



## **2021 Year-in-Review: Media Convergence**

### **Interviews with**

- **Conal Byrne**
- **Julia Fontana**
- **Guy LeCharles Gonzalez**
- **Paul Sweeting**

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**KENNEALLY:** Welcome to Copyright Clearance Center's podcast series. I'm Christopher Kenneally.

In the final weeks of 2021, Velocity of Content is looking back at the past twelve months of programs.

Here at CCC, we have a long track record as an early adopter of digital technology.

Our company's domain name [copyright.com](http://copyright.com) went online in 1995 when dial-up connections and Netscape were Web standards.

In December 2005, the New Oxford American Dictionary named podcast the 2005 word of the year, and CCC launched this very program shortly afterward. In January this year, the CCC podcast known for 15 years as Beyond the Book became Velocity of Content. What didn't change was our focus on breaking news and thoughtful analysis from across the dynamic global content industry.

Podcasting in 2021 is big and it is getting much bigger. Right now there are more than one million active podcasts and more than 30 million available podcast episodes. The rapidly expanding market has attracted some of the world's biggest celebrities, from Will Ferrell to Michelle Obama to Malcom Gladwell, Chelsea Handler, and Shonda Rhimes.

Conal Byrne is Chief Executive Officer of the iHeartMedia Digital Audio Group, which includes the company's fast-growing and high-profile podcasting business. Prior to joining iHeartMedia, Conal Byrne was President and CEO of Stuff Media, which pioneered the podcast space with leading shows including Stuff You Missed in History Class, and Stuff You Should Know. Byrne joined iHeartMedia when the company acquired Stuff Media in October 2018. In a panel



discussion for the Copyright and Technology conference this fall, he explained how podcasting has come to a fork in the road – on the one hand, subscription driven walled gardens and on the other, advertising pays the bills.

BYRNE: Yeah, there's two business models at work in podcasting, and they're different enough that they may be two separate industries. The first is the subscription business model using podcasts to put behind a paywall to drive or convert into a subscription. The second is what I would call the audience business model, and that is iHeartMedia's business model. It's very simple. For us it has worked because it, I think, reflects total alignment where we want to work with the best creators in the world, we want to get them the biggest audiences they can possibly get by widely distributing their content anywhere where people want to listen to their content.

We're fairly agnostic on whatever platform you pick up a podcast on that we distribute. Why? Because the economics of podcasting flow back to the publisher, not the platform that you're listening on, at least today. Why? Because podcasts are distributed through RSS feeds, and RSS feeds flow back to a centrally controlled publisher that determines what episodes, and also what ad loads go into those RSS feeds and episodes, wherever they're consumed. So back to our model, we want the biggest audiences possible for the best creators in the world, and so we widely distribute. Why do we do any of that? To deliver that scale back to brands. Brands need scale, and they need targetable scale, or you will never see this ramp that new mediums need to see. Podcasting is just starting to see that because of all the above.

I think this is the most exciting medium in the world, and certainly one of the fastest growing. To be rattling off numbers like 120 million Americans a month listen to podcasts, or for me, more impressively, 80 million plus Americans a week listening to podcasts, so really a regular part of people's media diets, if you will.

I think what you see a lot of creators feeling when they jump into podcasting these days is a creative freedom that maybe they haven't had in a long time in other mediums. As long as it's audio, podcasting allows a creator to really be as creatively free as they feel like they need to. And so whether it's the Ron Burgundy podcast using pre-existing IP, or totally new podcasts, the likes of which we roll out every quarter with Shonda Rhimes. That, I think, more than anything else is what's accelerating what we'll call A listers from other mediums jumping into this one, and that's driven the medium for us, too.

KENNEALLY: You were talking about creative freedom, that was important to the people who are coming to iHeartMedia's other platforms. What else are they looking for in the deals that they make? And what are you looking for, as well?

BYRNE: I think creators want to use podcasting in different ways. But recurring themes we see is, yes, creative freedom, but also they see a medium where they can make content that is fast,



cheap, and good. The adage sometimes, for those of us who've worked in video at all, is fast, cheap, and good, pick two. In podcasting, you don't have to.

BYRNE: I think podcasting grew up as a very creator-friendly medium, what I would say now, a publisher-friendly medium, the person making/distributing the content. The reason for that is interesting – it's really driven by technology. Podcasting, early on, used the technology, again, I've referred to it already, but it's using technology called RSS feeds. It borrowed this tech from blogs. RSS is Real (sic) Simple Syndication, it's the simplest form of distributing content on the Internet.

When you think about YouTube, and you launch a YouTube, you don't own your YouTube channel. You are on YouTube's platform running a YouTube channel. Podcasting is different. You have an RSS feed that you can unbolt and carry with you down the road and do with as you see fit as a creator or publisher.

KENNEALLY: To see into the future of media, exit Interstate 81 in Syracuse, New York and head to the S. I. Newhouse School of Public Communications at Syracuse University. On campus, the Newhouse School building, from a certain angle, resembles a computer screen and hard drive. Inside, Newhouse students learn their professions deep in cyberspace.

