DIGIDAY

Spring 2017

THE NEW NORMAL

The duopoly is here,
and it's not going away anytime soon.

Editor's Note

BY BRIAN BRAIKER, EXECUTIVE EDITOR

Welcome to the fifth issue of Digiday Magazine. Our quarterly magazine and membership program is an explicit acknowledgement that today more than ever, publishers need to forge direct relationships with their readers — and to do that they must provide valuable, differentiated content.

The dawn of 2017 brought with it both good and bad news for publishers. The good news was that digital ad spend was up by 20 percent year-over-year at the beginning of the year, with a total of $17.6 billion spent on digital ads. The oft-repeated flipside to that coin is that Google and Facebook accounted for a full 99 percent of advertising growth in the third quarter of 2016, to the tune of $2.9 billion. (Digital Content Next CEO Jason Kint has made this digital ad “duopoly” his cause célèbre on Twitter; don’t get him started.)

We decided to adopt duopoly as our theme, examining up close how media survives and thrives in the shadow of giants. Our senior media editor Lucia Moses has a profile of Jessica Lessin, who has made a tidy business out of The Information, a premium subscription news service that charges its readers $400 a year.

Ross Benes shines a spotlight on three key platform players publishers need to know at Facebook, Google and Snapchat. And, speaking of Snapchat, a couple of pieces examine the likeliest contenders for the No. 3 spot after the duopoly: Sahil Patel explores Snap’s bumpy IPO and why it must innovate faster than Facebook can copy its core features. Jessica Davies takes a look at Amazon, “the quiet giant,” which has reams of data, video chops and, increasingly, programmatic know-how.

The impact of the duopoly is, naturally, being felt overseas as well. Schibsted, a Norwegian publishing giant, has a secret weapon in beating back Facebook and Google: classifieds. And German publishers are sitting out Facebook’s fact-checking initiative in Europe. In China, meanwhile, Yuyu Chen reports, it’s all about the triopoly: Baidu, Alibaba and Tencent.

This is an exciting — if slightly scary — time to be a publisher. Just ask Lydia Polgreen, the newly appointed editor-in-chief of the Huffington Post. “I grew up in an environment where information was constrained,” she tells me in our Newsmaker Q&A. “I am allergic for the nostalgia of disconnection.” With connection, though, comes complications. But more than that, for the nimble, opportunities abound.

We hope you enjoy this issue. We are continuing to build out the benefits of a Digiday Pulse membership. Our editor-in-chief, Brian Morrissey, now writes a weekly member-only column; we held our second member event in New York City in March; and we are producing unique research to help you stay on top of this fast-changing industry. Coming soon: a members-only Slack channel to connect with Digday editors and each other.

Thank you for joining us.

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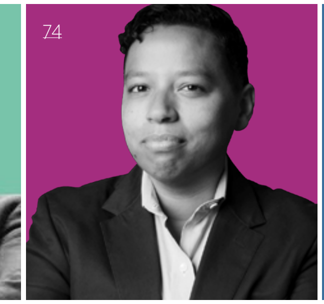
DUOPOLY ISSUE



HOT TAKES

MEDIA

MARKETING

DUOPOLY

GLOSSY

ETC.

Brand Tweet Hall of Fame

We give brands plenty of grief for thirsty tweeting, so it makes sense to honor the most viral tweets in recent history.

2017
Denny's Zooms In

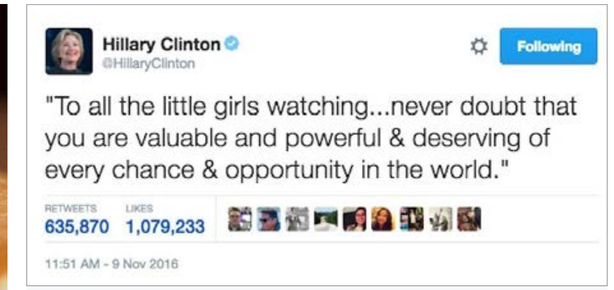
Most viral tweets are opportunistic, tied to big events that are getting a lot of attention. Not so for Denny's, which in February dropped the mic by appropriating the "zoom-in-on-the-nose" meme. (The hidden message: ""has this distracted you from overwhelming existential dread lol.") Brands often stumble in appropriating meme culture; Denny's did not. In the process, the tweet far outstripped the most famous of brand tweets in retweets and likes.

2015
Pedigree Gets Lucky

Many viral tweets are excruciatingly planned. Pedigree, however, won out when a political columnist tweeted out a social good campaign — and it caught fire.

2014
Arby's Wants Its Hat Back

Arby's jumps onto Pharrell's oversized hat during the Emmys.



2016
Hillary Clinton Concedes

Twitter is Trump's preferred mode of mass communication, but it was Hillary Clinton who put a capstone to the most divisive election in a generation with an uplifting message.

2014
Samsung's Celebrity Selfie

Before its phones started exploding, Samsung arranged for Ellen DeGeneres, while hosting the Oscars, to execute what is likely the most famous selfie to take place

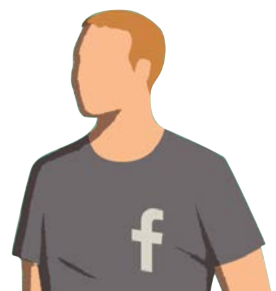
2013
Oreo Dunks in the Dark

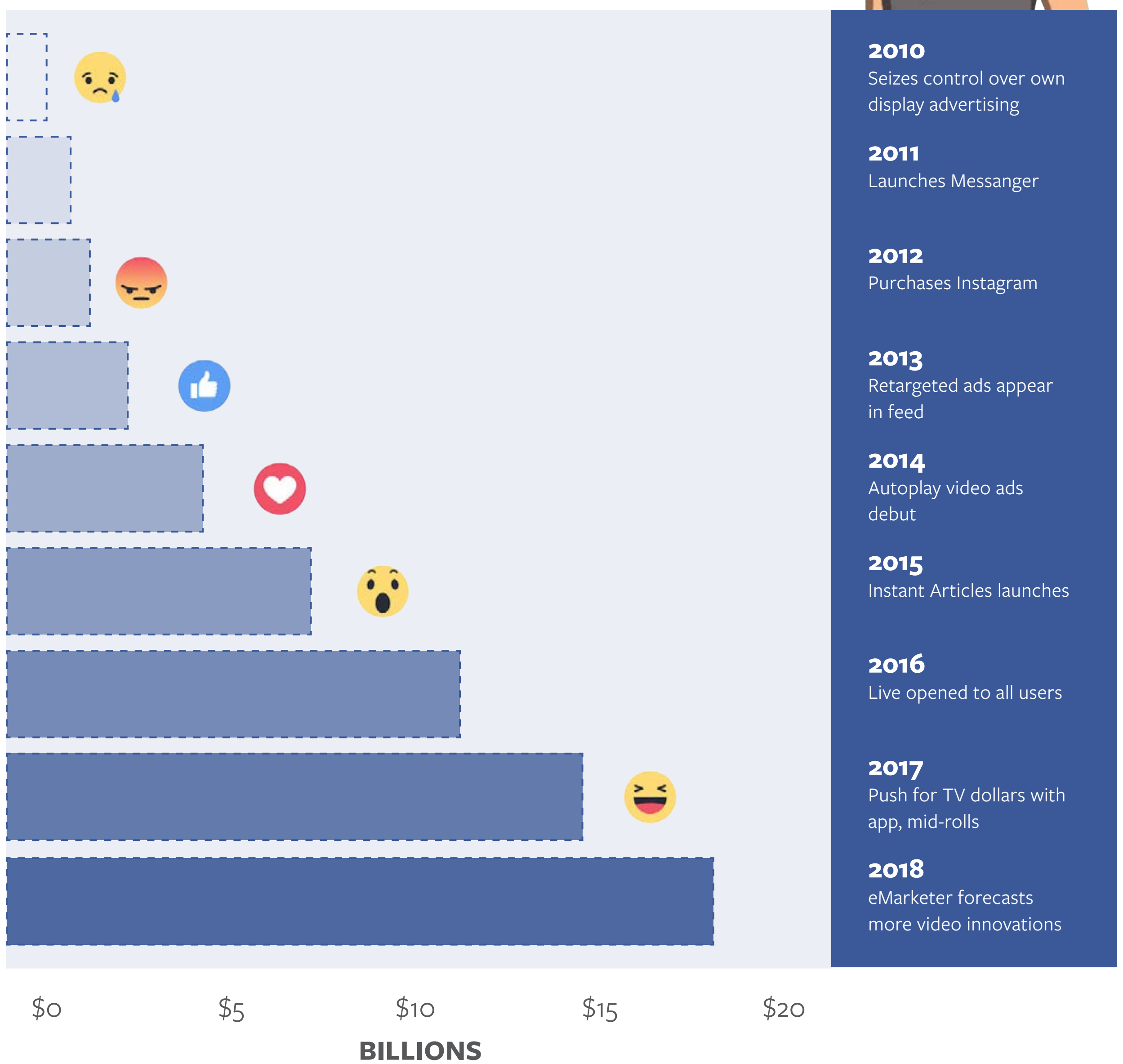
Digiday's oral history of the Oreo Super Bowl tweet was met by a nearly equal mix of fascination, derision and outright despair. Mission accomplished. When the brief history of "real-time marketing" is written, Oreo's shadow will loom large.

Facebook's Growing Dominance

BY ROSS BENES

Facebook has been on a hot streak for several years now, and the forecasts indicate that the platform's ad business won't be slowing down anytime soon. Leading up to its IPO in 2012, Facebook ramped up its ad game and nearly doubled its ad revenue, to the tune of more than $2 billion. By convincing publishers to rely on the platform, buying innovative startups and improving its tech stack and analytics capabilities, Facebook has become an advertising juggernaut that, per eMarketer data, could clear $15 billion in ad revenue this year.





15 Minutes of Programmatic Fame

BY LUCIA MOSES

Unless you've been living under a rock, chances are you've seen the seemingly ubiquitous native ad that's been running since October with some variation of the headline, "Meet the two MIT grads that have disrupted the auto insurance industry" over a photo of two fresh-faced young women. The headline directs to a performance ad for a Cambridge, Massachusetts-based company, EverQuote, that makes money by generating leads for car insurance companies. Content ad network Taboola has the ad in heavy rotation.

We tracked down the women in the ad, who are not actors or stock models but Laura Zhang (she's the one with the ponytail) and Denise Tang, both 24 and quantitative SEO analysts at EverQuote. (A company rep said it was phasing out versions with headlines that contained the word "two" because they caused confusion by suggesting the women actually started the company.) The actual founders also are MIT grads (apparently many of MIT's best and brightest go into direct-response marketing).

The idea for the ad sprang from a conversation around the lunch table one day about using company employees instead of stock photos to promote the company as a part of the Boston-area tech hub. As the campaign took off, Zhang and Tang have been amused to see their faces constantly pop up around the web. "My mom texts me every day with a new picture she's seen," Zhang said. "I didn't think I'd see it at first. Now I see it everywhere. I kind of enjoy it." "I've gotten in touch with people I haven't been in touch with for a long time," Tang added.

Programmatic ads have been blamed for helping funnel ad dollars to fake and misleading news articles, which gained attention during the presidential election. EverQuote tries to avoid this when it places the ads through Outbrain, Taboola and Google. Still, it's hard to control for every situation with performance-based advertising. "I haven't heard of any sketchy website that has my face on it. I think our display team tries to limit that," Zhang said, adding, "I'm always upset when my face shows up next to a Trump article."

Facebook Live Quiz

BY LUCIA MOSES

Facebook introduced live video a little over a year ago, though the platform itself doesn't even seem to have grandiose visions for Facebook Live: In a recent ad campaign, it encouraged people to broadcast themselves while waiting at the baggage claim carousel, among other humdrum moments. No wonder, then, that publishers haven't been entirely sure how to use the feature. BuzzFeed famously got 5 million views in just a few hours when it exploded a watermelon with rubber bands. Everyone else tried to replicate its success, with mixed results. Let's see if you can match the Facebook Live video to the publisher.

1. Shameless Promotion

Internet prankster The Fat Jew came by this newsroom to flog his White Girl Rosé, talk about his unusual 'do (his "hair-ection") and his brand ("We're all a little white girl in here").

2. Ketchup or Mustard

This comedy show filmed a condiment station at the Republican National Convention for two hours, racking up 450,000 views and 24,000 comments.

3. BuzzFeed Knockoff

This publisher ran an experiment to see how many helium balloons it would take to lift a tiny house off the ground, in a recreation of "Up" (for the record, 97), but the finale didn't quite live up to the excitement of an exploding fruit.

4. Drawn Out

An illustrator drew bizarre mashups of people and animals like Ted Cruz and a panda and Jay-Z and a turtle. The videos plodded on too long but at least they involved the audience.

5. Live-ish

We wouldn't exactly call it "live," but this publisher played a repeating loop of a montage honoring the late Carrie Fisher for nearly four hours.

6. Becareful What You Ask For

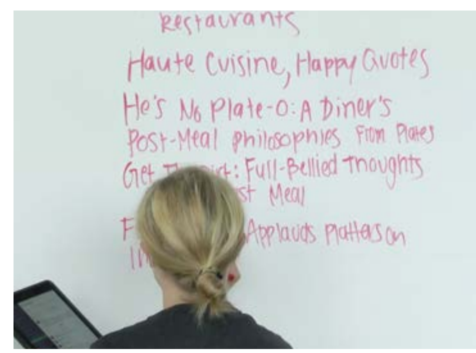
This is what happens when publishers agree to make content for Facebook — you get videos of a reporter going through his browser tabs.

7. Skittle Art

A pair of hands painstakingly created a mosaic out of Skittles for a hypnotic 3 hours and 15 minutes, subjecting 10 million people to mix of fascination and self-hatred.

8. Nerd Alert

A publisher invited viewers to help solve a crossword puzzle, proving that giving people the chance to show off is always winning strategy.



9. Headline Contest

This publisher asked viewers to compete with its own writers to come up with the best headline for a story, because it's so easy anyone can do it, right?

10. Trump Fatigue

For the Trump-weary, this publisher filmed puppies frolicking for four hours, and a grateful 4.4 million viewers tuned in.

ANSWERS 1. Daily Mail 2. The Late Show with Stephen Colbert 3. Mic 4. Mashable 5. Daily Dot 6. Gawker 7. BuzzFeed 8. The New York Times 9. NPR 10. The Lad Bible

Pin the Mane on the Maven

BY BRIAN BRAIKER

Whether coiffed, curled, gelled or generic, what your hair says about you speaks, well, volumes. This goes doubly true for the media elite.

Think you know the cream of the media and marketing crop by the hair on their heads? Take this quiz to find out.

1\. Cindy Gallop

2\. Anna Wintour

3\. Justin Smith

4\. Megyn Kelly

5\. Shingy

6\. Jimmy Maymann

7\. Oprah Winfrey

8\. Michael Wolff

9\. Carlos Slim Helú

10\. Jeff Bezos

11\. Janice Min

ANSWERS 1-F / 2-I / 3-H / 4-C / 5-B / 6-D / 7-J / 8-E / 9-G / 10-A / 11-K

Before There Was Facebook

BY BRIAN BRAIKER

Facebook is hardly the first online hub to connect friends and likeminded individuals. But at 1.9 billion active users, it certainly is the biggest ever. Here's a look back on the ghosts of social networks past. You've heard of Friendster and MySpace, but what about FidoNet and Friends Reunited? The House that Zuck built stands on the backs of many social networks past.

1978

Development of the first public dial-up **Bulletin Board System** began by Ward Christensen and Randy Suess when Chicago was snowed under during the Great Blizzard. Bare bones and fairly simplistic, BBSs gained popularity through the 1980s for creating online meeting places that let users communicate by downloading files or games — and, yes, pirated software — over a modem.

1980

An evolution of the basic BBS, **UseNet** was an online bulletin board that allowed users to share copies of early web browsers with others. It also midwifed online trolling and gave rise to terms like "FAQ," "spam" and "flame."

1984

Tom Jennings creates **FidoNet**, which is not a dog-related social network. The hub, still live today, links numerous BBSs together into worldwide computer networks.

1989

CompuServe becomes the first online service to offer internet connectivity. Its paying members could share files and send messages to friends via email, itself not a new technology but just gaining some widespread traction. Members could also engage in forums in a way that resembled true interaction for the first time.

1994

Founded by David Bohnett and John Rezner — and originally called Beverly Hills Internet — **GeoCities** grouped user web pages by topic, which were the so-called "cities." By 1999, when it was acquired by Yahoo!, it was the third most-visited site on the web. Yahoo! shut it down in 2009, though it is still currently available in Japan.

1995

Founded by Randy Conrads, **Classmates.com** allowed its members to locate their old school buddies (and crushes) online. Although customizable profiles were still a ways off, Classmates.com would boast 35 million members by the time MySpace launched in 2003.

1997

Named after the six degrees of separation concept — and the play of that name by John Guare — **SixDegrees.com** allowed users to list friends, family members and acquaintances both on the site and externally. It was the first network to allowed users to create profiles, invite friends, organize groups and, importantly, lurk on other people's profiles.

1997 - 2000

A spate of niche, demographically-driven networks cropped up, starting with **AsianAvenue.com** in 1997 and followed Hispanic-oriented **MiGente.com** in 2000. **BlackPlanet**, an African-American network for matchmaking and job postings with forums for political and social issues, was founded in 1999 and is still active.

2000

Before there was Friendster, there was **Friends Reunited**, a U.K.-based portfolio of websites with the aim of reuniting people for research, dating and job-hunting.

2002

Friendster pioneered the idea of connecting with IRL friends online. It soared to 3 million users in just three months.

2003

This banner year saw the launch of **LinkedIn** and **MySpace**. From 2005 to 2009, MySpace would be the most widely used social network in the world, briefly surpassing even Google in 2006 as the most-visited site in the U.S. Oh, 2003 also saw the launch of the vast virtual reality world **Second Life**, which is, amazingly, still a thing.

2004

The Facebook is born, its membership initially limited only to Harvard students.

MEDIA

Time to Go Direct

BY LUCIA MOSES, SENIOR EDITOR

One of the critical missteps by publishers in the web's early days was to put their articles online free of charge. A whole generation grew up online believing that information was and should be free – and who could blame them.

