

Norman Pattiz and PodcastOne are Providing the Very Best in Radio On-Demand enabling Advertisers to Connect with the Listeners of Over 200 of the Most Popular Podcasts – From Comedy, Music and Sports to News and Politics



Norman Pattiz
President & Chief Executive Officer

PodcastOne
<http://podcastone.com/>

Interview conducted by:
 Lynn Fosse, Senior Editor
 CEOCFO Magazine

"I came from television and I was fond of saying that radio was the Rodney Dangerfield of the entertainment business even though when you take a look at the numbers that were being spent in radio they were huge." - Norman Pattiz

CEOFCFO: Mr. Pattiz, would you tell us the concept behind PodcastOne?

Norman Pattiz: It is basically taking advantage of digital audio and on-demand listening and providing a wide variety of opportunities to consumers and advertisers to be able to get programming that they find interesting and attractive, where they want it and when they want it on their schedule.

CEOFCFO: How did you know when it was time to create PodcastOne?

Norman Pattiz: Like so many things in my life, it is simply a matter of recognizing opportunity. I founded Westwood One almost forty years ago. Then in 2010 I retired as chairman of the board, and folks wanted me to stay involved with a lot of the talent that had been involved with me for in some cases decades that was still on the network, so I formed a consultancy to be able to have those relationships and keep them having a relationship with Westwood One. I did that more as a courtesy, but it was not anything that made me any money. At that time, a mutual friend introduced me to young man named Kit Gray, who is our President, but at the time was representing a couple hundred podcasts by different hosts and producers. I did not know much about podcasts at the time, but when I sat down with Kit, I realized that podcasting was really in many ways trending towards a digital Westwood One, only it was limited by the formatics of radio. The programming did not necessarily have to fit with a rock radio station or talk radio station since it was delivered digitally and on-demand; if it could deliver an audience it was a potential podcast. That looked very attractive to me. Kit reminded me of me when I started Westwood One. I thought it looked like fun and I was in a position unlike when I started Westwood One, where I could fund this myself so that was the birth of PodcastOne. We have employed many of the techniques that we used as Westwood One when we were introducing radio syndication to advertisers and to the radio industry. Our progress over the last 4.5 years has been almost identical to the track record we established at Westwood One.

CEOFCFO: You have many years at Westwood One. How did you go with the ebb and flow of radio and how were able to stay ahead of industry changes?

Norman Pattiz: When you do not know the rules, you are not limited by them. Westwood One started by accident. I was the sales manager of a television station in Los Angeles and three days before I was going to get married I was let go by the new general manager of the station and replaced by his younger brother. My honeymoon lasted a little bit longer than I had originally anticipated. When I got back, I started looking around for what I was going to do. I did not feel like going back to a television station and working for somebody else because I had just had a bad experience. I was listening to a radio program with a friend of mine when I got back to LA and it was a 52-hour special called The Sound of Motown. It played all the hits of Motown on a local urban radio station in town. Coming from the television business, I wondered if they ever syndicated these kinds of programs and the answer was they were unusual to say the least. I took a meeting with the general manager KTFJ, met with the folks at Motown Records and a week later I am producing a 24-hour special for radio called The Sound of Motown, which included unreleased tracks and artist interviews and I went out and sold it to four advertisers that I know from the television business. That was the beginning of Westwood One.

CEO CFO: What were some of the highs and lows over the years?

Norman Pattiz: When I started in the syndication business in radio, I did it because syndication was common in television and that is where it came from; it was not common in radio. Barter syndication, selling to national advertisers and leaving the rest of the advertising inventory to the radio station and producing programs that stations could not or would not produce for themselves was a relatively new concept. Certainly their advertisers sponsorship was a new concept. What I myself doing was evangelizing to radio stations and to advertisers about why this was a great opportunity for the radio business that had not previously been available. There is the biggest aha moment, nobody else is doing it. It is amazing that when I started PodcastOne almost five years ago it was practically the same situation. Podcast had been around for a long time but the technology was making it much easier for consumers to [listen to podcasts](#) and although advertisers were sponsoring podcasts, they were mostly direct response advertisers. The big national brand advertisers really were not using the medium. It meant going out and doing what I did with Westwood One, which was evangelizing the national advertisers about the opportunity that exists and getting some people to sample the medium which was generally speaking a successful experience for them. We go out and do what we do now, which is increasing demand and increasing telling our story and now rather than 100% of our advertisers being direct response advertisers, which was the case when we started, we are about 50/50 direct response and 50% major brands that you would see on network television or radio. It was startlingly very much the same kind of an experience. When lightning strikes twice and you recognize it, you jump on it.

CEO CFO: Do you enjoy it more the second time around?

Norman Pattiz: Sure, because I had already done it before and I saw the similarities and I knew the play book would be very much the same, now in a digital medium that is changing almost daily. You have to be very nimble and you have to move more quickly than I did in traditional broadcast radio. We were always in front of the curve at Westwood One. We had to stay in front of the curve and I think we have successfully at PodcastOne. I got a few folks who were with me at Westwood One to come aboard such as our Chief Operating Officer, Greg Batusic was with me at Westwood One and he is now our COO here. Our Chief Financial Officer, Gary J. Yusko, was at Westwood One and is now over here. We have attracted some great talent and the rest of the people who work for the company are about 12 years old.

