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Chapter 3: RSS, the Google Reader, and the End of Controlling the Flow

Sidebar: RSS 101

RSS (Real Simple Syndication) is a simple and popular way of receiving automated updates (called feeds) of news and information from blogs and other sources on the web. Once you subscribe (i.e., add the feed to your reader) new content will be sent to you automatically. It's the same idea as subscribing to iTunes podcasts, but used most widely for text and news. Wikipedia has more details. Insiders often refer to RSS as one of the quintessential Web 2.0 tools (see eMarketer). The same source quotes an interesting fact: 74% of the top TV networks in the US already included RSS in their marketing mix in Q1 of 2007. Music companies take note: The TV guys are already in the lesser-control-but-bigger-total-audience game — take a page from them!

A Steady Flow of Unchained Content

As I write this book, I have been getting addicted to my Google RSS Reader. (Add that to email and the cell phone. ;-) I have tried Yahoo, FeedDemon, Rojo, Bloglines, Newsgator, and more, but for me, Google Reader wins hands-down, even though Netvibes comes close. Here is why: It very neatly unlocks, re-organizes, and structures an otherwise often overwhelming reading experience for me, and it removes the content provider's inherent control of where and when and how I read their content. With the Google Reader, I get it all in one place, archived in the way I want, searchable and bookmarkable — and I don't have to click around 500 websites. Plus, it is platform-agnostic: Any device, any browser, any location will work; and my printer is less busy as well.

Google Reader now works offline (great for those long airplane rides), and on the mobile, and the search capabilities are great. I can now take full advantage of the tremendous wealth of information provided by my 500+ hand-picked sources on a daily basis; a vast flow of knowledge and ideas arrives in my reader every day, for free. Where's the Money in Syndicated Content?

Naturally, a key question is this: Where is the creators' benefit? How does this content get turned into revenues, and would the publishers be better off making it less ubiquitous

(let's for a minute pretend that was possible), "controlling it" and making it harder to get, thereby possibly allowing them to extract a larger toll?

Here is my take: Many creators of music, film, TV, videos, books, and texts (which means me as well, of course) were indeed able to do just that until only a few years ago. But this option is now evaporating very quickly, and the question may therefore prove to be academic very soon. In theory I still have the option to remove my writings from feed readers, but in reality that ultimately means that I will revel in obscurity while very likely being still fed into the system anyway, albeit without my permission. And that is arguably even worse because I wouldn't even "control" the authenticity of my content anymore. The other thing is that I would be missing out on the most important thing that a user quite literally pays with these days: their attention. The NYT Story: Open Is Better!

As the New York Times recently admitted, Yes, I can get some people to pay for access so that they can enter my premium-paid walled garden, but I will be missing out on a much larger crowd that can generate much larger revenues. The Times revealed that its pay-for-access "TimesSelect" project had yielded 227,000 paying subscribers and generated about \$10 million a year in revenue. That's not too bad, but as NYT Digital Senior Vice President Vivian L. Schiller noted last month, "Our projections for growth on that paid subscriber base were low, compared to the growth of online advertising."

This has been exactly the same problem in digital music (at least until the recent launch of Amazon's MP3 store): Walled gardens and proprietary offerings such as iTunes, Zune, or Napster have only captured a tiny — and declining — fraction of the market, ignoring the vast possibilities that lie beyond the good old paradigm of controlling access. What in the world is taking the record labels so long to understand that their content cannot possibly generate strong revenues when it's only accessed by 2% of the population? As I like to say: Friction is Fiction!

The reality is that the only real choice content creators and publishers have in this coming digital media ecosystem is to participate, themselves, or to "be participated" — once your content is published, that's what it will come down to.

A good example is the major record labels' tiresome debate on whether and how to license the social networks for interactive, on-demand streaming of their catalogs: Hundreds of services are allowing their users to do this already, for free, and without any permission whatsoever, while the labels are still wondering if on-demand streaming cannibalizes CD and paid-download sales, and if they should "allow" it and bless those startups that are asking with a realistic license.

While possible cannibalization certainly is an understandable concern, the reality is that if there is no license or legal provision to use the music, someone will find a way to offer it anyway. And thanks to technology, it follows that tens of millions of people will use it — just because it is something they really want, and it's readily available. Ever heard of stream-ripping, bluetoothing, instant messenger file-sharing, and USB stick swapping? There is no legal provision for those activities, either, but it is a simple routine for the digital natives by now.

Just like you can't put Tivos and DVRs back into the research labs because they may break the value chains in TV advertising (as some, albeit not I, would argue), you can't

just deny permission to 200 million people who want music on social networks because you are concerned about your traditional unit-based economics. That kind of control is the past, and there is no way you can win this battle.

No Control Is OK!

Back to the RSS readers: Their biggest advantage is that they empower the users to read everything in one place — i.e., without having to actually go to the content creators' sites or do what the publishers or providers may require to get the desired content.

Thereby, RSS readers succinctly illustrate a key point in this book: If your content has true merit and if it is meaningful, timely, and contextual, you don't have to control how it may reach its audience. You don't have to worry about centralizing the experience, i.e., having people coming to your website, or watching your videocasts, or buying from your site. You only have to worry about their finding you in the first place. Because once they do — and get to know you and come to appreciate your content — the rest is a default consequence of discovery: click-through, engage, sign up, transact. And looking at it that way, syndicated distribution is a vastly superior approach than central distribution because your content can now be retrieved where the interested parties already are, i.e., where they already pay attention.

