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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