CEO CFO: There is so much focus on video. Why is audio still so popular and are many people missing the audio experience?

Norman Pattiz: I do not think they are missing the audio experience. I just think that within the industry there is always more attention paid to video. This was something that I experienced at Westwood One. I came from television and I was fond of saying that radio was the Rodney Dangerfield of the entertainment business even though when you take a look at the numbers that were being spent in radio they were huge. It is very much the same in the digital realm. We patterned ourselves in many ways under digital video companies or on-demand video companies that have already created their websites and their apps and so forth but we have done it with a focus on audio. Audio is much easier to consume as a podcast than a video is because most of our consumption is mobile. People are listening on iPhones and androids and they are listening in their cars and listening while they are working out as well as doing things. Television or video is not as easy to consume while you are doing these kinds of activities and it is not as a large a percentage of mobile consumption as audio. I have always liked audio; it is theater of the mind. We create pictures and people really do react to it. I am fond of saying if television has a million viewers and radio has a million listeners then our consumers if we have a million of them are worth more because they all had to perform a positive act to listen to it in the first place. There is a huge audience for audio and where we have focused is on spoken word audio because there are already a number of companies and the field is already tight in the music space. We are seeing rapid growth. In the last twelve months PodcastOne network programs have been downloaded a billion, five hundred million times. That equals a lot of listeners and a lot of impressions that we can deliver to advertisers. Telling that story is not hard because people have been told that story relative to video for a long time. It turns out to be with advertisers and aha moment. That is very much same experience that we had at Westwood One.

CEO CFO: Do people listening to podcasts crossover? Can you tell who is listening to what?

Norman Pattiz: We can tell who is listening to what all the time. We often make suggestions on our website and our digital app. If you are listening to this program, here are some other programs that you should listen to iTunes and the Apple podcast app do exactly the same thing for people who consumer podcasts over there. All of our podcasts are consumable on the Apple podcast app and in iTunes as well. In the case of the Apple app, they have 350 to 400 thousand different podcasts. Many of them have very few listeners and most of their consumption is in podcasts and number in the hundreds not hundreds of thousands. When we have a podcast network of 200 and we make suggestions on what is essentially a curated network of programs that we produce or programs that we distribute, making suggestions to that audience can be very effective. In that regard you will see significant cross over.

CEO CFO: What are the membership programs and are people taking advantage of the extras?

Norman Pattiz: Almost all the programs in our premium service are programs that are also available free of charge, sponsored by advertisers. What we do is we will take the archival material and after 30 days we will take it off of the advertiser sponsored service and put it behind a premium service that our audience will basically pay us a monthly fee for. We will augment that with some premium exclusive programs. In the case of our very popular Adam Corolla program, which is advertiser sponsored, all of Adam's live performances and audiences are now only available in the premium service. That is something that consumers can get as part of the monthly fee that they pay for that service. The premium service we just started is kind of in beta so we are seeing what works in the premium service and it has grown rapidly but in comparison to the size of the audience or the regular advertiser sponsored PodcastOne network it is a very small audience.

CEO CFO: What is ahead for PodcastOne?

Norman Pattiz: If you take a look of what Westwood One did, you can probably take a look at what PodcastOne is going to do. When Westwood One went through its period of rapid growth as a small independent company, we then started looking to get the financial resources to be able to expand significantly in our own space. Westwood One, which was a syndicator of entertainment programming, went out and purchased The Mutual Broadcasting System which was a full fledged radio network with news and talk shows as well as syndicated programming. We then went out and bought the NBC radio networks from GE which was another full service radio network. Together with all of our syndicated programming, we were the second largest radio network second only to ABC in the network radio business. Today we are already the biggest fish in the pond but there are a lot of other companies that are smaller than we are but that if there was an opportunity to start rolling some of this up, we could build a much bigger mousetrap. That is always in our plans for going forward. We are finding applications that are very compatible with our core mission of having an audio podcast network that involves more production that is designed for other entities. Right now there is a huge demand from video programming from a variety of sources and many of those companies have started looking at what we are doing in podcasting to see whether there is video application. We moved into the premium area in subscription based podcasting. We recently moved into virtual reality in 360 video to enhance the experience for the podcast listener who can now actually through virtual reality be in the studio sitting there watching the podcast go on and looking around the studio to see what is going on, which also gives us the opportunity to look at a lot of our live performing and podcast hosts and conceivably put consumers who are not able to go and attend a concert in person, and put them in there in virtual reality and let them enjoy the experience of taking a small club or a four or five hundred seater and making it virtually available to anybody around the globe who would like to take part in that. We are focusing on our core business but there are so many opportunities and changes coming every few months. I am doing this because it is fun and new have been able to finance it ourselves along with our partner Hubbard Broadcasting who has been a great partner. We will probably give ourselves the resources to do some things that will allow us to spread our wings and be on the cutting-edge and try a few things which, is exactly what we did with Westwood One.

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