



The News Business

Rupert Murdoch: Big Man On Campus

James Erik Abels 08.18.08, 6:00 AM ET

Heading back to college this fall? Rupert Murdoch will be waiting.

In May, his Fox News subsidiary bought a minority stake in a Web video-based college news network featuring student reporters called Palestra.net. This fall, he'll be ramping up the partnership.

It's the latest--and boldest--move by a major media company to capitalize on America's some 6.1 million undergrads. While outlets such as **Viacom's** MTVU network and privately owned Zilo Networks have gone after university students for years, Palestra's at the front of a new wave led by news outlets desperate to connect with young viewers.

In May, **Disney's** ABC News said it would open digital bureaus at some top journalism schools. And General Electric-owned NBC News recently announced it would be working with the New York Film Academy to train students in digital journalism.

Palestra.net goes further. Focusing on news, sports, business and entertainment features, it pays student reporters \$240 to \$300 to produce three news packages a week for the Web site--and Fox's cable networks.

More than 10 pieces of student-reported Palestra content a week should be running on both the Fox News Channel and Fox Business Network by the fall as the school year restarts and the presidential campaigns swing into high gear. And founder Joe Weasel--a former on-air journalist for NBC affiliate WCMH-TV in Columbus, Ohio--says he began talking with Fox's local affiliates last week about placing Palestra content on their Web sites around the country, which could lead to on-air spots.

Fox does not editorially preselect his network's coverage, says Weasel. Like most news organizations, reporters dig up stories that are pitched to Palestra producers, some of which are further pitched to Fox. And coverage diverges from the stilted accounts that older, professional reporters often get from students when they arrive on campus for stories about the student vote.

Palestra's reporters aren't just telling the stories--they are the story. When Weasel hired student reporters Sarah Barga, Sarah Jane Dugger and Chris Kaechele as summer interns to create a marketing campaign for Palestra, Fox Business Anchor Alexis Glick had them brought to New York for a segment on the internship. And while there, Weasel says the three had a meeting with senior Fox officials about how they saw digital media developing.

The relationship with Fox evolved in November 2007 partially from the site's content--and partially from luck. When the campus of Pepperdine University was burning along with Malibu, Calif., wildfires in October 2007, Palestra reporter Stephan Holt (son of broadcast journalist Lester Holt) dispatched a 30-second news spot about where, and how, he and fellow students were being sequestered on campus for their safety.

Weasel says the coverage helped catch the attention of Joel Cheatwood, newly minted Fox News senior vice president of development. He had already been introduced to Palestra while working for CNN, as the site was providing CNN.com free music coverage in 2006. While Weasel says the Cable News Network hadn't seen his student demographic as important, Fox did, and after the wildfire coverage, a content partnership with the News Corp. entity began.

For his part, Cheatwood says advertisers want the news business to learn how to reach young audiences not tuning into traditional broadcast and cable news programs--and to develop stories they value. Palestra's already wide reach should help with that, as well as provide Fox a new pipeline for talent.

Today, Palestra fields a staff of 125 reporters at 101 schools around the country, placing News Corp. right at the heart of the nation's student population. Weasel says that's a huge advertising market. Palestra viewers are growing quickly, with over two million people seeing it between Fox's various channels and online distribution. He would not provide any numbers but says viewer growth online is accelerating quickly following the deal.

And though Weasel says it's too early to see the results, Murdoch's organization has wasted no time in taking advantage of that access. Fox News took over Palestra's ad sales around June, giving it access to new audiences and likely a slew of new sponsors who are attracted to them. Weasel declined to say how ad revenues would be split and said he could not predict whether a full acquisition by Fox was in his company's future.

While Palestra incorporated software-based video ad-serving technology following the Fox investment, the student network previously focused on sponsorships over ad insertions based on automatic placement. For instance, Pepsi has sponsored the show "Music at the Palestra" via a title screen.

This isn't quite network news, though, as Weasel also says a sponsor like Pepsi may have its products placed within the show, with reporters often

wearing clothing with a Pepsi logo. Weasel acknowledges that the technique doesn't work for every type of program--for instance, hard news--but the one-time Ohio State University journalism professor says the tactic is fine for others.

There's another likely reason for News Corp.'s interest in Palestra: Facebook. The news network gives Murdoch a direct path to his MySpace rival. With student reporters using their own Facebook pages--and a Palestra.net company page--to post links and information about their online and offline news reports, News Corp. gains a pathway to Facebook's well-to-do, upwardly mobile college and university student users. Not bad for a freshman.