*Media-Nxt, the Future of Media*, is an annual report on media technology, researched and written by Syracuse students working with Sean Branagan, Director of the Center For Digital Media Entrepreneurship at the Newhouse School.

In 1982, the court-ordered breakup of ATT drove a whole generation of innovation. Julia Fontan, a Media-Nxt contributor examined a new form of unbundling, specifically the familiar online behemoths Facebook, YouTube and LinkedIn. She told me that a large platform strategy to appeal to everyone may not serve customers well as the web evolves.

KENNEALLY: So, for example, on YouTube, the adjustments to the algorithm have had a negative impact on a lot of creators' revenue and so this has driven them to other smaller startups that are more creator friendly.

FONTANA: Yes. Patreon comes to mind in particular there. I think Patreon is a very promising startup or first mover in that space that's doing a great job of capitalizing on making it conducive for creators to use their platform, giving them a lot of autonomy over their content, and also allowing them to monetize more directly on their content. And there's even potential with LinkedIn, which is much of a B2B play than B2C, but there as well, there's a kind of clutter on such a tremendously vast platform that some dedicated job sites are trying to clean up.



FONTANA: Yes, definitely. It's difficult on LinkedIn, I would say, because one of the main features of LinkedIn is networking and building your professional network. But it's also a big place to go apply for jobs and look for jobs, and again, a place to message and keep in touch with people, apply for jobs. You can do LinkedIn Learning, that educational content that they have there. There's a lot going on, and I think a lot of people – most users may not even realize there is LinkedIn Learning available to them through their subscription. They may only know the newsfeed. They might not understand the many vast features that are available to them through it.

KENNEALLY: That's true. A lot of those platforms are like the proverbial icebergs, right? You only see about 1/10<sup>th</sup> of what's really there. So tell us about the compelling startups that you identified in your section.

FONTANA: LocalBuzz is a localized video sharing mobile app. So it allows users to talk about and share videos and content related to their specific cities. So it started in Phoenix. I believe it's in Austin, Texas and Los Angeles. So it is very small right now, but I think in those markets, it's nice to be able to capitalize on the local areas, taking the larger platform or a similar idea possibly as TikTok, but it making it hyper local and more specific to individual communities.

KENNEALLY: Guy LeCharles Gonzalez is chief content officer with LibraryPass, which offers a digital catalog of comics and manga to libraries and schools across the US. Comics have long played an important role in the reading habits of many children. LeCharles Gonzalez says librarians and teachers are now recognizing that avid comics readers acquire critical reading and learning skills.

LeCHARLES GONZALEZ: The level of storytelling that goes into creating and reading a comic is closer to engaging with movies or video games than they are a traditional book. There are a number of studies that show that comics facilitate visual learning a lot more effectively and are great as adaptive learning tools for challenged readers. So readers who may not be as comfortable with straight text – maybe they aren't able to decipher certain ideas or concepts – in comics, that processing is different, because you've got visual cues to go with the words.

What's the cliché? A picture's worth a thousand words. Comics literally prove that, where a book has to describe. And some authors are notorious for being overly descriptive and writing thousand-page books that maybe could have been 400. A comic can take a chapter's worth of description of a setting and put it out there in three panels and move on to the story, and you can spend 30 seconds skimming past those panels and just reading the story, or you can spend 30 minutes deciphering all the detail in those panels and picking up all the same nuance a great author can deliver in words. A comic gives you the best of both.



KENNEALLY: As we live in this increasingly visual culture, there's been a shift away from comic books and towards graphic novels as the preferred format for readers. Sales in the book channel have now climbed above the comic store channel in North America for the first time. I have to ask you, as a veteran observer of the publishing industry and an avid reader of these formats since you were a child, do you think the book world has sufficiently taken note of this change? What does the change mean for publishers, for sales, and for readers, as well?

LeCHARLES GONZALEZ: You know, it's interesting. I think in a lot of ways, publishers don't often get credit for when they get things right. I'm first on line, ready to criticize publishers for things they get wrong. But I think when it comes to comics, several publishers – Macmillan of note with First Second – recognized the value of comics as a storytelling medium of its own outside of the serial format that was kind of the traditional approach for direct-market and superhero comics well before those traditional publishers did.

Even today, most of your old-school comics publishers, they still – single-issue periodicals building up to a series. Then they collect that into a graphic novel or a collection to then sell to the book market. Whereas traditional publishers who have gotten into comics for the most part don't play around in the periodicals space. They've gone straight to graphic novels.

So I think what's been interesting about that shift is it's less about people are losing interest in periodicals. There's still kind of a hardcore audience that still likes their weekly comic releases. All the major superheroes are still published in that format. A lot of popular franchises that people don't know came out of comics were still in periodical form. *Walking Dead* – that was a periodical that led to collections that now people buy in omnibuses. A lot of people watch the show, and some of them have no idea it started out as a traditional periodical comic.

So that shift to graphic novels is more about the growth in the audience for comics past the superhero fan and the comic book store aficionado into young kids who were reading *Wimpy Kid* and *Big Nate* and *Bone* and *Avatar* and comics like that, some of which cross the line and also still come out as periodicals. But you've seen that growth largely from – comics, I think, as a category of publishing have done a much better job at diversification both in storytellers, in the stories being told, and in the audiences they try to reach than most of publishing writ large. That, I think, is where the growth came from.

