transition it to television or film, so investors are interested in that because they can potentially see a really big, multiple return on something like that. Do you see any of that going on in Canada?

SP:

I don't know of any VC investment in podcasting in Canada at this point. In a way, Canada feels like a couple of years behind the US. I was at a podcasting conference in Copenhagen a few weeks ago and I think that's the same feeling almost everywhere else – I think there were 22 different countries at this conference – I think everybody felt a couple of years behind where the US is in podcasting, so as more podcasting companies come up, there's going to be a desire to grow the industry and to grow fast and have an impact in there.

The one piece I was just going to say, too, is I think for some of the investors, I don't know that it's all about transitioning to TV or movies exclusively, I think there are a couple of really interesting things about podcasting that are very different in that it's one of the few content spaces where you don't need a screen. Like it's on your phone but you're not looking at a screen, and almost all of our screen content now is shorter form, particularly social media where it's much more bite-sized and short-attention span.

Most podcasts are in the half-hour or longer range where you're getting to have a really meaty chunk of time and you're getting a significant amount of engagement with people. And it feels almost like a new world that a lot of people are waking up to in the digital space. There's a considerable amount of time that people are spending in this space and that's really valuable when maybe the most valuable commodity out there is people's time and attention. The infinite amount of content that's out there to choose from makes podcasts pretty special when they feel interesting and have a lot of room for innovation.

DM:

For me over the past couple of months platforms like Apple and Spotify have really beefed up the publisher analytics they offer. Not only are publishers releasing half-hour-plus episodes, but people are actually listening, and we now have data to support that. Think about the time and money that might go into a short-form video, an Instagram ad, or something like that,

versus the amount of time and attention that goes into creating a half-hour podcast episode. If somebody can offer you 30-plus minutes of their time, that is incredible valuable and not only is that the format people are gravitating towards, but we now have evidence that it's not just content being released, it's content being released and consumed with great regularity and in large numbers. And the sort of feedback we looked at in the reporting and the analytics offered is now bearing out a lot of the things that people thought was true for quite a long time about podcasts.