Two decades later, publishers are trying to shove the toothpaste back into the tube. A sustainable financial model for online news has eluded many news publishers. Making digital work has gotten harder for many reasons – the decline in the value of digital advertising, the awareness of waste and fraud in online ads and the increase in ad blocking rates, to name a few. The overwhelming majority of digital ad dollars is going to two companies, Facebook and Google. Social platforms are disintermediating publishers' relationship with their audiences.

Now publishers are pushing harder into the reader-paid model. They're showing renewed confidence, whether it's The Wall Street Journal sealing up the cracks in its paywall, Slate pitching its Slate Plus program as a way to help it keep Trump accountable, or Wired and others establishing premium memberships for professionals. Some people thought The Information, whose founder Jessica Lessin is profiled in this issue, was crazy when it came out of the gate charging $399 a year for essentially two (albeit deeply reported) stories a day; suddenly, it looks like one to imitate.

The winds are shifting in publishers' favor. There are signs people are more willing to pay for news. News organizations including The New York Times, The Atlantic and Mother Jones have reported a surge in subscriptions and donations in the weeks after the election. The hostility toward the press and continuous lies emanating from the Trump administration have been a double-edged sword, as a certain segment of readers values more than ever the need for facts-based reporting.

Even publishers that don't ask readers for money have stepped up their game to establish direct connections with readers, recognizing they need to hedge against the domination of social platforms.

All this is to the good. But to fully take advantage of this shift, publishers will need to do more than just throw up paywalls or tighten existing ones. It will require a massive change in staffing, performance measures and the product they're selling. Ultimately, it comes down to – and this may be the hardest of all – a change in the culture itself.

The Times referred to this in its 2020 Group report, a self-assessment of its progress toward its goal of doubling digital revenue by 2020. One way it seeks to do this is by attracting a bigger paying audience. The report faulted the Times for producing way too many stories that "lack significant impact or audience." It said the Times lacks the staff it needs to make the necessary changes, and that it needs a new metric for measuring quality beyond the pageview.

The report's findings epitomizes the situation too many advertising-based publishers find themselves in, for years having organized themselves around and optimized to pageviews to serve audience-hungry advertisers.

But the advertisers are cooling on scale for scale's sake, and sophisticated readers won't be continually fooled by stories that are just meant to get a click.

The good news is, serving readers and advertisers doesn't have to be an either-or proposition. Better content will lead to more loyal readers, which in turn can be a selling point with advertisers. But accomplishing this will mean throwing off some deeply ingrained practices.

Paying Dues

How Jessica Lessin used her reporting chops to build The Information

BY LUCIA MOSES

As a young reporter in her 20s at The Wall Street Journal, Jessica Lessin developed a reputation for her dogged coverage of tech and media companies. Her inside story about the legal battle between media titans John Malone and Barry Diller was a front-page sensation. Kara Swisher called her "always deft" while Peter Kafka wrote of how she "owned the IAC beat so thoroughly" that her work became part of the court case.

Martin Peers, who was her editor at the time, said he was impressed by her ability to hold her own with these moguls – "guys like Diller can be pretty intimidating" – and her insistence on chasing Apple's plans to get into the TV business. "She kept badgering us to stay on the Apple TV story," he says. "I was a bit skeptical about the amount of time to spend on it. Jessica was utterly relentless about calling me."

Three years ago, Lessin, 33, took that single-minded focus, along with family money and connections to the tech elite (Mark Zuckerberg was a groomsman at her wedding) to start The Information, a subscription-based tech news site. With no name recognition and an output of just two stories a day, the site was asking people to pay $399 a year, a figure on a par with the Journal, a journalistic giant with a more than 120-year history and global newsgathering resources.

But having covered media and tech convinced her there was an opening for a different kind of media company.

"I had simply interviewed too many media companies that I felt were rushing to give away their tech content to Google and Facebook without thinking through their long-term business objectives," she says. "Without the editorial experience of hundreds of interviews and stories on this space, I wouldn't have seen the opportunity to build a different type of media company and start The Information."

The reporter -entrepreneur

At a time when media owners increasingly see connecting directly with readers – and getting them to pay for online content – as critical to their survival, Lessin's model is attracting attention. Ever the journalist, she approached building a business in the same way she would have written a story about how to launch a startup: interviewing people, drafting plans in Google Docs. She's an active presence in the twice-weekly news meetings. She's on stage at The Information's events. Other times, she's talking to subscribers on a dedicated Slack channel.

The Information's model had its doubters at first. "Paywalls are harder when you are new," Mathew Ingram wrote for GigaOm at the time. It's harder to reach new readers and to be part of the flow of the web when you're behind a paywall, and a paywall takes a lot of work to add value.

Since then, Lessin's venture has begun to develop clout, getting attention for stories on turmoil at Nest and Facebook acquiring WhatsApp. Three years in, she revealed that The Information is cash-flow positive, with more than 10,000 subscribers (Lessin won't give an exact number). To scale that, she introduced a lower-cost $234-a-year version for students and extra-premium tier, costing $10,000, called "The Information for Investors," which includes other proprietary content and briefings. Lessin is serious and guarded in her public comments, but isn't above tweaking her former employer, recently tweeting about a Snapchat IPO story, "Love when @wsj follows our exact story more than two months later."

That's not to say The Information doesn't still have its skeptics. The subs-only model works in that it is hard but simple. Still, most media business models aren't either-or. For The New York Times, direct payments are the core of its business model, but ads, commerce and other ancillary revenue streams are critical.

There's also the question of coziness. Silicon Valley tech publications have come under scrutiny for their close ties with their subjects. Lessin is married to Sam Lessin, who sold his startup to Facebook and worked there for 10 years. The couple are pals with Zuckerberg and his wife. In November, The New York Times public editor Liz Spayd was critical of a Times op-ed piece by Lessin that defended Facebook but which minimized her ties to Facebook. The Times' op-ed editor said that the disclosure could have been more specific but that it covered the bases. A rep for The Information said Lessin originally submitted a longer disclosure than what the Times printed. Lessin has also said that her site has often been critical of Facebook and that the proof of her independence is in the tough stories The Information produces.

Many journalists may lack business instincts, but it may be that those who do have those instincts are best suited to the needs of today's media companies. One of the people giving Lessin advice (and vice versa) is Jim VandeHei, a co-founder of Politico and who also is looking to get into the $10,000-a-year subscription space with his new startup Axios. VandeHei says that, more than ever, building a media company requires you to have credibility with journalists, because for it to work well, you need business, tech and editorial to be in sync, and the hardest people to get on board, are, well, the journalists.

"All three have different motivations, interests, and speak a different language," he says. "The hardest part is getting editorial to care about business and technology. So if you come into it as a journalist, when you're speaking to the editorial side, they don't see you as a strange, exotic person. They see you as one of them. She sits in their chair. She's broken stories."

Lessin became a confirmed journalist at an early age. Growing up in Connecticut, she joined the school paper in seventh grade. At Harvard, she wrote for The Crimson. The next stop was the Journal, where eight years covering Facebook, Google and Apple gave her a close up view of how publishers, the Journal included, struggled with issues around ceding control to tech companies.

The Information's first base was a single room in an office in San Francisco that she and three colleagues shared with one of Lessin's friends from college. "We worked together all the time and did every newsroom job — editing, reporting, copyediting. We were even selling subscriptions," says Katie Benner, who was one of The Information's first employees and is now at The New York Times. Today, there are 22 people on staff, including 10 on the editorial side, working out of a skyscraper in San Francisco as well as in New York and Hong Kong.

Betting on the paid model

As a subscriber-driven publication, The Information doesn't have to play the traffic games that ad-driven publications can easily fall into. But since it relies almost entirely on reader revenue, it does have to make sure it's pulling in new subscribers while proving its value to existing ones. When The Information recently relaunched the site, it heavily promoted its breadth of content and how it was now easier to find it.

At the core of The Information's offering is two deeply reported stories that arrive daily in subscribers' inboxes. With just two stories a day, the bar is high. In meetings, Lessin known as relentless, even blunt, in pushing reporters to get new and specific information for each story.

"We want to focus 100 percent on stories we will have exclusively," she says. "When we send stories out to readers, we have a takeaway box that gives them a summary of the story. As an industry, we need to be wasting a lot less time on commodity news. One of the things I said early on is, no aggregation and no B.S."

"Jessica is on me all the time to be sure about what's different about this story," says Peers, who left the Journal to become managing editor of The Information. "I've worked at seven different newspapers. I've never had this focus on every story having to be value added, exclusive, as specific as we can be, because we are charging a lot and we can't just publish anything."Many of The Information's readers are knowledgeable industry insiders in their own right. As a veteran reporter, Lessin saw the value in that, which led her to come up with the Slack channel and periodic conference calls where subscribers can talk to reporters.

The value goes both ways; the Slack channel can be a rich source of tips. The same philosophy applied to reader comments. While many publications have shut down commenting because of trolls, The Information has made comments a selling point (something it can afford to do, with its self-selecting audience of insiders and A-listers). To keep comments of high quality, she required that people to submit a bio and be approved in order to comment. She plans to hire someone specifically to develop new community features.

The insider

Events also bear the stamp of Lessin's editorial background. Unlike other media companies', The Information's events are not primarily intended to be revenue generators, but as a subscriber benefit and an extension of editorial. The Information's marquee events are half-day "summits" that are held twice a year and are on the record.

Lessin is heavily involved in the programming, using her tech connections to land hard-to-get speakers including Medium's Ev Williams and Dustin Moscovitz from Asana. There are corporate sponsors (past ones have included Goldman Sachs, Comcast and Alibaba), but they're not allowed to be on stage.

"The pitch to them is, they're getting in front of these subscribers," says Amy Nichols, The Information's director of events. "We really want to make sure speakers are there on merit."

Readers say they like being part of a similar group of subscribers and knowing they're not paying for clickbait or other features that, at another company, sooner or later would look for ways to slap on advertising."I know it's not chasing page views," says Joe Marchese, president of advertising products at Fox Networks Group. "There's a takeaway so I don't have to click through. Someone who's motivated by pageviews would do everything to make me click over. They can focus on delivering information and analysis and value on a very fixed basis, and this is not competing with the metrics that buyers buy on, which isn't necessarily based on quality."

Jorge Urrutia, head of North American operations at Digitas, cited the depth of reporting, comments, email format and conference calls, and said that while he hasn't been to any of the events, the attendee list alone is worth the annual subscription. "All in all, The Information has a more intimate relationship with its audience than most publishers, and that is one of the reasons why I pay," he says.

Going global

Lessin has big ambitions to grow; she touts The Information's having subscribers in more than 84 countries. In addition to expanding the subscription model, she's ramping up hiring in Asia and looking to expand coverage to industries that intersect with technology, such as finance and biotech. The trick will be to maintain that intimacy and focus that's part of The Information's success as it scales, and, perhaps, builds an advertising business, which she hasn't ruled out. But if she has doubts in her ability to do that, she doesn't betray them.

"All great media businesses eventually have multiple revenue streams, and our ambitions are massive," she says. "I'm sure there are time we'll have other revenue streams. But I don't spend a minute thinking about it right now. Subscription businesses are wonderful businesses. If you have something that's working well, you have to double down."

Media Slims Down

After decades pursuing scale, publishers are building their audiences in discrete verticals

BY MAX WILLENS

About.com almost made it to 20.

The decidedly internet 1.0 portal is in the midst of deconstructing itself, transforming from a search-driven one-stop shop into a mall of carefully run boutiques, part of a long-term shift away from the pursuit of scale at any cost.

Granted, media companies are still chasing scale, About included. But instead of one-size-fits-all sites, they're increasingly launching single-subject verticals focused on advertiser-friendly topics like health, technology and food.

Everyone is getting in on the action: In the past few months, NBC News has launched three verticals: Mach (science), Better (health) and Think (futurism). The New York Times in the past year introduced verticals including Cooking, Well and Smarter Living, before acquiring The Wirecutter, a technology and gadgets reviews site. Even The Huffington Post, reversing a longstanding approach of introducing new sections under the HuffPo name, launched a social-first health brand called The Scope, and even a teen girl-focused newsletter called The Tea.

The rise of these sites points to a single thing: People want specialization when they're searching for news and information, said Neil Vogel, the CEO of About.com. If anyone knows this, it's Vogel, who has spent the past few years breaking up the portal into discrete, vertical-focused properties. The first three, Verywell, The Balance, and Lifewire, launched in 2016, and two more, The Spruce and TripSavvy, are on deck to launch this year. Once those two go live, one of the most prominent examples of a scale-driven, search-motivated business will cease to be.

"Nobody believed we were experts in 40 different things," Vogel said.

Other mediums have followed this trajectory before. TV went from broadcast to cable, magazines went from general-interest to niche. As the internet has matured, its former lifeblood has gotten a lot thinner: Banner ads go for about 15 percent of what they went for two decades ago, so publishers are doing everything they can to get away from low-CPM programmatic advertising and try to sell advertisers directly on higher-ticket formats like sponsored content, native ads and video.

The hope of these publishers is that such vertical sites help with those conversations because they focus on one topic. The lifestyle nature of the content also means the stories have longer shelf lives than news.

"When you're bound to the news cycle, it's difficult to do those creative executions, and it's difficult to get attention around those creative executions, said Nick Ascheim, svp of digital at NBC News. "This [vertical strategy] creates a slightly quieter environment for the advertising."

But it's not as simple as coming up with a new name and logo for coverage you're doing already. Selling these sites well often requires specialized sales strategies or teams, a step that few of these properties have taken yet. While each of About's new sites has distinct monetization strategies, for example, other publishers are simply having their existing sales teams handle them separately.

"It's too early to tell which will grow. But the driving force behind them all is clear: 'The one-size fits-all approach just doesn't work'."

That may be because most of these sites are still too new to have big audiences. While a site like About can use domain-matching to retain the search engine credibility it's built up over the years, others have opted to shelter these new brands in their home URLs and extend their reach through off-site distribution.

That works for advertisers who increasingly recognize there's more than one way to meet their audience goals. "Scale can be achieved by finding the person they want to reach, and then touching them in various ways," said Scott Donaton, chief content officer at Digitas LBi.

Even topics like health, tech or food are starting to feel too broad. That's led some publishers to go even narrower. Witness Huffington Post's foray into identity-based editorial brands on Facebook, including Canceled Plans, a community for introverts; and Tomorrow Inshallah, a community for millennial Muslims. In health, Vogel said he's already seeing sites dedicated to specific diseases, like psoriasis and diabetes.

It's too early to tell which will grow. But the driving force behind them all is clear: "The one-size fits-all approach just doesn't work," Donaton said.

Ghost in the Machine

Snapchat was everyone's darling in 2016, but can it innovate faster than Facebook copies it?

BY SAHIL PATEL

All eyes are on Snap, the company behind Snapchat and Spectacles, to see how it fares under the public spotlight. But maybe no one's eyes are more important than that of a $387 billion giant residing nearly 400 miles north of Snap's LA headquarters. Because three years after Snap CEO Evan Spiegel rebuffed Facebook's offer to buy his company for $3 billion, Facebook has launched an all-out attack on Snapchat – copying its most popular features in an effort to boost engagement on Facebook and Instagram. Simply put, Facebook no longer needs Snapchat.

Instagram Stories, a direct clone of Snapchat's stories feature, is already succeeding in drawing interest from advertisers. Brands including Nike, Unilever and Capital One have run ads on Stories.

Multiple ad buyers say that while Instagram Stories isn't taking ad spend directly away from Snapchat, the existence of the product makes it easier for clients to spend more on Instagram and Facebook. Plus, Facebook and Instagram are much more eager to work with advertisers, while Snapchat remains closed-off if advertisers want to do anything other than buy ads. "There is value in doing business with humility, and they don't," said one ad buyer.

Snap sees itself as the arbiter of cool for teens and younger millennials – which makes sense for a company that was built in Hollywood's backyard rather than Silicon Valley. But that also makes the company, which is tightly controlled by Spiegel, difficult to work with. Advertisers want Snapchat to loosen its sponsored content rules? Tough luck.

"Many of our clients come to us faced with this decision where they have to choose between Instagram, where they already have a large audience and products to help them grow and measure campaigns, or Snapchat, which is actively suppressing organic brand accounts," said an executive at a social marketing firm. "There's no middle ground with Snapchat, just low hanging fruit and premium content. That makes it difficult for most clients to justify spending on Snapchat."

Snap would rather have them buy ads on Discover and Live Stories. The company is trying to convince big ad holding companies to commit spending $100 to $200 million on Snapchat in 2017, according to The Wall Street Journal. Last year, Snapchat generated more than $404 million in revenue, up from $58.7 million in 2015, according to Snap's IPO filing.

Snap's focus on getting advertisers to buy ads instead of growing organically on Snapchat is also affecting emerging celebrities on the platform. Since Instagram Stories launched in August, Snapchat users stories have dropped between 15 to 40 percent, according to TechCrunch, which interviewed dozens of social media stars, talent managers and analytics companies.

According to Delmondo, 75 percent of influencer campaigns it has run since August have included an Instagram Stories component. (Facebook, incidentally, is now testing its own version of a disappearing stories-like product.)

"Overwhelmingly, now there is an Instagram Stories component in nearly every Snapchat activation that we do – even if the campaign starts and is meant for Snapchat," said Nick Cicero, CEO of marketing and analytics firm Delmondo.

Facebook declined to comment. Snap did not return a request for comment.

The next Facebook or bust

Snap went public at a price of $17 per share, and spiked 44 percent on the first day of trading thanks to the initial hype, which valued the company above $28 billion. Since then, reality has set in and the market has sobered on the company, with five out of seven analysts issuing Snap a sell rating (the other two remained neutral) a week into March. Wall Street's not sold on Snap and wiped $9 billion off the company's market value within a few days.

Their problem is in the numbers: Snap had a net loss of $514.6 million in 2016; Facebook made $1 billion in profit the year before it went public.

"Evan wants to be the next Facebook or fail," says the agency CEO. "They are rushing to their IPO now because it gives them the best shot at a big return for themselves and their investors. Because they're going to have about a year, a year and a half, of runway to continue revenue and user growth. After that, they know they'll have to reinvent themselves."

If Snap can't escape Facebook's shadow, then it's going to run into the same troubles as Twitter, which has struggled to grow users since going public – adding only 15 million monthly users in the last two years.