KENNEALLY: While the music industry experienced financial carnage in the first decade of digital disruption, streaming has since restored the business to growth.

In 2021, important business and creative changes tied to streaming have begun to attract new sources of capital and new financial players. Entrepreneurs and private equity firms have raised more than \$2 billion to fund the purchase of music rights and the streaming royalties those rights can yield.



Paul Sweeting, a veteran business journalist and industry analyst specializing in the intersecting worlds of media, technology, and public policy, explained why your favorite song is humming a happy tune all the way to the bank. And it all comes down to one word – catalog.

SWEETING: Yeah, that's one of the surprising and sort of game-changing developments that's come out of the streaming revolution. It used to be that the music industry was all about the hits – the current hits – because that's what drove record and CD sales, and that's where most of the money came from. In the streaming context, that's sort of been turned on its head. It turns out that catalog product – that is, songs and records that are over 18 months or three years old – once you sort of understand why that's so, it makes sense. But I think it came as a surprise to a lot of people in the industry, and it's now where most of the streaming revenue is being created. It's from streams of older catalog releases, rather than the latest hits.

KENNEALLY: Paul, the value here is on several points of the music industry spectrum, if I can put it that way, right? So the value is to the listeners, to the artists, to the companies themselves, and particularly because the streaming services really need to have the rights to these songs for their continued availability to really be worth anything themselves.

SWEETING: That's exactly right. What streaming has really revealed is something that was always true, but invisible, about how people listen to music. In the past, in the days of physical CDs and LPs, people collected. They collected LPs. They collected CDs. And they might go out and buy the new hit or the new album from their favorite artist, but most of what they listened to was the collection they already owned. But there was no visibility into that. When a record company sold you a CD, they had no idea how often you played it. And all of those subsequent plays had no economic value to the record company or to the music publisher.

What streaming has done is it's done away with the need for people to amass their own collections, because every song, every album you could ever think of, pretty much, is available to you on demand from Spotify or Apple Music or any of the others. But in order to maintain that access, you have to keep paying the subscription fee. That has made manifest what was always true, but invisible, because you can now see or get data on, at least, what people are actually listening to. And just as before, it turns out what they're listening to primarily is the stuff that they love. But that so-called catalog product now is generating revenue for the record label and for the publisher and for the artist, because people are continuing to pay on an ongoing basis, and the services, in order to maintain that access, are paying ongoing licensing fees and ongoing royalties. So it's a sea change in how the business operates, but it's not a change in how people actually listen to their music.

There's going to be pressure from the investors to put the capital toward the part of the business that generates the biggest return for them, and that's not going to be the A&R end of the



business. It's going to be the catalog end of the business. Which is why you see money chasing after particularly publishing catalogs – that is, the songwriters' piece of the action – because that's where the investors are seeing the biggest return on their investment.

KENNEALLY: And the chasing of catalogs is well underway, and it is generating eye-popping headlines and eye-watering numbers here. For example, in December, Universal Music Group spent a reported \$300 million and up to acquire Bob Dylan's entire catalog. Other big spends have made the news, too.

SWEETING: Yes. And there are now a number of dedicated investment companies, the biggest being a firm called Hipgnosis Songs Group. It was started by a man named Merck Mercuriadis, who was a former music manager. There's another large one called Round Hill Records – Round Hill Music, excuse me. They're both publicly traded. They've raised money in the public equities market. And they're now using that capital to invest in and to purchase songwriting catalogs, what the industry refers to as the publishing rights to songs.

From the investors' perspective, it's sort of like an annuity. Except in this case, the market is still growing, so an asset you buy today at one price within five or six years could double in value – the sort of base book value of the asset independent of the royalty revenue that it's yielding. So it's a good deal for investors right now.

KENNEALLY: It's a very good deal indeed, because in addition to yielding those royalties, the dollars, it also yields data, and that will help drive strategies for growth.

SWEETING: Yeah, data is essential to the financial business and financial community. Now, there's so much data available at a very granular level about the performance of song assets in the marketplace that you can make reasonable and fairly accurate long-term projections about the value – about the returns on those assets.

If you look at the traditional equities and bond markets, they are driven by data. That's what institutional investors look at. You didn't have that kind of data on intellectual property assets like songs in the past. Now, you have that data, and that makes it a lot easier for asset managers and institutional investors to put money into this class of assets, because they now have the data to support the case.

KENNEALLY: Communication in digital media requires agility from both the creator and the audience. Each side moves readily across a spectrum of forms. Reaching the intended audience matters more than any chosen medium, whether you are an individual Instagram influencer or a global organization.



Our co-producer and recording engineer is Jeremy Brieske of Burst Marketing. You can subscribe to this program wherever you go for podcasts and please do follow us on Twitter and Facebook.

I'm Christopher Kenneally. Thanks for joining me throughout the year on Velocity of Content from CCC. Best wishes for 2022!

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