That is why creating applications for Facebook (and soon, MySpace and Google Apps?) - such as my very own Sonific Music app - is a hot trend: My potential audience is already there, and they are already connected and talking about content. What better place than to show the merit of what I have to offer? On that note, just wait until eReaders are finally ready for the mass market (perhaps another three years), and you'll see RSS feeds from trusted social networks become one of the top five sources of information and entertainment.

Finding and Being Found

There is hardly a better place to be found — again and again — than through an automated delivery process such as RSS. I believe that a reader who signs up for my RSS feed already makes a pretty strong commitment: to pay attention to what I publish, when I publish it, on an ongoing basis. And maybe even to comment on what I write, forward it, share it, bookmark it, Digg it, tag it on Delicious — in other words, do some of my marketing for me!

What content creator would not be interested in this kind of deal: I provide some of my content “for free,” you pay attention, you re-distribute it, you help me build my audience, I sell something to that audience? In music, it looks like this is the position that artists like Radiohead, The Charlatans, Madonna, and Nine Inch Nails are now taking.
Distribution Trumps Destination

So can a content creator actually monetize this interest if his or her content is not even found on their own property in the first place — i.e., if he or she is not the hub of all things related to their own content? I definitely think so. Apart from the fact that popularity on the networks generates its own, brand-related values that can translate into real dollars, ads in RSS feeds are on the rise (albeit still very early), and once Advertising 2.0 (see my upcoming chapter on this!) is upon us, ads in RSS feeds will be so cleverly presented as “advertised context” that we will come to look for them rather than despise them.

The brain-jarring and fear-inducing problem for many media companies, however, is that in the end it may not be possible to control precisely where and when exactly the monetizing begins. This is the big difference to that quickly obsolescing Mainstream Media 1.0 model: I published something, marketed it, and granted access only after a payment was made. I controlled the monetization because I controlled access, and that was that. Simple enough. And very suitable for those “attention cartels” such as the big studios, TV networks, and record labels — they controlled access, and if you wanted it, you had to play by their rules.

But now, even the 800-pound gorillas of bona-fide professional content such as the New York Times and the L.A. Times relent and switch to full-length RSS feeds and open archives. Why? Because even they had to realize that a lack of overall presence, a reduced liquidity, a decreased availability on the networks, did not yield the desired result: Very few people came inside the walled garden to pick some of their precious flowers. They did the math and realized they are probably better off being part of an open access system, by engaging the users, by increasing liquidity, by simply feeding their content to the masses that want it. And then monetize. Distribution (defined as attention-getting) trumps destination.

The Power of Syndication and Aggregation

Syndication and aggregation must now go hand in hand: Content creators, owners, and publishers syndicate (i.e., provide content for what “feels like free” to the users); and content platforms, portals, and services aggregate and then re-distribute among their users.

It follows that if I do not syndicate I won't be aggregated and therefore re-distributed. Assuming that large-scale redistribution or wide-range “channeling” is what will generate large audiences, that means that I will lack in audience — unless everyone else is also doing not doing it. And even then one can safely assume that one's content will be fragmented and re-channed anyway, even without permission, as is happening with music on social networks, or with commercials that are widely available on YouTube.

This, of course, is what the music industry's top four corporations have been doing ever since the term MP3 was coined: colluding to keep their music off the feeds, prevent (or own) syndication, and avoid aggregation unless it's 100% on their terms. Where has this taken us? A totally dysfunctional marketplace and a widespread public opinion that music is basically free since there is no reasonable way of paying for it. The astonishing void of any realistic economic and technological music offering has resulted in the masses of digital natives turning to the many freely available self-serve models on the web.

The bottom line is clearly that if you don't syndicate your content so that someone can aggregate it and the users can subscribe, someone else will do it for you. Witness the demise of MTV if compared to YouTube — the lack of the rights-holders' permission did not hinder the amazing global spread of YouTube, but it relegated the incumbent music video player (Viacom/MTV/VH1) to a #2 position in less than nine months. Own the Platforms, Too?

This brings us to the debate on whether media companies should actually “own the feeds” — i.e., platforms and mechanisms, portals, channels, and pipelines, too. In my view, the answer is a resounding No. The only argument to even consider this is, once

again, to follow the quest for more Control — wanting to control what goes on the feed, to whom, when, and where.

Yet, in the digital media ecosystem of today there is simply no point in pursuing this kind of strategy. For a media company what now matters first and foremost is talent that puts out high quality, unique, and powerful content, and making that content available via all those who have dedicated their businesses to doing just that. While distribution is now infinite and frictionless, talent is more finite, and the less friction in “receiving” media, the more need will there be for talent and for unique content.

The Google Reader for Media: Think “Canvas”

Lastly and most importantly, analogous to what is already happening in “text content” — i.e., in news, information, and publishing, imagine this kind of shift with music, film/video, and TV. Imagine a Moogler Reader for radio, a GooTube reader for video. Content feeds (formerly known as “channels”) that you activate with one click, preferences and settings you can set as you see fit, a personal page that is like a canvas of all the content you’ve ever wanted (think a Netvibes version of an Electronic Programming Guide or EPG) — and all of it working online and offline, and on any digital device from computers to phones, TVs, and PSPs.

Now that would be powerful, and that is where we are headed.