Snapchat passed Twitter in daily users last June, but it's growth is slowing. In its IPO filing, Snap said Snapchat had 158 million daily users by the end of 2016, which meant it grew users by less than 7 percent since last June, when it reportedly hit 150 million daily users. Compare that to the first six months of 2016, when Snapchat added roughly 40 million daily users.

Snap was forced to acknowledge this in its IPO paperwork: "Although we have historically experienced lumpiness in the growth of our Daily Active Users, we believe that the flat growth in the early part of the [fourth quarter of 2016] was primarily related to accelerated growth in user engagement earlier in the year, diminished product performance, and increased competition."

Snapchat's two high-profile media products – Discover and Live Stories – are also struggling. At least four Discover partners recently saw daily viewership drop on the platform and multiple advertisers reported stagnant viewership for Live Stories. It should come as no surprise, then, that Snapchat is emphasizing user engagement – how long and how often users use the app every day.

"They're saying, 'As long as we have these people and can generate revenue from them in different ways, we are going to be able to build a big business, without needing the other billion-and-a-half users that Facebook has,'" says one ad agency CEO.

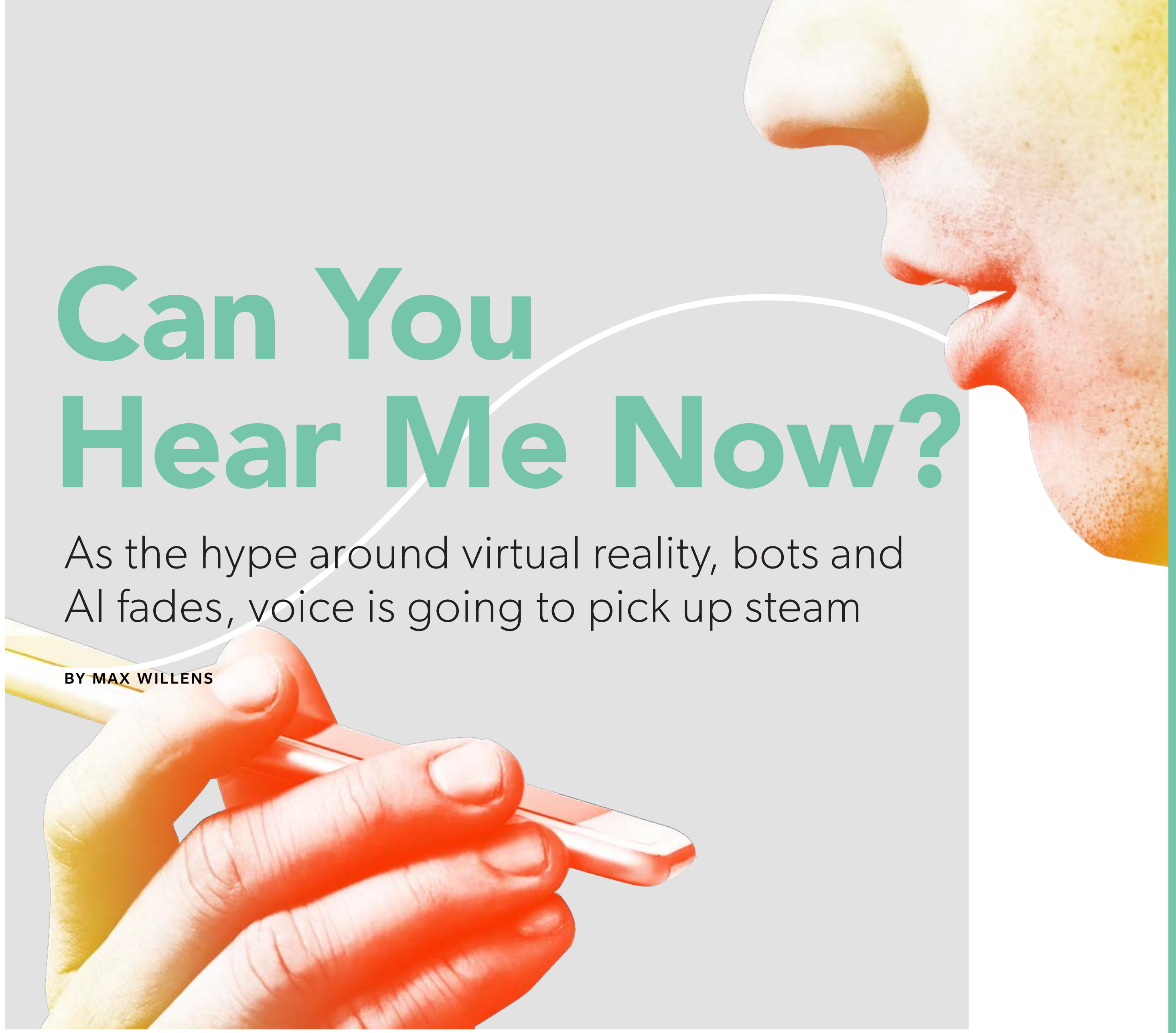
Except, according to industry sources, some Snapchat executives have privately shared their concerns about Snapchat's ability to grow users over the next year or two.

One source close to Snap says the company is too "top-down," with the inexperienced Spiegel exerting too much control. Even Mark Zuckerberg had Sheryl Sandberg before taking Facebook public, the source says.

Imran Khan, Snap's chief strategy officer, and Jeff Lucas, its head of sales, are seen as the two leaders inside the company that can serve in such a deputy role for Spiegel. Lucas, with decades of experience in TV, has the connections to help build Snap's relationships with the entertainment and advertising industries. But it's tough to say whether that will actually happen, especially inside a company culture that values secrecy – where employees in one department don't have access to buildings used by other departments – above all else.

Others remain bullish about Snap, believing the company can avoiding the problems that plague Twitter and really compete with Google and Facebook for ad dollars.

"They are one of the new big three – if you think what ABC, CBS and NBC were years ago, now it's Google, Facebook and Snapchat," says Eric Korsh, president of Mashable Studios. "Obviously Snapchat is not at the scale that the other two have, but it's important."



Can You Hear Me Now?

As the hype around virtual reality, bots and AI fades, voice is going to pick up steam

BY MAX WILLENS

In 2016, an unusually high number of bright, shiny objects were waved in the faces of media executives: Virtual reality! Live video! Artificial intelligence! Personalization! Voice! Bots!

Like all good media executives, many of them pounced, and by the end of 2016, publishers big and small were declaring they'd opened VR studios, built bot teams and unleashed crack squads of live video mavens to help them win the internet.

But now, reality has set in. By some estimates, augmented and virtual reality are a decade away from becoming mainstream technologies. Bots and the artificial intelligence that powers them are much more valuable to retailers than they are to media companies. Live video barely works for anything besides sports, and by the time you read this, Facebook and YouTube will probably have changed their minds about what kind of video they'd like media companies to make (again).

There is, however, one exception to this rule. Even though the number of voice-powered devices like the Echo, Dot and Google Home sold by the end of 2017 is expected to be far below the number of people that, say, go fishing every year (about 33 million), voice will have more effect on media – both positive and negative – than any of the other whizbang technologies that have grabbed so many headlines the previous two years.

Here's why:

Voice works

While people expect artificial intelligence and virtual reality will be ready for prime time eventually, the speech recognition technology that makes voice possible is already here. In 2010, machines could understand about a million words at about 70 percent accuracy. By 2015, that number had risen past 10 million, and at about 90 percent accuracy, according to Google research that Kleiner Perkins Caufield Byers analyst Mary Meeker shared in 2016.

Getting to 100 percent, where Google or Alexa (or something else we haven't met yet) understands words we mispronounce, or utter by mistake, is probably another few years away. But today, it's possible to ask an assistant about almost anything, and people are asking: according to Hound, a voice-enabled platform built by Shazam competitor Soundhound, its active users pose Hound multiple questions every day, on a wide variety of topics.Hound multiple questions every day, on a wide variety of topics.

Andrew Ng, chief scientist at Baidu, says that half of all internet queries by 2020 will be done either through voice or speech.

The hardware is already here

Another big piece of this puzzle that's already been solved is hardware. It could be years before Oculus Rift (which costs $600 and requires a powerful PC with serious graphics processors) become widely affordable and before smartphones that can handle live video streaming are ubiquitous.

Meanwhile, an Echo Dot will set you back just $50, and pretty much every smartphone on the market can handle cloud-powered voice queries. And if you don't have your phone on you, that's not necessarily a problem, either.

"It's not just your phone, your Amazon Echo," says Beerud Sheth, founder of voice and chat development platform Gupshup. In addition to the Echo and Google Home, Ford, VW and BMW are all working on cars that have Amazon's voice platform, Alexa, inside them. Google Assistant, which is expected to become standard on high-end Android smartphones, is also expected to make its way into Android Auto, an operating system available in a growing number of connected automobiles.

And that, Sheth says, is just the beginning. Soon, voice platforms will be accessible from smart devices that we would never consider technologically advanced. "It's your toaster oven, maybe even your table and chair," Sheth says.

The advertising infrastructure is there

Whenever a new medium emerges, it takes a while to figure out what its advertising will look like (or, in this case, sound like). But voice has a head start, thanks to nearly a century of terrestrial radio advertising. While publishers including The Washington Post are already monetizing their flash briefings on Alexa with host-read ads, money can start flowing almost immediately once Google and Amazon add the ability to programmatically target listeners.

And the money is already accumulating: Digital audio advertising is already projected to account for nearly 12 percent of marketers' budgets and programmers' ad placements by the end of 2017, more than double the share it claimed in 2015, according to a survey conducted by Ad Age and The Trade Desk.

Add in the ability to claim an offer, or make a purchase directly through a media company's skill, which is expected to be possible by the end of 2017, and it's on: Suddenly, voice becomes a way to drive transactions, subscriptions, and other meaningful revenue sources

"What radio's always been missing is a direct back channel," said Pat Higbie, the founder of XAPP Media, a digital ad developer and a top Alexa developer. "What we have here is the intimacy of radio as well as the instantaneous feedback from users."

The money for future innovation is there

Amazon has set aside up to $100 million to invest in companies that it thinks could boost voice. An accelerator program, created in partnership with the mentorship-focused accelerator firm Techstars, will launch in July. And while Google does not have a similar voice-oriented fund, partners at its venture capital arm, GV, have said that they think voice is going to be the future.

"They are very invested in identifying use cases they're not thinking about internally," says Cody Simms, who heads accelerator programs for Techstars.

The platforms are already there

If there's one thing guaranteed to inject rocket fuel into a new idea or technology, it's titans like Google, Amazon or Microsoft battling to own its ascent. Consider what competition between Facebook and Google did to increase the profile of streaming video.

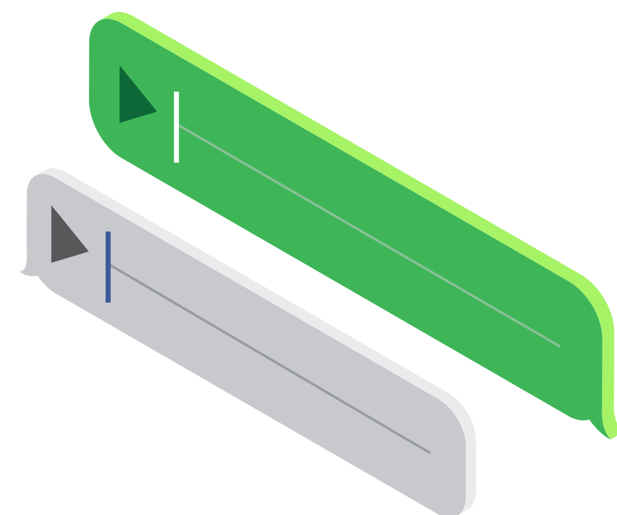
That fight will be good for speeding the innovation that's sure to occur on Google Assistant, Alexa et al. But what will be most interesting is seeing what happens when that innovation starts to really distinguish these nascent platforms from one another.

For now, there is very little that separates Google from Amazon. But once Google allows users to control things like Gmail, or Gcal, or YouTube from Assistant, or starts using people's search histories to personalize each listener's voice experience, it's going to be very different from Amazon, which in turn will have access to an enormous trove of user purchase history, intent and other data.

"People aren't going to want to have to interact differently, depending on what microphone they're talking to," said David Beisel, a partner and co-founder at NextView Ventures. "There's a lot of complication there."

But that's not a problem for right now. For now, the stage is set for voice to take off. And while Amazon, Google and Microsoft's long-term strategic visions for voice may differ, they're all going to be focused on the same thing, for now.

"If they want to foster a rich ecosystem," Beisel said, "they're going to have to reward folks for it."



"They are very invested in identifying use cases they're not thinking about internally."

MARKETING

The End of Neutrality

BY SHAREEN PATHAK, MANAGING EDITOR

Perhaps the biggest mistake brands made in the last decade was deciding that they needed to stand for something. The election of Donald Trump as president of the United States has complicated things.

A divided country means divided customers, who have very different points of view. And the biggest problem for brands now is where they stand on previously innocuous social issues (women's rights! diversity! sustainability!) that have become minefields. It cuts every which way possible, too. If you stand for something, every issue is political. If you stand for nothing, you're asked to, either by galvanized customers – themselves weaponized by bigger-than-ever social media megaphones – or by your own employees. For companies that operate in a vastly complicated business landscape, problems lurk everywhere. Take Uber CEO Travis Kalanick, who was forced to resign from Trump's business advisory council because of a social media outcry – even though it may have made good business sense for him to stay on it.

What's a little old brand to do?

One thing that's clear is that more than ever before, brands need to get away from an outdated and outmoded understanding of what it really means to market. Marketing is now going to be less about advertising – yes, they're two different things – and needs to be talking more to policy groups inside the companies.

Easier said than done. For brands to double as political groups is a fine enough line to walk during a normal presidency; it's exponentially trickier in the current climate. To pull off both requires completely different skillsets. Even in the pre-Trump era, when companies like Airbnb were forced to get their marketing to double as political pressure, it was never easy.

There is, I imagine, some sort of existential crisis inside brands today between their marketing departments and policy teams.

Another thing is to accept the reality: Being neutral is not an option. Being silent isn't one either. There is, however, a middle line: A flimsier, gauzier of so-called American values is going to actually stand in better stead than to come out actually swinging on a political vine.

That's why I think the next four years will be like this year's Super Bowl when it comes to advertising. Lots of declarations about freedom, men and women of different sizes, shapes and colors being "celebrated," and more ways to affirm things nobody – the brand will hope – can actually oppose.

(It's also equally possible that there may be more advertising of the Doritos variety that embraces pure slapstick humor in favor of a "message." Nothing wrong with that.)

Another – perhaps more unlikely possibility – is that customers divide themselves along political lines. Maybe we'll end up with "blue state" brands and "red state" brands.


Photos by *Catalina Kulczar*

Mr. Congeniality

Diego Scotti just wants to make everyone happy

BY SHAREEN PATHAK

It's nearly 8 a.m., and Diego Scotti is on the move.

He's somewhere inside the cavernous 10th floor marketing headquarters of Verizon's new space in New York's financial district – empty because of the early hour. The 44-year-old chief marketing officer for Verizon Communications finally breezes in, wearing sneakers and jeans. "Did you tour the space? Good."

Scotti was one of the designers of the new Verizon office, which looks sparse, but features a lot of technology on the backend, from video conferencing in every room, to clever tricks like being able to raise and lower walls and doors to create more space where needed. "A lot of companies that design for creativity go with the more is more," said Scotti. Instead, he wanted to create a space for new Verizon, where the marketing capability makes room for creative talent without being too flashy. No Google-esque playrooms or bicycles here.

It's an unusual thing for a CMO of a Fortune 500 company to be so involved in, but Scotti is anything but usual. An emphasis on a balanced approach drives Scotti's distinctly unique point of view.

Last year, on stage at the annual conference of the Association of National Advertisers', a trade group representing big brands that often tends to put any problems in the industry – from diversity to talent to agility – at the feet of agencies, he said that marketers who do that are thinking about the problem in "a lazy way."

"What is happening in our industry is that it's easy for marketers to say everything is broken: 'The model is broken! The agencies are broken!'"

That marketers in Scotti's position have challenges is not news. A fragmented digital market has created a thousand times more complexity when it comes to knowing if your advertising is working, and trust in agency partners is low. "Everything has become very complex," he says. "There are a lot of things in flux.

But that's precisely why Scotti is more focused on fixing problems with his agencies, rather than making them do it on their own, pretty different who have made it somewhat of an expectation that they'll put agencies on "notice" rather than work with them. "I don't know how anyone can say, 'I can do it alone. I have all the answers and I know all the questions'."

Scotti is likeable: Andrew McKechnie, the head of Verizon's new internal agency, calls him "gracious." He's also self-aware; his likability is hardly an accident. "This is reflected in culture," he muses. "There is an intellectual arrogance about knowing it all and having all the answers. I don't aspire to that."

It's hard to draw him into politics. For brands, any issue can get politically fraught in the Trump era. For Verizon, which is big on diversity and education – the company recently launched "We Need More," a national effort to get kids interested in science and technology – it's a critical time. But Scotti says the company is not going rule out working with anyone, not even the current administration. "I'm responsible in a way for the 250,000 employees that work at Verizon," he says. It's not worth picking a fight: "We've got to work with everyone."

The theme continues

For agencies, one of Scotti's signature moves in the last year was a letter he sent to all of its agency partners in September that described diversity – long an Achilles heel in the agency world – as an "explicit business objective." He gave his agencies a month to send in details on the number of minorities and women they employed, and action plans describing how they would increase that number going forward.

The result of the audit wasn't surprising: Firms under-indexed on African Americans and Hispanics, as well as women.

But it was Scotti's approach to the solution that is surprising. Instead of implementing diversity quotas like other marketers, he started three programs to drive diversity. He asked for leadership to include more women, and also funded community partnerships with agencies with institutions like the One Club.

The third is an "Adfellows" program launching in

September that rotates students into Verizon and in its agencies, with a goal of placing 90 percent of them in jobs. “What we found was everyone had their little programs,” he says. But instead of putting them on notice, Verizon funded a larger scale program in an effort to pull everyone up with it – and it didn’t pretend to know better. “We are all at fault in a way,” he says.

