

INSIDE RADIO: New funding to fuel Stitcher growth

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Stitcher, the San Francisco-based personalized internet talk radio service, has closed on a new round of venture capital financing. The company that's the spoken word equivalent of Pandora will use the funding to build out its platforms, hire a sales team to target national advertisers and accelerate automotive integration.

Stitcher distributes on-demand content from NPR, Premiere, Fox News Radio, The Wall Street Journal Radio Network and a host of other content providers via mobile apps. Because it helps extend network radio's reach, it's increasingly being viewed as more of an ally than an enemy. Part of its new cash infusion will go to providing deeper analytics to content partners on how their programming is being consumed in a digital, on-demand environment. That data can also be used by content provider sales teams to help demonstrate their incremental audience reach to advertisers. The only audio ads consumers currently hear on Stitcher are those inserted directly by content providers. Display ads are being inserted by third party ad networks. With the new funding, Stitcher will hire a direct sales team to work with content providers to help make their ads more effective in the Stitcher environment.

As Stitcher becomes more widely used, there is potential for a revenue share with audio content providers. "Monetization, as it becomes more significant for us, will be a more significant part of the value proposition for them," CEO Noah Shanok says. For example, a content provider could be financially rewarded for each new listener that signs up for the service specifically to hear one of its offerings. New Enterprise Associates (NEA) led the \$10 million round, which included investments from return investors Benchmark Capital, New Atlantic Ventures and tech veterans including Ron Conway. NEA general partner Ravi Viswanathan will join Stitcher's board of directors.

With spoken word radio enjoying a significant in-car audience, audio content aggregator Stitcher sees a big part of its future coming from putting on-demand, personalized talk radio directly into the dashboard. Starting with the Ford Fiesta, the first new cars with Stitcher integrated into the dash are arriving on dealer showrooms. More Ford models are expected to follow shortly. Stitcher-integrated General Motors models will show up in showrooms later this quarter and into the fourth quarter. Beyond Ford and GM, the company says it will make more manufacturer announcements shortly.

Stitcher says it has quadrupled listening time in the last year and that 90% of total listening to its service occurs on mobile devices, with a fair amount of that already taking place in the car. "We want to make that as easy, seamless and safe for our listeners as possible," Shanok says. "Car buyers are expecting it." After downloading the Stitcher app, users select news and talk programming based on topics or outlets. The service "stitches it together" and delivers it as a continuously updated station to the user's mobile device. Thumbs-up, thumbs-down, add/remove, favorite and other functionalities give the user interface a Pandora feel. Stitcher offers programming as diverse as CNN News, NPR's Fresh Air, Rush Limbaugh, E!'s Chelsea Lately, TechCrunch headlines, Adam Carolla comedy and Fox Sports.

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