Scotti grew up in a small city outside Buenos Aires, part of a big extended family that he says has shaped who he is. But here, too everything is about balance: “I’m a good combination of European, Latin and American culture.” His mother is a teacher, his father a lawyer – marketing or advertising was never in the family, but there was a strict emphasis on excellence. Scotti went to a school that was heavy on the arts. In fourth grade, a teacher focused entirely on poetry, a turning point for Scotti, who says that until then, “I never thought you could be connected to your feelings.”

No walls

Scotti has brought that openness right into the heart of Verizon. In late February, it announced the opening of an internal ad agency, led by McKechnie, a former Apple global group creative director. And the agency will work with Verizon’s external agency partners as well. “The more you close down, the more you close down the level of creativity, innovation and culture,” says Scotti.

The agency McKechnie will lead will bear all the hallmarks of Scotti’s philosophy. On his first day at the office, McKechnie went to a “cabinet meeting,” where Scotti brought together various members of the sprawling Verizon marketing organization, including creative agency partners. “And I couldn’t tell, based on what they were saying, where people were from. It was a very fluid and organic discussion,” he says. “That is testament to the ways in which [Scotti] is driving that collaboration. No matter who you are you’re part of the company.”

Scotti joined Verizon in October 2014. He was

Photos by *Catalina Kulczar*

previously the chief marketing officer at J. Crew, and prior to that, spent time at American Express and inside Condé Nast, where he oversaw 20 brands. He attributes his attunement to design and aesthetics and how they transform how people work to those experiences: “Everything I do is about how I bring this creativity to blossom.”

But at the same time, Scotti rarely wants to look to the past. Verizon’s new space has no assigned seating; everyone uses a locker except Scotti. “I don’t have one. I carry everything I need. I don’t like offices. I don’t like paper.” And he really doesn’t like confinement: He says he’s often shocked when he sees peers and their offices with awards and plaques. “I don’t like that. You gotta keep moving. When you have too many roots and things that hold you back to the past, it holds you back.”

That explains the panoptic approach inside Verizon: The company is trying to do so much that Scotti has to keep everyone involved, and make sure they’re happy.

“Collaboration” can often be used as a way to mask inefficiencies. But Scotti is insistent that this is the way forward. Even as brands look at cutting out agency partners and bringing everything in-house, Scotti says he doesn’t believe in that. “Our approach to collaboration looks chaotic because it has so many influences.” But it’s not “anarchy.” That’s why he has tapped multiple agencies and outside creators, including documentary filmmaker Rory Kennedy, who is telling the story of unequal access to the internet in American schools, and even actor Jamie Foxx. There’s an internal group with the sole purpose of telling Scotti why certain ideas are wrong for Verizon. McKechnie, an agency veteran, says that what thrilled him was an opportunity to come to a company in a state of transition.

There’s a lot going on: There is a new millennial generation that Scotti needs to learn to market to in a very different way, whether for phone plans or for its video app, Go90, that Scotti wants to turn into a brand.

Verizon now owns AOL, and may very soon also own Yahoo, meaning that Scotti has to be laser-focused on crafting a new way to make the brand relevant. And all of this while competition in the space intensifies: Wireless revenue is falling at the company, and competitors like AT&T and T-Mobile are pushing aggressive cheap plans to get people to move. It doesn’t help that it’s a saturated market; People already have mobile phones. In an effort to fight back, Verizon in February finally bit the bullet and introduced an unlimited data plan. But it refuses not go cheap: CFO

Photos by *Catalina Kulczar*

Matt Ellis told analysts in the fourth quarter that it remains a premium service that demands a premium price.

And Verizon has big dreams beyond the phone. Last year, it teamed with the city of Boston to make the city one of the most connected cities in America, replacing copper-based infrastructure with fiber-optic networks. Done through a $300 million investment from Verizon over six years, the move is part of Verizon's "smarter cities" program.

Verizon has also gotten into healthcare. It offers a service to help pharma companies to address tracking issues with drug shipments to help customers know how their drugs are moving through the supply chain, addressing product damage and counterfeiting issues.

"It's about shifting the perception of the brand," says Scotti. "We have to evolve from connectivity to connectedness. That's a tall order."

But to do that, Scotti is vehemently against taking any cues from competitors in the space (we're looking at you, T-Mobile US CEO John Legere). "We don't believe in the approaches ... that divide and insult and go down there," he says. "I'm nobody to judge their approach. But it takes a lot of strength as a brand to say 'don't answer back'."

So it's, When they go low we go high?

Not so fast, says Scotti. "I don't want to make it political."

Subtle Resistance

BRANDS ARE PROMOTING Muslim inclusivity IN TRUMP'S AMERICA

BY TANYA DUA

Two schoolgirls, dressed in hijabs, engage in casual banter in Farsi while packing up their books after class. As they leave the classroom, one of them confidently begins rapping, in English, along with ″Alphabet Aerobics″ by Blackalicious as she strides down the school corridor.

The YouTube Music ad, part of a campaign to show the diversity of music lovers, launched on July 18, the opening day of a Republican National Convention that would ultimately coronate Donald Trump as the party leader.

The YouTube Music ad, part of a campaign to show the diversity of music lovers, launched on July 18, the opening day of a Republican National Convention that would ultimately coronate Donald Trump as the party leader.

"We knew it was a bold statement, but it was also a very important one for us to make," says Danielle Tiedt, chief marketing officer at YouTube. "It was what our users expected from us and it was also the perfect time to represent diversity and to stand up for our core values."

YouTube is far from alone. In the months since, a wide array of major American brands — including Microsoft, Chevrolet, CoverGirl and Hyatt — have prominently featured Muslim men, women and children in their marketing. And they have done so on some of the biggest stages available.

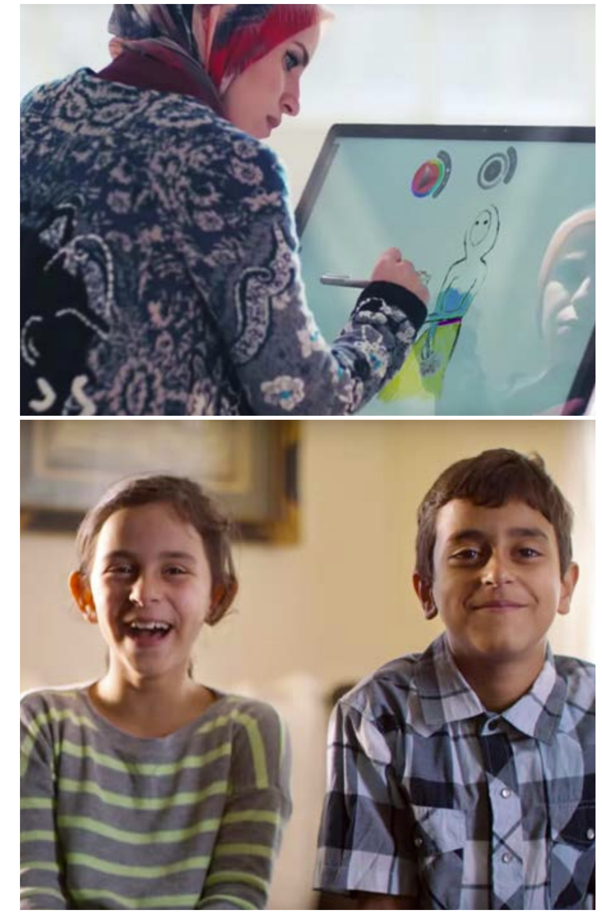
This year's Super Bowl, for example, was perhaps the most political ever, with brands like Airbnb and Coca-Cola – which brought back its "It's Beautiful" ad from 2014 – preaching inclusion. Airbnb's "We Accept" ad pledge of $4 million to support refugees, a direct rebuke of against President Trump's immigration executive order. The Oscars were no different, with Hyatt debuting its new ad campaign, "For a World of Understanding," in which one of the scenes shows a woman wearing a hijab alerting her fellow train passenger to her fallen scarf.

The brands stop short of saying their ads are deliberately political, choosing to highlight the principles of diversity and inclusion instead. Nonetheless these are consciously strong statements to make – especially in light of the highly polarized political climate today.

"They absolutely intended to speak to the current climate and discussion around the President's position," says Chris Allieri, principal of Mulberry & Astor, a public relations and public affairs consultancy. "But it's neither subversive nor progressive to stand for diversity – it's just the right thing to do."

It's also what the audience wants. According to a recent report by by The Innovation Group at JWT Intelligence, the trend-forecasting arm of J. Walter Thompson, today's consumers are more politicized than ever. And with public awareness of corporate political stances at an all-time high, brands stand to gain a great deal from effectively engaging with political issues. According to the report, 39 percent of millennials say that brands should play a larger role in politics, and 51 percent say that they appreciate brands taking a political stance in their advertising.

"Culturally-savvy brands in tune with their audiences picked up on this earlier, but now consumers are actually demanding it," says Jamie Gutfreund, chief



(above) **Microsoft Spread Harmony** / (below) **Chevrolet Mascots Ruqaya & Qassim**

″It's neither subversive nor progressive to stand for diversity — it's just the right thing to do.″

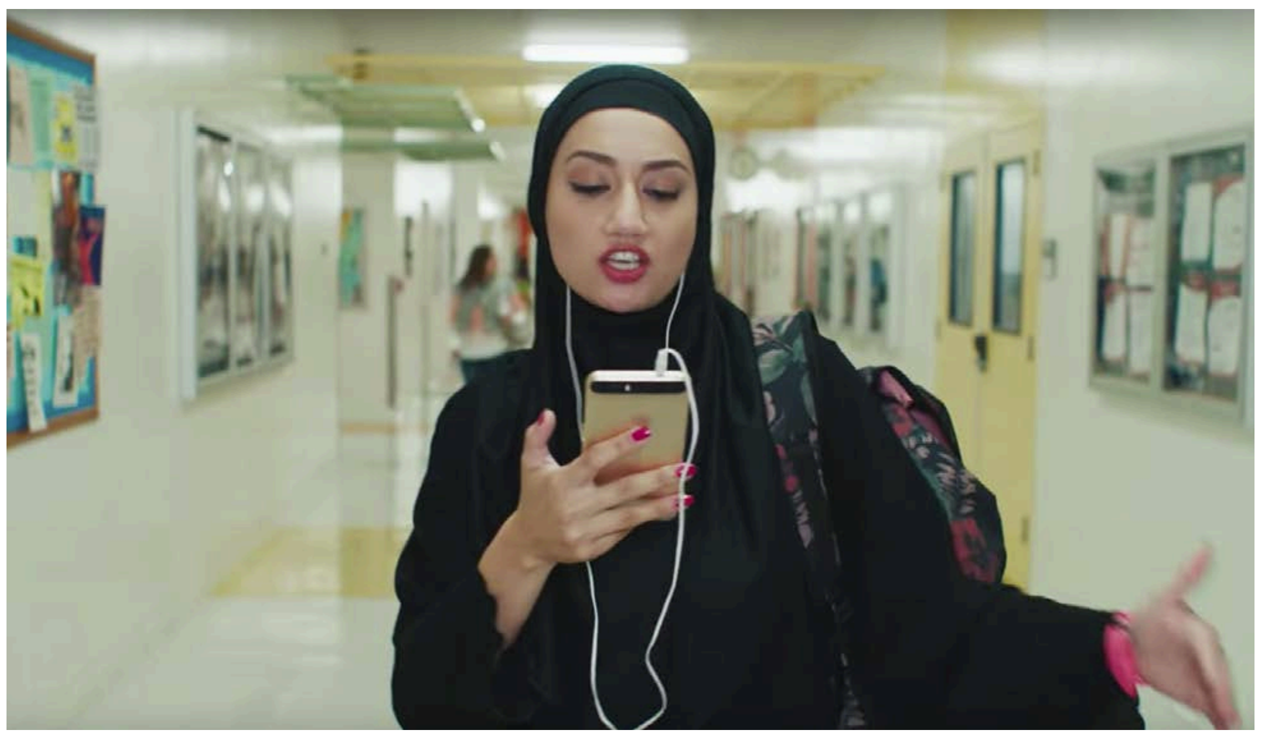
marketing officer at Wunderman. "People are evaluating what brands stand for on a lot of different levels and they are being held more accountable than ever."

It also makes business sense, with the Muslim consumer segment representing a huge growth opportunity. The global Muslim lifestyle market is estimated to grow to $2.6 trillion dollars with an additional $26 trillion for Islamic finance, according to Shelina Janmohamed, vp of Muslim-focused brand agency Ogilvy Noor. And according to the Pew Research Center, the Muslim population in the U.S. will double by 2050, from 322 million people in 2015.

That's not to say that there aren't downsides. For one, ads celebrating racial diversity are often targets of a huge amount of vitriol online: A recent Honey Maid ad from its "This is Wholesome" campaign took on Islamophobia – and was met a deluge of nasty comments on its social media platforms. But the benefits seem to far outweigh the costs, for most of these brands.

"Culturally-savvy brands in tune with their audiences picked up on this earlier, but now consumers are actually demanding it."

"From CPG to retail to financial services, targeting this audience is in the interest of engagement and growth," says Anne Bologna, chief strategy officer at iCrossing. "If you're a brand with a national footprint, you cannot win without being multicultural and catering to this audience."



YouTube Music – Afsa's Theme

DIGIDAY SUMMIT SCHEDULE 2017

DIGIDAY
BRAND SUMMIT
APRIL 18 – 20
CHARLESTON, SOUTH CAROLINA

DIGIDAY
PROGRAMMATIC SUMMIT EUROPE
APRIL 24 – 26
DUBLIN, IRELAND

DIGIDAY
BRAND SUMMIT GERMANY
MAY 3 – 5
BERLIN, GERMANY

DIGIDAY
VIDEO ANYWHERE SUMMIT
MAY 17 – 19
NEW ORLEANS, LOUISIANA

DIGIDAY
PROGRAMMATIC MARKETING SUMMIT
MAY 31 – JUNE 2
SCOTTSDALE, ARIZONA

DIGIDAY
RETAIL SUMMIT
JUNE 2017

DIGIDAY
CONTENT MARKETING SUMMIT
JULY 2017

DIGIDAY
PUBLISHING SUMMIT
SEPTEMBER 25 – 27
KEY BISCAYNE, FLORIDA

Comeback Story

Inside Polaroid's digital revival

BY TANYA DUA

When Jason McCann got married in Brooklyn Heights last fall, he and his fiancée decided to ditch the photobooth. Instead, they settled for five Polaroid Instant cameras and three Polaroid Cubes to snap pictures of their guests and festivities for their wedding reception.

"To us, it was a much more personal and a deeper connective tissue than the photo booths all over the place these days that people line up for," says McCann, the executive creative director at Red Peak Branding. "Not only was it unique, but it was also this instant nostalgia that brought people together."

In an era of selfies and smartphone cameras, retro mechanical cameras that churn out low-res photos on a black square in a literal flash are making a comeback: Lomography Lomo'Instant cameras have won the hearts of hipsters; Fujifilm's Instax cameras topped year-end lists across the board. But it was the very name "Polaroid" that these types of cameras were once synonymous with, and the company wants in on the nostalgia gold rush.

The iconic heritage brand has seen its fair share of ups and downs in its 80-year history – more downs than ups, lately. The advent of digital cameras forced the brand to file for bankruptcy twice between 2001 and 2009, and go through a roster of six CEOs between 2005 and 2009

But things are improving for the brand. While the privately held company declined to share revenue figures, it says it has benefited from rising sales of instant print cameras, whose unit sales grew 166 percent in the 12 months ending September 2016, with more than 3.5 million units were sold, according to NPD Research Group.

That's not to say the brand is without its challenges. The cameras aren't necessarily cheap, Polaroid trails behind Fujifilm – the leader in instant print camera sales and experts say the brand risks losing its brand equity if it continues to enter into partnership deals with licensees for everything from digital still cameras, to high-definition TVs.

Still, Polaroid sees an opportunity: The brand is walking a line between a nostalgia play and an investment in technology and innovation, both on the product and marketing side.

"It's about celebrating our heritage and bringing it forward through our products and brand promise," says Aaron Paine, director of social media and digital strategy at C&A Marketing, the brand's licensee for the camera market. "It's about being present, and making our brand relevant, in life's various moments."

Beyond cameras

When C&A Marketing took over Polaroid's instant film camera products in 2009, it focused on innovating in modern product categories, like digital printers and sports cameras, while still retaining the essence of the Polaroid brand.

In recent years, the brand has unveiled a new suite of products that tie into everything from iPhone photography, consumer 3D printing and camera drones to fun cameras that produce on-the-spot prints. (Outside of the C&A deal, the brand has also expanded into tablets, televisions and other digital media through a range of strategic license agreements and partnerships.)

"We're really curators of innovation," Scott Hardy, Polaroid's CEO said at the Consumer Electronics Show in Las Vegas in 2015.

And so the Polaroid Pic-300, a modern spin on the classic Polaroid camera, instantly prints wallet-size photographs. The Polaroid Z2300 successfully merged analog and digital photography, letting users instantly print photographs as well as save them as digital files. These products have allowed Polaroid to stay relevant by balancing the retro vibe with modern technology in today's marketplace.

On the innovation side, there is the Cube, an entry-level GoPro-like action camera introduced in 2015, which C&A called a "calculated risk." The Polaroid Zip, an instant inkless mobile printer, produces two-by-three inch, sticky-back prints of smartphone snaps. Its newest instant digital camera is the Polaroid Pop, which combines modern digital technology with the classic 3x4" Polaroid instant print format reminiscent of the brand's iconic legacy cameras..

The approach is simple: Remain true to the hands-on fun and engaging spirit of the initial Polaroid while pushing the boundaries of innovation with a diversified approach.

"Diversification is a wonderful principle, whether it's for product planning or for financial management – you want to have a diverse set of customers and a diverse set of categories you're competing in," Hardy said in a Marketplace interview in November 2016. "We are not relying on any single category for all of our future growth and that is a very healthy position to be in."

Still, there is no shortcut to instant success. Its new fleet of digitally-savvy devices may be a draw for some, but it comes with a hefty price tag — the Zip, for instance, costs $129 and the paper runs $20 for a stack of 30 sheets. It is also in an increasingly competitive space, with the likes of GoPro dominating the action camera market and Japanese camera company Fujifilm experiencing quite the sales boom for its instant cameras, with an estimate of at least 6.5 million devices sold in 2016.

will also have to focus in on certain primary categories, or it risks diluting its brand, said Madeleine Kronovet, senior strategist at Red Peak Branding.

"If they are seeing continued business success by having fun and being who they are, it should continue to resonate with their audience," she says. "But they risk diluting themselves if they extend themselves too much in too many categories."

Social DNA

When the Polaroid instant camera came out in the 1940s, it was in many ways the first social network: Shoot, shake and share with friends. So it is unsurprising that Polaroid wants to work its way back into the cultural zeitgeist through a digital and social media strategy.

Aside from the nostalgia play, the brand's strategy today is hinged on influencer marketing. The brand works closely with Social Native, a platform with 14 million independent content creators that create premium user-generated content for brands. And Instagram is squarely at the center of this strategy.

"The idea was to tap into what our target audience was already doing," says C&A Marketing's Paine, who was brought on board in late 2015 to overhaul its social strategy. "Polaroid has always been about instant sharing, it's in our brand DNA. And Instagram is the perfect marriage of both the film and digital medium."

Plus, it also made sense from an audience and a budget perspective: By 2015, over a million Instagram posts were being tagged with the hashtag #polaroid, without the brand lifting a finger. Once it joined Instagram, the platform proved to be a great playground for testing and learning, a cost-effective way of pushing out content organically before putting paid support behind it on Facebook, Twitter and Google ads.

The brand did this by experimenting with a wide array of content, from micro-campaigns such as its 2016 holiday initiative called #PRINTitFORWARD, which encouraged fans to share their holiday Polaroid, to content series partnerships with other brands like Pabst Blue Ribbon around experiential events.

Polaroid saw a jump of 152,000 followers between July 2015 and this January, with an average of 8,000 new followers being added per month, according to data crunched by Socialbakers. Its engagement in the same time period also saw a bump, with posts getting an average of 192,000 interactions a month.

For Rob Henzi, vp of cultural strategy at Sparks & Honey, Polaroid's comeback can be attributed to people's newfound penchant for reviving and iterating on past media, content, and products – be it the success of the Nintendo Mini Classic console or vinyl records.

"People have a hunger for classic products and experiences," he says. "And the Polaroid brand has had an opportunity to tap into that mindset."

The Sunshine Agency

Crossmedia's growing fast by promising clients a lot more transparency

BY YUYU CHEN

Just before Thanksgiving, Kamran Asghar, co-founder and president of media agency Crossmedia, got a call from an executive at Nordstrom Rack, which was parting ways with WPP's Mindshare. "Over the past two years we've been thinking about you," the executive told Asghar. "We'd like to talk."

It's becoming a familiar phenomenon at Crossmedia, which bills itself as a "100 percent transparent" and "highly analytical" independent media agency. And for its increased growth it can thank holding group media shops that are being criticized for lack of transparency.

"Our DNA is based on total communications planning and collaboration with creative. And our revenue solely depends on retainer-based fees, so we are not making money on media transactions and can stay transparent," says Asghar. "Imagine that: an agency with no hurdles to fight on your team. That doesn't only sound nice in theory, it is your every day."

Clients are sold on it. Last year, Jägermeister left Crossmedia in an effort to consolidate its agency services. Just before Thanksgiving, it was back.

For Christopher Dunn, brand manager for Jägermeister, Crossmedia is more transparent than other media shops. "Crossmedia's smart, data-driven thinking combined with its creativity and innate passion for all things media is what brought us back," he says. "Not only does it have a clear understanding of our brand, we believe our company cultures are very similar. And we appreciate its commitment to operate in a fully transparent fashion."

Beth McDonnell, svp and CMO for U.S. Bank, echoes the sentiment, saying that her team chose to partner with Crossmedia because the agency offers "a fresh, data-driven planning perspective; strong, positive culture focusing on communication across the teams; comprehensive planning process; innovative and timely campaign reporting and integrated attribution tools."

Nordstrom Rack, U.S. Bank and Jägermeister combined spent around $53 million on traditional media and display advertising from January to September of last year, according to Kantar Media.

For Asghar, the opportunity lies in the fact that holding groups are siloed by channel. While their media agencies can use their buying power to give clients a lower media price, a conflict of interest arises when holding group agencies buy and sell their own media.

And media planning should not be about buying media en masse to reach a broad demographic group. The modern way is, he says, to make sure that the audience is more clearly defined across a set of behaviors that indicate how likely they are to buy a given brand, while delivering content in different media channels and moments most relevant to them.

For instance, health and nutrition brand GNC's core audience has traditionally been the gym loving young male, but the untapped opportunity is with older females who want GNC products but have not been convinced to walk into the store, Asghar explains.

"This leads to very distinct media plans for each segment measured against specific business goals," he says.

With this in mind, Crossmedia has been expanding. It now has 150 full-time employees in the U.S. and 250 in Germany today. And its U.S. team is moving from a current penthouse in New York City's Flatiron area into a new office space this summer.

This is a far cry from 2000 when Asghar, then a 26-year-old planning director for Ogilvy & Mather, co-founded Crossmedia with his Ogilvy colleague Martin Albrecht. With zero clients at the very beginning, the duo had nothing to do except to go to burger places every Friday. Even today, Crossmedia sets every Friday as "Burger Day" as part of the agency culture, when employees make a toast to each other.

"For the first six or seven years, there were crossroads every day because our model was new and we were small in a big guy's game," Asghar recalls. "We had very limited credibility. All our clients wanted to know was 'Can you buy my media and give me great rates?' That was the mentality."

In 2005, Crossmedia got its first major brand client: New York Rangers. Since then the business started taking off with clients including Whole Foods, GNC and Hartford Insurance. But sometimes the team still loses. Last year, Crossmedia was in a major agency review of a brand with over $70 million marketing budget, up against two other agencies. After a couple of meetings, Asghar's team realized that the chemistry was not there so it gave up in the final round.

"It is really hard in this business to walk away from a pitch," says Asghar. "But sometimes what a client is looking for and our business model don't match. I think those moments give you a lot of confidence that you know what is right for you."

And though the media landscape only continues to evolve, Asghar thinks that the biggest challenge for an independent shop remains the same: To shake clients' big media agency biases.

"Many clients think that only big shops have the [buying] scale," he said. "Nobody will ask them questions. The marketer who is in charge of media dollars won't get fired if they work with a big agency." But they also might not win.

DUOPOLY

Feeling the Heat

Pressed by Google and Facebook, the TV guys get smarter

BY SAHIL PATEL

About a year ago, Bryson Gordon was emptying a box of his mom's old things when he uncovered a document from a bygone era in advertising: an ad sales research report from 1963, written by his mother when she worked at BBDO in San Francisco. Written for an orange-soda client, the report summarized the impact of different ad creative on various brand metrics (affinity, purchase intent). The results were organized according to broad, age- and gender-based demographics — just like the $70 billion TV advertising industry does today.

"If it wasn't for the fact that it was clearly written on a typewriter, it could have been something attached to an email last week," says Gordon, now an evp of data strategy at Viacom. "TV has been stuck."

That's poised to change, if companies like Viacom, NBCUniversal and Turner have any say in the matter. At a time when digital giants Google and Facebook are looking to go head-to-head with TV, TV is starting to clap back.

Evolving the TV advertising business

In April 2015, Viacom launched Viacom Vantage, an ad product that allows marketers to target audience groups – not only by age and gender, but various behavioral, attitudinal and geographical segments – across the company's TV and digital portfolio, which includes MTV, Comedy Central and Nickelodeon.

Vantage offers inventory at the show level, Viacom says, meaning marketers can put together a plan to reach millennials who love fast food and comedy, whether they're watching "The Daily Show" or "Friends" on TV, or clips online. With Viacom Velocity, the company's 200-person integrated marketing agency, Viacom can also craft original videos – with influencers, if the advertiser is interested – which can then be delivered across the Viacom's TV, digital and social channels.

It's a comprehensive product, built to meet the needs of advertisers that have grown accustomed to more actionable data from their digital partners, says Sean Moran, head of sales for Viacom Media Networks. "For years, we've had partners – ad agency heads, brand directors, you name it – who have been asking us: When are you going to get more precise? When are you going to bring me more targetability and accountability, and get off the broad demo currency that's been in place since the '50s?"

The sentiment is echoed by Turner, which itself has an ad offering that enables marketers to target specific audiences across its portfolio of TV networks, individual show brands and digital properties. Called Turner Ignite, this product group lets clients run ads across all of these properties as well as create custom content with, say, Conan O'Brien's Team Coco unit, which can then run as an ad during an entire TV commercial pod and also distributed on relevant Turner-owned digital and social channels.

Turner reorganized its entire sales operation to fit its new approach. Where initially Turner had three evps overseeing different network groups (one focused on only TBS and TNT), now these executives oversee relationships with different ad holding companies and have the ability to sell across the entire portfolio.

"Most people don't just watch TV or just stream on one device or communicate through a single platform or service," says Donna Speciale, president of Turner's ad sales division. "TV is still a massive reach medium, but digital also garners huge audiences, and social drives conversations. So it's important to be structured in a way that facilitates deeper relationships between brand partners and audiences, and that means having a multi-disciplinary, cross-portfolio perspective."

Co-existing with the duopoly

The death of TV at the hands of digital has been a story foretold by many digital media executives desperate to get on TV. It's no different now, in an environment where some 85 percent of every new digital ad dollar goes to Google and Facebook.

Make no mistake, Google and Facebook want a piece of the TV business. It's why Google continues to spend money on YouTube, which has grown global daily video consumption tenfold in the past five years, topping one billion hours every day. (For comparison's sake, daily TV consumption in the U.S. alone is 1.3 billion hours, according to Nielsen. So YouTube still has a way to go.) This spring, YouTube will also launch its own TV service, offering nearly 40 TV channels for $35 per month.

Facebook, which early last year averaged 100 million hours of daily video consumption, is shopping for longer, original content. It also is encouraging media partners to post longer videos on its platform as the company builds a dedicated video tab on its mobile app and plans a standalone TV app.

"It's a pretty simple story: You go where the money is, and there is a lot of money in TV advertising," says David Mendels, CEO of Brightcove. "If you're Google or Facebook and you need to show growth, that's what you show to shareholders."

Maybe feeling the heat, TV network sources are quick to point out — anonymously — where TV has the advantage over their digital competitors.

"What's funny is that a lot of the social conversations on Facebook is happening around our content — that's what people are talking about," says one TV network exec. "Facebook keeps coming to us to do stuff like live, because they know what people are flocking to."

Adding walled gardens to more walled gardens

Yet for all the advancements that the TV networks are making, they're not likely to eat into the budgets that go to Facebook and Google. Simply put, TV and digital — for the large part — exist in silos, and it will take a long time before one truly starts to eat the other.

"The TV budget is a TV budget, and it's satisfied by certain goals that non-TV-based media doesn't satisfy," says Brian Wieser, senior analyst at Pivotal. "All these advanced data products help justify the maintenance of the TV budget, but I don't believe they can cause an expansion of those budgets."

Where advertisers might have concerns is in dealing with even more "walled gardens," especially when they've been available to avoid those on TV. Viacom, Turner, NBCUniversal and others might be able to provide more targeting and measurement for campaigns across their portfolios, but are — at least right now — unable to provide a comprehensive look across the landscape. (Those that deal with Google and Facebook and other social giants know this all too well.)

"The walled garden does not help me make better decisions across the landscape, just better decisions within your company," says Melissa Shapiro, president of investment at Publicis Groupe-owned Blue 449.

It's an area that TV networks acknowledge they have to improve. But before they can do that, they needed to build more intelligent advertising products.

"One of the reasons we're continuing to earn our way into a lot of rooms with CMOs is because there is a recognition that the idea of advanced attribution is no longer the exclusive right and privilege of the large social and search giants," says Viacom's Gordon. "It's absolutely something that TV can play in — and play in effectively — because of the quality of our content and distribution environments."

The Quiet Giant

Amazon is finally taking on Google and Facebook for ad tech dominance

BY JESSICA DAVIES

Take it from Martin Sorrell: He knows a threat when he sees it. The WPP chief famously coined the term "frenemy" for Google nearly a decade ago, later applying it to Facebook. Next up: Amazon.

"Amazon's penetration of most areas is frightening, if not terrifying to some," Sorrell offered during WPP's most recent earnings call.

Like Google, Amazon has an impressive supply of customer intent data that it adds to every time a person searches for and buys something on its platform. It also has persistent user ID data, meaning it can accurately stitch together customer identities across multiple devices and platforms. Just like Google and Facebook. Though unlike either of those two, Amazon can also add TV screens to the mix.

Traditionally, the ecommerce giant's roadmap has been dictated by whatever furthers its retail dominance (and, recently, cloud computing services), not advertising. But that's changing. The growing popularity of the ad tech method header bidding, adopted en masse by publishers who use it to squeeze better yields out of the ads they trade programmatically, has brought Amazon to the table big time. The ecommerce giant has built a cloud-based header bidding solution, which agency executives believe was inspired by its reluctance to rely on Google's programmatic ecosystem.

Now Amazon wants to take it to market, and is already courting publisher partners. "Amazon knows there is a big advantage in being the vendor who manages the server side connections to all other parties, in terms of data and in terms of bringing its own demand – its own ad platform – to the table," says Paul Mead, chairman of media agency VCCP Media. "The race is on to entice publishers and to build the network."

Amazon confirmed the launch of its server-side solution, but declined to comment for this story.

Amazon is notoriously secretive about its product road map, but sources with knowledge of the situation say that its success in cloud computing services (Amazon Web Services tops Microsoft, IBM and Google for market share, according to technology researcher Gartner) has given it the back-end web infrastructure to ensure its header bidding solution has a major competitive advantage: speed.

"All the major publishers are on Amazon Web Services already, as well as quite a lot of the non-Google ad servers. It has the back infrastructure for most of the major web," says Alistair Dent, chief media officer for iCrossing.

That means its header bidding service is lightning-quick, which is a benefit to publishers concerned over the risk of latency caused by connecting numerous demand sources to their pages and wrapper tags. But it isn't speed alone that makes Amazon's push into ad tech compelling. Its enormous pot of cross-device customer intent data to inform the auction process, together with the speed of its offering, could be a heady mix.

"Amazon has the best data of the three," says Amir Malik, programmatic chief at British newspaper group Trinity Mirror. "The ability to analyze commercial transactional data through to customer and event-level data that's stored in the cloud is the really tempting and powerful leverage Amazon will have. It won't be overnight, but the prospect of it is quite overwhelming."

"The race is on to entice publishers and to build the network"

Agency buyers would also stand to gain from an Amazon push into ad tech. After all, more competition paves the way for negotiating power. But for publishers, the benefits of Amazon's push into ad tech are a little murkier. A triopoly scenario could just end up ceding more control to yet another tech third party. It all depends on how much Amazon wants to take publishers away from Google. "If Amazon is a bit more transparent than Google is, it's a no-brainer," adds Malik.

Regardless of how hard Amazon works to win over publishers, the ecommerce giant's move into ad tech isn't something anyone can afford to ignore. "Google and Facebook are the big two now, but Amazon is another 800-pound gorilla, and if it does run ad tech solutions, publishers will have to take it very seriously," says Dan Wilson, vp of monetization for Blis Media.

Competition from Amazon also could help drive up programmatic ad yields for publishers. "Because Amazon is not a media owner, it could also be seen not as a friend perhaps, but less of an enemy than Google and Facebook to publishers in the long term," Wilson says.

Platform Players

Platforms are the new gatekeepers of social media. Here are three key players publishers need to know at Google, Facebook and Snapchat.

BY ROSS BENES

The Professor
Richard Gingras

After serving as CEO of the Salon Media Group, Richard Gingras began his second stint at Google in 2011 as vp of news, where he had previously been a product development advisor. Aside from overseeing development of Google social products, Gingras, also serves as a board member for several free speech groups, including the First Amendment Coalition, the International Center for Journalists and Harvard's Shorenstein Center on Media, Politics and Public Policy.

"He is an intellectual," says Vivian Schiller, former NPR president and CEO. "He can stand in front of the room and opine in sophisticated terms about what place news holds for our citizenry."

As head of Google News, Gingras has led the charge behind Google's fact-checking initiatives and Accelerated Mobile Pages (AMP), where publishers use Google's open-source code to speed up their webpage loads. Schiller, who was once head of news at Twitter, said Gingras has as a unique role among the platforms.

"Management at many platforms don't take news partnerships seriously," she says. "But I think he really has the ear of Google leadership."

The Consigliere
Nick Bell

As a gatekeeper for Snapchat's Discover section, Nick Bell is an exec that publishers need on their radar.

"He understands the tech business inside and out and he also has a great mind for marketing," says John Sykes, president of entertainment enterprises at iHeartMedia. "He really guided us through how we could attract the most followers on Snapchat."

Bell joined Snapchat in 2014 as vp of content, which means he has been in charge of bringing publishers on board the platform. A digital industry veteran, Bell previously was svp of digital products at News Corp., and as a teen he made a small fortune selling off websites during the dotcom bubble of the late 1990s and early 2000s.

"It was the first time someone had told us we should rewrite a headline," says Vikki Neil, svp and gm of digital for Scripps Networks. "The first time he said it I was taken aback. But he had a perspective we had not gained yet. While he respected our brand, he also pushed us."

The Ambassador
Nick Grudin

A former freelance journalist turned media executive, Nick Grudin left a business development role at Newsweek in 2010 to become Facebook's vp of media partnerships.

"Given his background working in media, he understands our business and will suggest things that work not just for Facebook's roadmap, but he understands how we as a league are focused on getting new fans," says Melissa Brenner, svp of digital media for the NBA.

Grudin works with the Facebook's media liaison, former CNN prime-time host Campbell Brown, to develop video partnerships with publishers and bolster the platform's ties with media companies through the Facebook Journalism Project, which provides publishers with tools and training on how to be more efficient with their content on Facebook.

"Empathy is really useful in a partner," says Tom Aschiem, president of Freeform and Grudin's former boss at Newsweek. "He doesn't bring any bias of seeing people in older media organizations as luddites. He values [publishing] passionately, which makes a huge difference in how you try to form a union."

Third-Party Measurement is No Magic Bullet

BY ROSS BENES

Facebook has a trust problem. The first time it announced a metrics screwup, advertisers shrugged. The next time, they raised an eyebrow. By the third time, they had to wonder what was going on.

"This news has put a level of doubt or mistrust in our clients that is a hurdle we have had to overcome," says Kevin Wright, director of social media at Blitz. In response to the snafus, marketers unanimously lobbied for third-party measurement audits. Those audits are now here since Facebook and YouTube have opened up themselves to Media Ratings Council inspections.

Measurement errors have been a nice leverage tool for agencies criticizing platforms. But the veiled calls for transparency are often desperate cries for attention made by players seeing their margins crushed while an oligopoly continues to reap growing revenues. Because even with the new audits in place, marketers still have lots of issues to clear up with the platforms and the measurement firms themselves.

Independent verification could bring more clarity and honesty to how the platforms report, which is why marketers have praised Facebook and Google for allowing MRC audits. But better measurement doesn't solve for the fact that Facebook and Google's share of the overall digital ad pie continues to grow. Better measurement across social platforms also won't improve the overall ad tech ecosystem, which is constantly accused of inefficiency, unnecessary complexity and sucking up too many ad dollars while providing little value in return. Better platform measurement also fails to improve alternative advertising outlets that could reduce the power of the duopoly.

But these problems are obvious, and it is unrealistic to expect third-party vendors to be able to solve for them. What has been less reported is that clients using third-party measurement services have trouble differentiating between their wide variance in outcomes and making sense of their unclear research methods.

"At the end of the day, there is so much disparity in numbers between vendors that I think we need to either pick one or give a standardized methodology by IAB that allows us to know what is what," says Charles Cantu, CEO of ad tech firm Huddled Masses.

When pressed about the lack of standardization, measurement firms and industry trade groups emphasize that most vendors are accredited by the MRC.

"You do have to be cautious about taking vendors at their word, which is why you need the MRC [accreditation]," says Jane Clarke, CEO of the Coalition for Innovative Media Measurement.

MRC standards ensure that accredited firms have to meet minimum thresholds and adhere to common definitions. But sources say that the current standards overlook that vendors widely vary in their technological capabilities, which contributes to disparate outcomes. The MRC downplays this as a problem, but also acknowledges that it's a fact.

"If this was three or four years ago, I'd say it is a big issue," says David Gunzerath, MRC associate director and svp. "Today, I'd say discrepancy can still be an issue, but it has gotten smaller."

Sources, including a few execs from measurement companies, were also miffed that some verification vendors publish research that makes large claims while hiding the sample size of the study.

"I look at that as great marketing material, but not necessarily great research material," says DoubleVerify CEO Wayne Gattinella. "It tends to be more self-promotional than legitimate research."

Although marketers would like more insight into the proprietary methodologies of the measurement vendors they use, they should also realize that at some point they need to take matters into their own hands.

"I view the goal of third-party measurement," says, Larry Cohen, executive director of Interpublic group ad-buying agency Mediabrands Society, "as an indicator of where to start the verification process rather than the ending of the process."

" This news has put a level of doubt or mistrust in our lcients that is a hurdle we have had to overcome."

Send in the Feds

Will the duopoly face governmental intervention?

BY JEREMY BARR

In response to spiraling violence in parts of Chicago, President Trump vowed to "send in the feds." Some in media wonder if the industry might need the same.

Most expect an extremely business-friendly administration. (Take a look at the stock market.) But two of the biggest companies that have a lot to lose in D.C. are Facebook and Google. Because they're so woven into the daily fabric of American life, they have gobs of personal data on users, which helps explain why they dominate the online advertising market. Together, they brought in about 70 percent of U.S. digital advertising revenue in the third quarter of 2016, according to an estimate by Digital Content Next, the trade association for premium digital publishers. And their executives are not exactly known as the most friendly to Trump.

To some, that dominance is a duopoly that could and should warrant government intervention. But will it actually happen?

If it happens, any regulation would most likely come from the Federal Trade Commission and the Department of Justice's Antitrust Division. The FTC has an opportunity to shine a light on practices that are not in the best interest of the general economy, says Chris Pedigo, svp of government affairs for DCN.

But the question is whether the government would be warranted in pushing back on the extremely successful businesses practices of two large American companies and job-creators. (Facebook and Google declined to comment for this story.)

Daniel Castro, vp of the Information Technology and Innovation Foundation, which supports "lightly regulated competition" on the issue of broadband and is funded by corporations and foundations, argued that the online advertising market is competitive enough. Also, traditional antitrust rules do not necessarily make sense when applied to platforms like Facebook that are more valuable to users when they're big, due to the network effect. Castro says there isn't much appetite these days for more regulation, and that the government is unlikely to intervene unless there's a catalyst, such as an acquisition.

And if it does, it'll probably won't happen immediately. No legislation is being pushed right now, says Chris Calabrese, vp of policy for the Center for Democracy & Technology, a nonprofit organization that advocates for user privacy. "It's hard to say that we'll see major changes when we haven't even seen bills introduced." Time is on the duopoly's side given the many other preoccupations of the new administration.

" It's hard to say that we'll see major changes when we haven't even seen bills introduced."

Antitrust is typically not the highest priority of a new administration, and past presidents haven't completed their antitrust selections until several months into their presidency, antitrust lawyer Maria Raptis wrote in a recent brief for the law firm Skadden.

In the meantime, Google and Facebook have been doing what companies do in D.C.: making nice to legislators who may, at some point, have a hand in their fate. In late January, The New York Times reported that Google "is scrambling to forge ties with Mr. Trump's new administration and to strengthen its relationship with a Republican-dominated Congress." Asked about Google's activities, Pedigo says, "that's what monopolists do. They spread money around at think tanks and trade associations and other organizations and also employ direct lobbyists and fundraisers to maintain their position."

China's Big Three

BY YUYU CHEN

The first thing Yan Lee does when he wakes up is check news and messages on WeChat (owned by Tencent), order a cab on Didi, the Chinese equivalent of Uber, to the office, pay for his ride through Alipay on mobile (owned by Alibaba). Once at work, he uses Baidu to search for information online.

This daily routine of Lee's, the chief product officer for Hong Kong-based ad tech company iClick Interactive, is not unlike the routines of millions of Chinese professionals every day. That means the three tech conglomerates – Baidu, Alibaba and Tencent – have collected terabytes of information about consumers in the country. They are so dominant in China that they are widely known as "BAT."

"BAT engage with people at every single point in their life, so they have lots of consumer data and have become the preferred marketing platform for many advertisers," says Lee.

Alibaba generated around 34 billion yuan ($5 billion) in revenue in the three months through September of last year. Baidu reported about 18 billion yuan ($2.6 billion) and Tencent had 9.9 billion yuan ($1.4 billion) of revenue during the same period. The triopoly represents around 90 percent of the overall programmatic display ad spending in China, with Alibaba alone accounting for around 60 percent, according to eMarketer.

On the sell side, BAT controls the supply chain, too. For instance, in video, Alibaba acquired China's largest video site Youku Tudou last year for $4 million, while Baidu owns more than 80 percent of iQiyi, another major video-streaming platform in China.

On the buy side, the BAT companies have one goal, which is to sell as much their own inventory as possible, according to Charlie Wang, chief operating officer for programmatic video firm ReachMax. That means each company tries to convince clients to use its full stack: demand-side platform, data management platform and ad exchange that serves as a supply-side platform.

To do this, BAT usually bundle their products together, Wang says. If an advertiser wants to use a BAT company's data, it will require the company to buy a certain amount of inventory using its DSP or make an annual ad spending commitment.

And BAT companies are very protective of their data, especially Alibaba, which doesn't offer data to anyone outside of the company, Wang added. But that's not to say there's no business opportunity for independent ad tech vendors. The three companies have distinct data segments — Baidu specializes in search, Alibaba in e-commerce, Tencent in social — but they don't work with each other. If you use Alibaba's stack, you cannot buy inventory from Tencent, for example.

So there's a big opportunity for third-party vendors if they can consolidate data from Baidu, Tencent and hopefully, Alibaba. "There's still space for independent companies," says iClick's Lee. "While BAT are strong on their own, marketers need unified reach and a standardized data analysis that goes across the three."

"BAT engage with people at every single point in their life, so they have lots of consumer data and have become the preferred marketing platform for many advertisers."

Germany Girds Itself for Fake News

BY GRACE CAFFYN

When Chancellor Angela Merkel posed for a selfie with teenager Anas Modamani, neither had any idea the image would become fodder for Germany's fake news cabal.

Modamani is a Syrian refugee seeking asylum in Berlin. But on far-right websites like noch.info and MM News, he has appeared as the face of terror acts including the 2016 Brussels attacks under headlines like: "Merkel takes a selfie with one of the Brussels terrorists?."

It's a fraught time for Germany. This coming September, the country will vote for its next president, and it is on edge about the spread of so-called fake news. Fake news, which gained notoriety during the U.S. presidential race, can range from stories that are partially or entirely fabricated to those that quote fabricated sources. In Germany, with far-right parties like Alternative for Deutschland looming, many of the articles that fall under the fake news rubric are anti-government and anti-Muslim.

For publishers in Germany, the distrust of mainstream media perpetuated by these fringe sites is a worry. Terms like "luggenpresse," or "the lying press," are becoming more commonplace. For platforms the risk is running afoul of Germany's tough anti-hate speech stance. Despite Facebook's venture with fact checking organisation Correctiv, the current government is mulling whether social platforms like Facebook and Twitter would be liable for fines of up to six figures for failing to remove illegal content within 24 hours.

But while publishers and social platforms like Facebook are on edge, increasingly, so are consumer brands. Hyper-partisan German sites, and their U.S. and Russian counterparts, are funded by programmatic advertising, and due to the nature of automated ad buying, brands aren't always aware of the content their ads end up next to.

This is particularly true for Germany's advertisers. EMarketer data show that in 2015, only 35 percent of Germany's display advertising was bought programmatically, compared to 61 percent for the U.K. and 53 percent for the U.S. In this nascent space, many brands — which are by nature conservative — are simply not aware their messages sit next to highly inflammatory subject matter.

Some tech-savvy brands have taken a proactive approach. BMW and Deutsche Telekom recently added Breitbart U.S. to their blacklist ahead of the site's launch in Germany, taking issue over its content. Others have been involved in the controversy against their will.

In December, the high-profile German advertising agency Sholtz and Friends was dragged into a controversy orchestrated by online trolls after one of its senior strategists, Gerald Hensel, created a campaign to warn brands about hate speech their ads were funding. Around a dozen of its clients including auto brand Opel were boycotted and their marketing chiefs targeted with hate mail.

But as the election draws closer, the problem is likely to intensify. And in a country with a history of fascism, there's a lot to lose for brands who are associated with the internet's uglier side.

Shark Fishing

BY LUCINDA SOUTHERN

Together we will challenge the sharks!" read a rallying cry in Scandinavian publisher Schibsted's 2014 report on digital strategy and transformation.

Like elsewhere in the world, the duopoly is sucking up ad spend in the Nordics: Facebook and Google accounted for 60 percent of digital ad spend in Sweden last year, and 70 percent in Norway.

But the Norwegian media giant has been preparing to meet the American tech companies head on.

Schibsted is a European media force. It has 7,000 employees across 30 countries, with revenues in 2016 of $191 million. It owns dozens of publishers and TV channels across the Nordics, and boasts reaching 200 million users globally. And traffic doesn't come through social and search side doors: nearly 70 percent of traffic to Aftenposten, Schibsted's Norwegian daily, is direct. According to the company, this increases to 83 percent for Swedish tabloid Aftonbladet. Partly this is thanks to its early investment in digital and mobile in the early 2000s, ahead of other media houses.

Schibsted has adapted quickly to market pressures: in 1999 it split its digital and print businesses, freeing up top talent to go after more lucrative business opportunities. Knowing it needed scale to be the market leader in digital, it expanded into neighboring Sweden — a small market with similar language and challenges — acquiring media houses and digital startups.

It's also a rare bright spot because it has been able to drive significant money from digital advertising, thanks to its investment in international classified ads businesses in 2006. Sites like France's Leboncoin — Schibsted's largest classified ads site — sell everything from high-end real estate to cars as well as job postings, and contribute 41 percent of Schibsted's revenue and over 61 percent of its total earnings before taxes in the first nine months of 2016.

It's this first-party intent data from its classified ads business that gives Schibsted's an edge to compete with Google and Facebook at their own game. For instance, a reader who has visited the auto vertical on classified site Finn will be targeted with car ads on Aftonbladet. As such, since last September the media house has hired 100 people across Europe to build out this ad platform.

To understand user identity, Schibsted's data team combines logged in and logged out reader data, giving it enough sources to make predictions on aspects that are missing. So by identifying which categories logged-in users at Finn — who have given them their gender — click on, it can predict gender for 85 percent of all users.

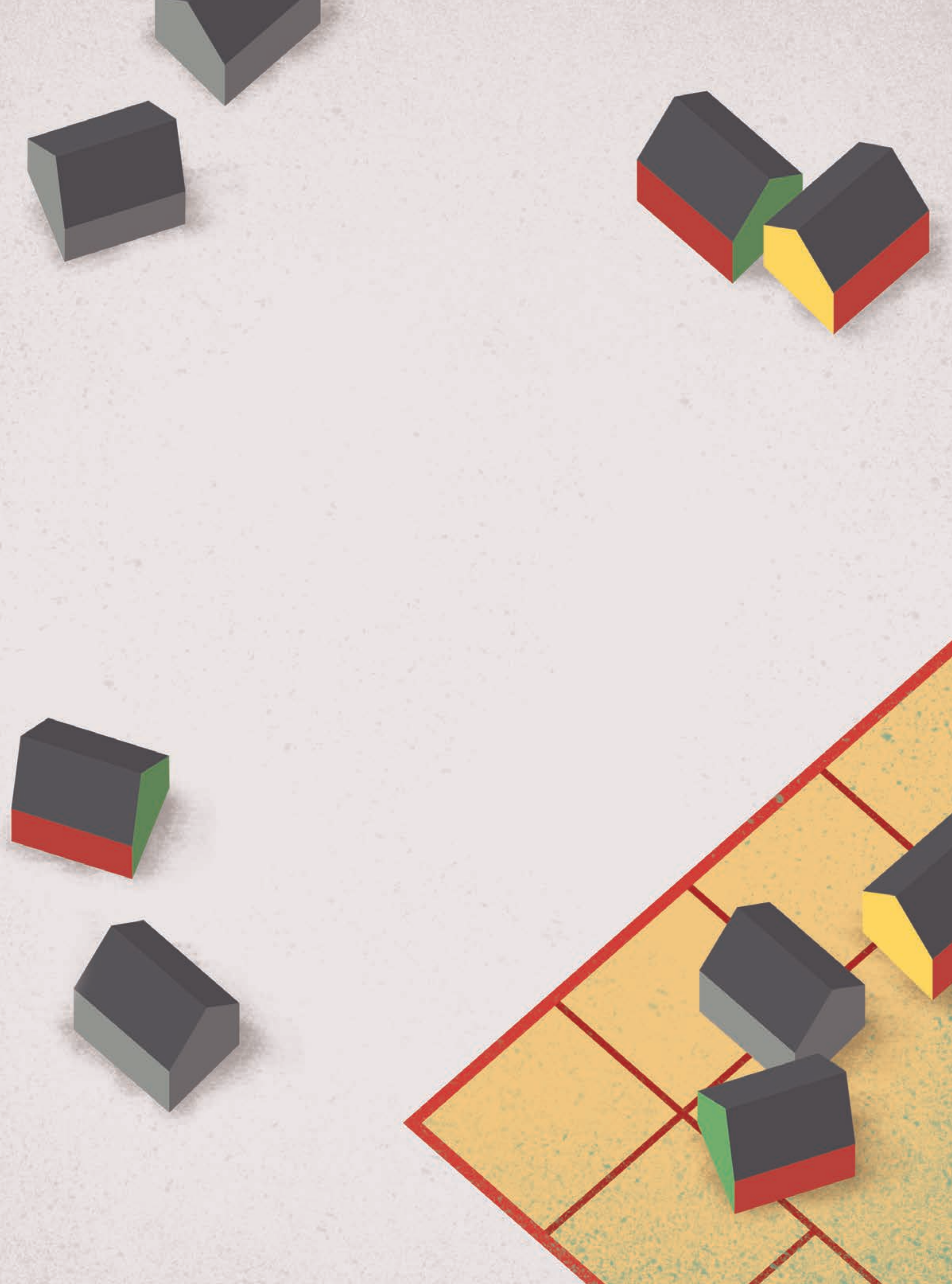
The publisher isn't revealing much about the ad platform's progress, but contends it has "the potential to be a key player globally," according to Fabien Scolan, the vp of advertising products and former director of advertising at Leboncoin.

Too much of a focus on classified ads has a potential downside, though, according to Samantha Merlivat, a media analyst at Forrester, in that it attracts direct-response advertisers who seek to drive conversions at the lowest CPM. And even here, Facebook is encroaching on Schibsted's turf. In October, the social network launched Marketplaces for people to trade goods.

Ultimately, says Merlivat, the question is to what extent can Schibsted grow, and if it grows, whose market share is it taking?

"One side of me likes the fact that someone is trying something to break the duopoly in the local market," says a Swedish publisher who spoke on condition of anonymity. "The other side of me says, what's the difference? Choosing Google or Schibsted is quite neutral in the way that it is benefitting my situation as a publisher."

GLOSSY



Mission: Demolished

BY JILL MANOFF, EDITOR-IN-CHIEF, GLOSSY

Fashion as we knew it is over. Retail giants are shook. Couture week has welcomed streetwear. Vogue has gone political.

In short, a breakdown of fashion's recent past reads like a series of improbable events. More change has occurred in a matter of months than in multiple decades that preceded them. The industry, long pegged as traditional, has been turned on its head. Most everything is new; iconic fixtures, trusty resources and longstanding processes are no longer.

To get a feel for the flux, look no further than New York Fashion Week. There was an every-man-for-himself feel this February, as designers deserted their guaranteed slots on the CFDA's official calendar in favor of new cities (many chose Los Angeles), showroom appointments and digital-exclusive presentations. Overwhelmingly, there was a sense that if you're not showing an immediately available collection (read: see-now-buy-now), it's better to withhold it from the public entirely. Instagram is shoppable, after all — why get fans excited about a look before they can "add to cart"?

Where, and how, each designer will show their next creations is now a crapshoot, upending the fashion calendar's traditional role as industry bible. Likewise, where designers put their advertising dollars is no longer a given; due to digital's domination, paying to see one strong image in print has shifted from the rule to the exception. Getting picked up by a major retailer isn't necessarily designers' Holy Grail any more. And they're back to caring about a brick-and-mortar presence; they want to connect with their customers through in-store experiences, in addition to their social channels.

The landscape is decidedly unstable. We've seen retailers and brands flipping the switch to survival mode, scrapping yesterday's plans for something — anything! — new in the name of staying relevant. Simply being nimble is not enough.

In February, Macy's announced that it will change course, expediting its production cycle in order to offer in-season selections. Many malls have transitioned to lifestyle centers, replacing anchor department stores with gyms and Eataly-style markets. Rebecca Minkoff has introduced an easy self-checkout, at the risk of being labeled too pedestrian to be chic. And Reformation has opened a tech-centered store — only top sellers are in house, everything else must be shipped.

Last year, in the name of rebranding, Brioni hired Justin O'Shea, a fashion director–slash–street style star with no design experience, to be its creative director. Six months later, following some disrupting moves that included featuring the rock band Metallica in a campaign, the luxury brand thanked him for his efforts as they dropped him. No reason given.

For many brands, patience is not an option; to make a go of it, the success of a plan needs to be evident from the onset. Those behind the strategies can thank (or blame) Gucci's Alessandro Michele for proving that a rapid turnaround is, indeed, possible.

Just two years ago, Michele — unknown by most in the industry — was plucked from his role of Gucci's head of accessories and plopped into the house's creative director chair. Within a matter of months, he overhauled the house's aesthetic, bolstered its sales and earned it a "cool" reputation. The resounding message: With the right formula, or hippie designer, a brand can do a 180 in a snap. It opened the door for trial-and-error, venturing into the unknown, throwing caution to the wind.

'The Instagram Look'

The rise of a new makeup artist

BY HILARY MILNES

For makeup artists who began lining eyes and glossing lips before beauty's youngest influencers were even born, to say the industry has changed would be an understatement.

"When I started, I couldn't look at YouTube. I couldn't search for tutorials to figure out how to create a glitter lip," says Romero Jennings, the director of makeup artistry at Mac Cosmetics, who has been working with the brand for 25 years. "I had to learn the conventional way."

Jennings says the industry underwent a massive shift overnight. Suddenly, social media apps ruled.

"I found myself having to adapt to stay relevant," he says. "Instagram is my business card."

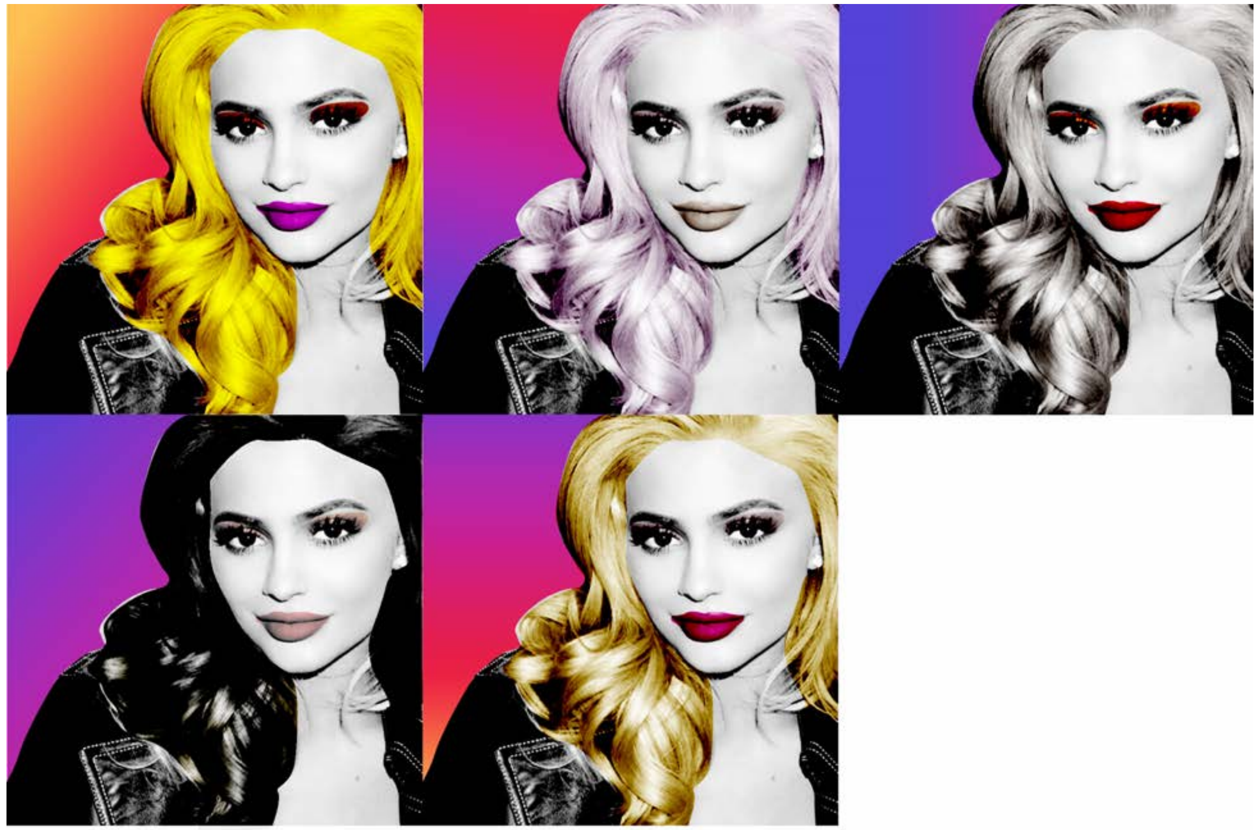
Over the past five years, professional makeup artists have found their territory increasingly crowded by digitally native beauty influencers. Instagram and YouTube, specifically, have given rise to a new class of makeup "artists" who lack formal training, but have turned an iPhone and an arsenal of beauty supplies into paid brand partnerships and followings in the tens of thousands.

Jennings, who studied at the Fashion Institute of Technology and has 95,000 Instagram followers, says that social media's new position in the beauty industry is so influential, it has created a new way of doing makeup. Makeup artists who preceded Instagram and YouTube have had to translate their skills to social media to stay in the game.

"We call it the 'Instagram Look,'" says Jennings, referring to the ubiquitous beauty trends that popularize on the platform, like perfectly arched brows. "You have to know the latest technique and how to create looks that shine online."

Beauty brands, too, have recognized the power of the social influencer. In 2016, creator videos accounted for 86 percent of the top 200 beauty videos on YouTube, while brand videos made up 14 percent, according to a Pixability report. On Instagram, the top beauty hashtag, #instabeauty, yields 11.8 million results. In its research, Pixability doesn't differentiate between online beauty influencers who have professional training or work as makeup artists because, well, it's nearly impossible to tell.

"We've found there's no point in differentiating," says Jackie Paulino, vp of customer success at Pixability. "Brands are interested in looking at who has the most subscribers and who is growing the fastest. From there, they figure out who's the best fit for their audience and voice. They're not asking about professional training. Just like a social media star, makeup artists can build their own brands online."



When anyone with a steady hand and a Stila eyeliner can find themselves featured on a brand's Instagram page, professional makeup artists have to find ways to establish their work. An Instagram portfolio is a start.

But professional artists also have a skill that many bloggers creating tutorials lack: the ability to do other people's makeup.

"The line between artist and enthusiast has blurred," says Keri Blair, a makeup artist who has worked in the industry for 21 years. "But the line is still there: If you love to do tutorials, you can do your own face. That's a different skillset than doing it on other people."

Blair says that navigating the industry can be more overwhelming than it was in the past, but she chooses to look on the bright side. Social media influencers who are invited backstage at fashion shows (crowding the already crowded space formerly reserved for makeup artists) can jump start a democratization of the industry. They're translating dramatic runway looks to the everyday beauty lover, effectively opening the industry up to a more diverse crowd.

"It actually opens your mind to an arsenal of tips and tricks, and new techniques," says Blair.

Jennings agrees. As Mac's lead makeup artist backstage at fashion shows, he dutifully shares the inspiration for the show with press-badged bloggers. Those bloggers then create tutorials for the amateur experimentalist. The pattern is so popular, Mac has tested new product innovations to support it: A new line of matte lipsticks was created last year to consolidate a popular runway look into one product; backstage, artists were using a trio of powder, liner and lipstick to create the effect.

"Street trends have always pushed the makeup industry, and the new street is social media," says Jennings. "Now, social media helps drive product innovation. It feels like we're in an age of beauty obsession, and that really helps business."

WTF is *Slow Denim?*

BY JILL MANOFF

Slow denim is a fast fashion backlash, cooked up by over-it artisans inspired to make jeans that last — and have a minimal environmental footprint. The product of an extensive, meticulous process, a single pair of jeans can take one person a full day to develop. By contrast, workers in Bangladesh make up to 80 pairs of mass-market jeans per day, according to the Institute for Global Labor and Human Rights. The popularity of slow denim, which necessitates care, quality materials and sustainable practices, is on the upswing. Already a prevalent trend in Europe it's, ahem, slowly catching on in the States.

What makes this stuff "slow"?

They're styles designed and created with attention to detail, eco-conscious processes and longevity of wear in mind — as opposed to capitalizing on current trends at ultra-low price points.

Who makes it?

Jeans by London-based Blackhorse Lane Ateliers, which textile industry veteran Bilgehan "Han" Ates launched in April 2016, are among the best examples. "I wanted to find a way to make better jeans that people would buy less frequently, with a lessened environmental impact," he says.

How is it made?

Ates currently staffs a nine-person team that turns out a new pair every 3.5 hours, using a pared-down method that gives new meaning to transparency: "To make a pair of jeans, we only need selvedge or organic denim, cotton pocket bags and copper hardware, including rivets," he says.

Sounds exhausting. Is this really necessary?

According to a report by Project Just, an online responsible shopping guide, it takes 11,000 gallons of water to produce a single pair of traditional jeans — that includes the water needed to grow the cotton for the denim and also the water used to wash and dye the jeans during the finishing process. Jeans also typically feature synthetic indigo, which is derived from toxic chemicals, and require sandblasting, a pollution-causing technique that's damaging to denim artisans.

But traditional jeans are better than they used to be, right?

Compared to other brands, Levi's has made impressive progress, said Natalie Grillon, co-founder of Project Just. Its recent innovations eliminate the use of unnecessary water throughout the production process, saving 1 billion liters of water since its launch in 2011. Meanwhile, others have recently begun using organic and recycled materials, maintaining traceability in their supply chains, and paying their workers living wages. They're also watching their water consumption and water pollution, using natural indigo, and finding alternatives to chemical-heavy distressing techniques.

Slow denim must be pricey, though.

It's costly to introduce processes to set production cycles — and that's reflected on price tags. Shoppers of L'Exception, a Paris-based shop that specializes in high-end French brands, are "willing to pay €200-€300 ($214 -$321) for slow denim because it's special, exclusive and has a story," said shop owner Régis Pennel.

But so far, Americans — many of whom are used to paying Forever 21 prices — have been, well, slow to warm up to the idea.

A season from now, will this be a thing?

For Darkhorse Lane Ateliers, business has been growing since Day 1 — and Ates says that he's recently noticed more international interest from shoppers in USA, Australia, Scandinavia and Japan. What's more, other slow denim brands, including London-based Story Mfg., have reported seeing high demand. After all, says Jessica Navas, chief planning officer at Erwin Penland, "A terrific pair of jeans will always be the very essence of cool chic."

In the Slow Lane

H&M rethinks fast fashion

BY BETHANY BIRON

H&M is trying to prove it has more to offer than just cheap T-shirts from its ubiquitous bargain brand.

The H&M Group is looking to diversify its offerings by shifting focus from its eponymous store to its five other companies: COS, Weekday, Cheap Monday, & Other Stories and Monki. The Swedish retailer is recalibrating across 64 countries, relocating certain stores, shuttering others and opening an increased percentage of locations of its non-H&M brands, which currently comprise just one out of 10 stores.

H&M will also be more deliberate in its overall growth strategy. The company announced in January that it will slow its pace of opening 10-15 percent more physical stores each year – in 2017, the company plans to open 430 stores, 70 to 80 of which will be one of the other five brands. At the same time, the company will invest in e-commerce, increasing the number of markets that can purchase products from its six brands online.

"There's a lot of attrition right now in fashion and in apparel," says Ed Kennedy, senior director of commerce at software company Episerver. "H&M is trying to avoid becoming stuck in that track, where the consumer only thinks of them as cheap, decent-looking clothing."

From an inventory perspective, H&M is slowing its product turnover across all brands. According to data from retail analytic company Edited, in the fourth quarter of 2016, there were 4.6 percent fewer new products at H&M stores than in the first quarter, 17 percent fewer new products at & Other Stories and 25 percent fewer items at Cos. (Comparatively, H&M has approximately 10,000 products in stock – five times more than the available styles at & Other Stories.)

"The last 10 years have been a race to have more, more, more – all the way across the industry – facilitated by the rise of e-commerce," says Katie Smith, senior analyst at Edited. "The industry is now pretty saturated, as high levels of discounting and struggling retailers demonstrate. What's happening now feels like retail's awareness that offerings have to be unique, based on retailer — and there has to be a compelling story and product sold at the right price."

For H&M, this has meant switching gears from fast fashion to niche, higher-quality apparel. Brands like Cos have helped H&M expand its consumer demographic, namely to cult fashion followers seeking slightly upscale looks. Cos, which is London-based, is now in its tenth year and has thrived on its modern twist on basics and quintessential wardrobe staples like the white blouse. Cos opened its first U.S. store in 2014 and has since grown to 12 storefront locations in the states.

Meanwhile, & Other Stories — which was originally conceptualized as a cosmetics and accessories project, but has flourished into its own fashion brand — has helped the H&M group establish clout, thanks to its atelier model that combines aesthetics from designers in Paris and Stockholm. & Other Stories has also allowed H&M to expand its partnerships (building upon existing collaborations within the H&M brand) with luxury brands like Rodarte.

"Cos and & Other Stories are modern brands with none of the fast fashion baggage," said Jessica Navas, chief planning officer at Erwin Penland. "With fantastic design, a more select offering and sustainability practices, these brands can definitely help to lead and re-shape H&M."

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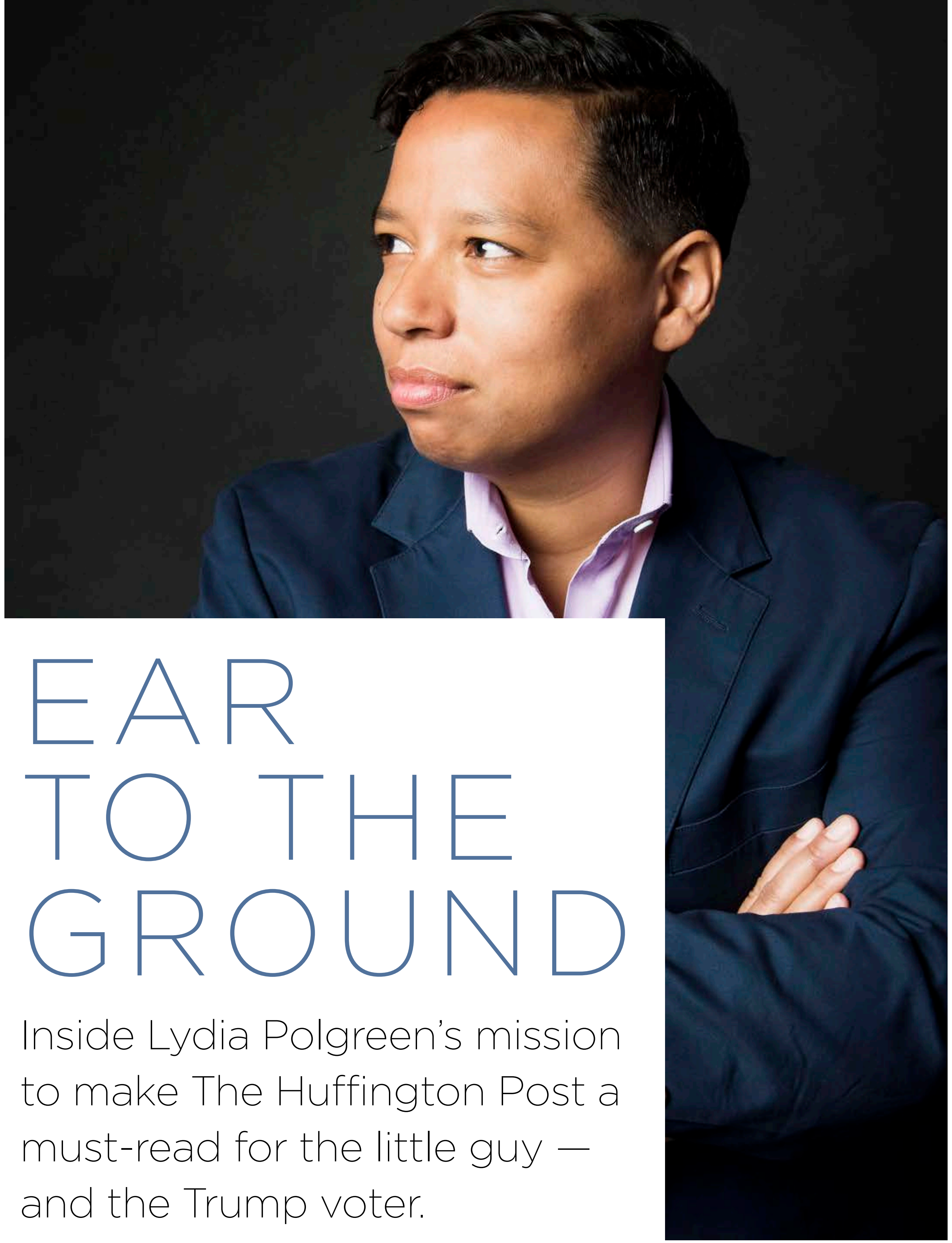

EAR TO THE GROUND

Inside Lydia Polgreen's mission to make The Huffington Post a must-read for the little guy — and the Trump voter.

BY BRIAN BRAIKER

A riddle for 2017: What is The Huffington Post without the Huffington? As the newly appointed editor-in-chief of the digital media company, Lydia Polgreen's mandate is to figure that out.

Arianna Huffington, the site's founder, editor and chief sleep enthusiast since it launched in 2005 as a liberal answer to Drudge Report, left the company last year. She left behind her a mini-media empire spanning 15 international editions that pioneered the use of native advertising and a focus on data. The Huffington Post was early to achieve unparalleled scale in part on the back of a vast contributor network.

Figuring out where the Post goes next falls to Polgreen, a 15-year veteran of the New York Times who was most recently the editorial director for New York Times Global. She shared her vision for the publisher in an interview with Digiday. Answers have been edited for flow and clarity.

First thing's first: What's your policy on naps? Are you keeping those office sleeping pods Arianna put in?

I'm a fan of sleep! I try to get eight hours a night and I've been known to take a nap on a weekend afternoon. No plans to dismantle the nap rooms.

What is the Huffington Post today?

Well, we have a mission statement. [Laughs.] I would say we are fierce and fun. But that doesn't quite capture it. Our real role is to stand up for the little guy. To represent people who feel like they don't have a voice. We are here to listen and amplify their voices. The country is more divided in some ways than it has ever been. But it's a strange non-partisan divide.

What does that actually look like?

There was a lot of hand-wringing in the aftermath of the election about whether we fully understood the depths of anger and frustration bubbling up in America. I read a lot of journalism about the people who voted for Trump and the people who decided not to vote and stayed home. The missing piece is not writing about the people who feel left out, but writing for them.

So the Huffington Post, which started out as this sort-of anti-Drudge, is looking for Trump voters?

One of my aspirations is to bring together the many, many people who voted for Donald Trump to read the Huffington Post.

How?

We all thought that globalization would be a tide that lifted all boats. But we found instead it has exacerbated inequality. That's not a Democrat or Republican talking point; the frustration about that is entirely legitimate. We thought productivity would increase exponentially and we would all get a bigger slice of the pie. Some have gotten a bigger slice; others have gotten no pie at all.

The Huffington Post grew largely on the back of its extensive contributor network. How does that fit in?

It has expanded in the last year or so. And the discussion about contributor platforms has shifted over time. There are many places where people are publishing their views now.

Is there a tension between opening up the contributor network and maybe risking that so-called "fake news" and half truths, though?

It's important for the model, legacy news organizations to say, "This is what is happening." But there is a space for organizations not to spread fake news and still be open to hearing what people's experiences are. Creating a space of empathy to have people talk about their lives and how they live is a different mandate.

Fox News and Breitbart would claim to speak for the little guy.

Places like Fox News and Breitbart are seeking to plug into the resentment receptors in people's brains and offer a product that speaks to people's divisiveness. I'd like the Huffington Post to empower people to see the things that bring them together rather than push them apart.

You're coming to this digital endeavor with a newspaper background.

I've been very much inspired by the great tabloids of the 1970s — the Chicago Sun-Times and the New York Daily News. I've thought a lot about the newspapers really powerful and deep connection to their communities. I'm from Minneapolis where we have the Star Tribune. As these wither away, there hasn't been a deep connection to local communities.

And yet HuffPo has been expanding aggressively internationally.

Nationalism versus global identities, technology, these are big global stories. One of the big strengths the Huffington Post has is we can take something happening in the U.S. and tell it in a way that illuminates that we are all living through the same things, whether in the U.S. or France or the U.K. or Australia — a lot of these same global trends are happening.

How do you reconcile this desire for both a direct connection at a local level and the need for scale?

There's a reason the local news model is under pressure: Technology pushes people toward a global scale. I don't think that any news organization has the ability to replace the hundreds of local newspapers around the country. I do think we can leverage social platforms and use the journalists we have to get out there and do some reporting in places, base our journalists in places to get them in touch with how people are living their lives in their communities. I don't think there's a contradiction, but I do think there needs to be an attitude shift.

Is Facebook a publisher friend or foe?

It depends on how you use it. The distributed players have a much harder time setting an agenda from a business perspective. When I worked at The New York Times, which is a subscription organization, I ultimately came to see Facebook as a friend. We used it primarily to find the people who are most likely to want to subscribe. For the Huffington Post, it has been a place for us to experiment and look for audiences who aren't coming to us, both organically and through marketing to them. We have a lot of skunkworks experiments there.

Like what?

We're interested in trying to create an off-platform community of diverse political views, who would come together over certain kinds of stories — say they're concerned about the opioid epidemic. One of the Facebook communities we started was around people working in the gig economy. We have one for millennial Muslims called "Tomorrow Inshallah." These are very lightly branded Huffington Post. We are creating a community, not pushing our content, to understand what they're interested in and what sort of content might engage them. We use a mix of our content and other people's content.

How do you monetize these audiences?

There is a strong desire among advertisers who want to tell a story about core American values. If you watched the Oscars or the Super Bowl, you see advertisers struggling to tell a story about America in what feels like a very divisive moment. My aspiration is for our audience to try and really help define — by listening — what America thinks America is. For an advertiser who wants to be associated with a conversation with American values, the Huffington Post is a great place to associate itself.

The Huffington Post was a pioneer of native advertising. That moment has sort of passed.

Both the Huffington Post and AOL are deeply committed to native advertising. Partners Studios remains an important part of our portfolio. The work done by the Huffington Post in the augmented and virtual reality space is cutting edge and exciting. Our aspiration is to lead the way in new ad formats. I would say, "stay tuned."

A lot journalists of your generation have historically had blinders on when it comes to the money side of the operation.

I think one of the most interesting things that has happened in the course of my career is that journalists have paid a bigger role in charting the financial course for the future of their organizations.

You have a unique background as the child of a federal employee abroad. How does your upbringing influence your approach?

I grew up in an environment where information was constrained. I was in Kenya and Ghana. I am allergic for the nostalgia of disconnection. When I was a little kid, when we wanted to call my grandparents, we had to pile into a phone booth to make a very expensive three-minute call to wish them a merry Christmas.

How do you measure success?

One of my deepest and most firmly held convictions is that success in any media business fundamentally comes down to brand and brand comes down to your journalistic reputation. Journalists need to be involved, leading the charge, telling the story of the value that your company has. I'm very insistent on this point. Nobody becomes a reader of a publication unless they form some emotional bond with the brand.

How do you differentiate there? The big newspapers — The New York Times, the Washington Post — have all been doubling down on hard news and investigative reporting.

News is obviously going to continue to be important. We're going to continue to invest in original reporting, in longform storytelling, in things we feel other organizations aren't doing. What I'm hoping to do is pick our shots: What are the stories mostly likely to resonate with this broad grassroots audience that we're seeking? I think that audience is interested in figuring out what these institutions are doing. We're following closely what's going to happen to the Affordable Care Act, the Department of Justice at the moment where big powerful institutions are going to change the way they operate — and that's important to our audiences.

Including Trump voters.

There are far more conservatives and moderates that read us than people realize. Maybe they're hate-reading us, but I doubt it.

STARRR GAZING

A day in the life of a male beauty influencer

BY TANYA DUA

Male beauty influencer Patrick Starrr's journey to the center of the spotlight actually began behind the scenes.

The 27-year-old social media influencer's love affair with makeup began when he picked up Photoshop and photography in high school.

"I started doing photography and headshots for my friends and realized I could Photoshop makeup, and add blush, contour and shape brows," he told Digiday. "It was like playing a video game, and that was basically what sparked my interest in makeup."

By the time he turned 17, Starrr — whose real name is Patrick Simondac — was already an entrepreneur, doing hair, makeup and photography for weddings. He eventually got a job at M.A.C as an on-call artist, and started his own YouTube channel while on a month's break post the holiday season in 2013.

Here's a day in his life, from his recent trip to New York City for the New York Fashion Week in February 2017, where he was the official backstage correspondent for Time Inc. magazines including People, Instant and InStyle.

"It takes me about an hour and a half for a full 'Patrickstarrr ' look. It's not easy when you have a beard."

6:00 a.m.

My alarm clock goes off and I roll out of bed for a packed day in New York City for NYFW. I shower and shave my face and prep my skin for the gallons of makeup I am about to put on. My routine usually consists of moisturizing and putting on some eye cream, but today I add some oil on my forehead because New York is cold.

6:30 a.m.

I layer many foundations, concealers and powders (four in all!) to complete the airbrushed-yet-snatched look everyone loves on my social media. It takes me about an hour and a half for a full "Patrickstarrr" look. It's not easy when you have a beard — it's porous and the makeup is more vulnerable to separating.

8:00 a.m.

I head backstage to Badgley Mischka's show with my team for the day. I have my publicist, producer and my brother helping me put Snapchat and Instagram stories for my accounts as well as for Time's different social media accounts for the takeovers I'm doing for them. I know that followers want to feel like they are with you.

8:45 a.m.

I interview Badgley Mischka's hair and makeup team. It's really hectic backstage, but I need the shots and sounds to be able to put together a really amazing video for my YouTube channel.

10:00 a.m.
The show starts and we are all mesmerized by the fashion and beauty come to life - And I am also in the front row! The show had a really cool art installation, with a canopy bed, a mattress and a desk bang in the middle of the runway, representing each type of woman that the brand caters to, which I thought was very cool.

10:30 a.m.
We grab food at The Mercer... One of Marc Jacob's favorite places to dine and snack. It's the perfect time to snatch an orange juice for energy. I also order some salmon which was really tasty.

11:45 a.m.
My team and I head back backstage to interview designer Anna Sui for his newest collection. It is a beautiful collection of textures and neutrals.

12:00 p.m.
At this point we are all backstage, falling head over heels for the amazing makeup and hair that is coming to life right before our eyes! I also manage to snag a selfie with Gigi and Bella Hadid. I've met Gigi before, so she says "Hey Patrick, what's up?" and I'm thinking "GTFO!" in my head.

2:00 p.m.
The show starts and I see the supermodel Kendall Jenner... and I immediately run backstage to grab a selfie with her as well.

3:00 p.m.
We say our goodbyes and I head back to my hotel for a quick break and outfit change for the last NYFW show for the night. It's a good breather to give my swollen feet a break and also get some work done.

5:00 p.m.
I finally have a moment to kick back and relax and eat some Chic-Fil-A before my last fashion show of the day. I catch up on my social media as I edit one of my YouTube videos for later in the week.

8:00 p.m.
We are at what I think is the most dramatic show in my eyes, The Blonds! I am wearing this huge Styrofoam pink jacket handmade by BCALLA. It's festive and pink and I'm so excited to be at this one. I feel like a fashion clown, with my contoured face, over-the-top clothes and heels.

"The show starts and we are all mesmerized by the fashion and beauty come to life – And I am also in the front row!"

9:00 p.m.
We are backstage at this point and M.A.C. Cosmetics is doing the makeup and the hair is just magical. It was surreal for me, almost like coming full circle, to be with the artists that are creating these hot new looks that once upon a time I would recreate when I worked at M.A.C.

10:00 p.m.
I'm headed back to my hotel to upload pictures and edit Instagram photos for my followers to see. I graze past Paris Hilton and Adam Lambert right after the show and I can't believe what a day I've just had in the big Apple.

12:00 a.m.
It's about time to head to bed and do it again for the rest of the week.

Back to Basics

Laura Brown takes an unexpected approach to EIC

BY JILL MANOFF

"I have an acronym: BFM. Bad fashion movie. I don't want to act like I'm in a bad fashion movie," says Laura Brown, flopped on a couch in a fishbowl meeting room in the middle of the InStyle office. "You know what I mean? 'You're out! Get out!'" she demonstrates, gesturing for me to exit. "I'm not that girl."

For anyone familiar with Brown (including her 170,000 fans across Twitter and Instagram), that goes without saying. Though just six months into her role of editor-in-chief of InStyle — she left Harper's Bazaar, where she was executive editor, to replace Ariel Foxman, who abruptly resigned — she is well known in the fashion industry, thanks in large part to her atypical laid-back style and standout sense of humor. In short, she's no cliché.

"I'm still an Aussie fangirl who came to New York, and I still need to be reminded that I can get car service," she says. "The fact that I have any sort of weight in the industry that I've been obsessed with my whole life is thrilling."

Throughout our 45-minute chat, she repeatedly expresses her gratitude to those who have "turned up" for her, including the 12 new advertisers who came onboard for her first issue (Céline, Bottega Venetta and Fendi , for starters) and the InStyle staff who "rallied." The latter suggests fear of a mass exit when she interrupted the status quo with new staff members (including site director Ruthie Friedlander), new policies (the print team now attends digital meetings, and vice versa) and shuffled responsibilities.

"I was like, 'I have things I want to do. Do you want to come and do them with me? Cool!' That's it," she said. "99 percent were on board."

So far, many of these "things" have come to fruition: a revamped instyle.com, new sections in print (April, the second cover-to-cover issue she helmed, just hit stands) and built out video content, to name a few.

"None of this is about my ego," she says as she describes InStyle's transformation. "It's, 'Look at what we've done together!' And it's really exciting. No complaints here."

How are you adjusting to your new role?

I kind of came in here like a hurricane. I had so many ideas. And now I'm constantly vibrating. I will just be lying there at night, and I'll be, 'Ooh, a headline!' or 'Ooh, a story!' You're like an engine, you know? It's just so nice to have an outlet to express yourself.

What was your first idea for the mag?

I'm basic. I am literally the basic B of editors. I was just like, 'This magazine's InStyle. And everything in it should be in style — it doesn't matter if it's a shoe or a lady, or a lady in a shoe.' That's what I was clear about from the beginning, and that's what everyone responded to.

I've noticed you've got way more contributors.

I'm: 'You've got an idea? I want to know about it. If you're a model who styles or an actress who writes, do it for us.' Then they have ownership of it and they're proud of it, and they promote it, and the world knows about it. Ivan Bart [president of IMG] said it feels like a social media magazine now, and I like that.

It definitely has a different feel.

I'm just going with my gut. Last Friday, I was like, 'We need to find five women from the ACLU, and we need to shoot them. We'll put it in April and just call it, 'They're here to help.' It will be the first time InStyle has ever done anything like that. We've got to be reactive, and we have to show what land we're in. It's can't just about celebrities in cashmere living in Malibu.

Have you experienced any roadblocks?

I had to go, 'Hey, photographers! Hey, model agents! I'm new. I'm gonna do something different here.' And some of them were like, 'OK.' And some of them were like, 'Let's see what you do first.' We're all in sales: 'Believe in what I'm doing.' But you've got to work for it. You've got to work your bloody ass off. There are no laurels to rest on. This isn't the '90s.

What has the reader response been like?

It's funny — there is a generational divide. You'll go on Instagram, and all of these people are like, 'Oh, my god! I love this,' 'I love that.' But then, you'll get 10 letters that are like, 'What have you done? Yours, Angry in Canada.' They're so mad at me. The fact that they've written to letters@instyle.com just says everything. But I don't discount them. I just say, 'Stay with me.'

Has staying active on your own social channels become more important?

It's so important for anyone, in any position. It's like editing the magazine of your life. For me, it gives me a certain currency: I am a fashion editor who makes jokes, eats spaghetti, gets headaches because I have too much wine ... I'm a real girl! Frankly, a lot of my bosses will tell you that a large part of my being hired here was because of that part of my persona.

How does your work persona compare?

I am not hierarchical in any way. If somebody has a great idea, then go do it. Sometimes you go into a new culture, and it's like, 'No, I do that!' But I give the work to the people who are going to be the best at it and are going to love it the most. It always ends up working out.

What's your take on print content vs. digital?

People overthink it. They're two halves of the same delicious pie. I don't care what the idea is — it's just got to turn up in one of these places. There's still a bit of snobbery in some of the older-school brands. I love print, but something's not lesser because it's online. I still hear, "We'd love a quarter page in the news section." I'm like, 'Dude, we can give you a page online. What is your issue?'

Do you think there will always be a place for print?

There's room for both. I know I don't want to look at a bloody device all day, and I hope that's the same of 'the young people,' I say in my old-lady voice. I think you've just got to reflect the times you're in, and you'll always be relevant.

Where do you see this going?

I want to make InStyle a cohesive brand, and create a world where everyone can feel comfortable, participate and get stimulated, and that doesn't scare them. Wherever we are — YouTube channel, wherever — I want people to feel like they can participate. I want it to be like a party that everyone's invited to. Without a hangover.

The Triumph of Brand

BY BRIAN MORRISSEY, PRESIDENT & EDITOR-IN-CHIEF

Hosting the Digiday Podcast gives me a regular opportunity to speak to digital media leaders about their hope and worries in a rapidly changing environment. If there's one word I'm hearing more than ever it's "brand."

Here's Pete Cashmore, CEO of Mashable: "Brand is more important than it ever has been. And you don't have to sacrifice scale. You can have more brand and more scale."w

Josh Topolsky, CEO of The Outline: "Scale is a strange proposition. There are 3 billion people on the internet. There's no limit to what your scale can be. If you don't know what a profitable audience is, that becomes a very difficult way to run a business."

Dave Finocchio, CEO of Bleacher Report: "Sites that have honest-to-God fans and loyal readers will be fine. Sites that grew up with passers-by readers are dead. They're dead. My take is if all you are is a site people spin through a couple times a month and you're monetizing them with display or Outbrain or whatever, a couple years from now you're dead. If you have real fans and you can get brands integrated, you'll be fine."

Underpinning all of this is a realization that several forces are combining to bring the importance of brand back to the forefront, where it always should have been. The reason brand has become the buzzword du jour is digital media is going through a crisis of confidence. The good times of free-flowing venture capital are coming to a close. Ad blocking remains a lurking specter. Facebook and Google are taking nearly all the growth in digital media – and Amazon is looming. And the world's biggest advertiser, Procter & Gamble, is loudly and plainly saying it doesn't trust the metrics and accountability of digital. Fake news, nurtured by convoluted automated monetization systems, has run rampant worldwide.

The optimistic take on all these challenges are very real for the mediocre middle but mostly for the subprime segment digital media has long nurtured. The very openness of the internet has allowed for any number of hyper-growth, pump-and-dump publishing schemes that create little value but have the pernicious effect of eroding trust by both advertisers and consumers alike. Navigating digital media can be a bewildering experience, with ads cleverly disguised as content, sensationalist headlines that act as curiosity traps, and surreptitious data collection masquerading as personalization.

Clearing out this underbrush – and it will never go away due to the open nature of the web – will mean, hopefully, strong brands with meaningful audiences will win out. Scale is simply not enough at a time when getting scale is incredibly easier for advertisers and when confidence in digital media is at a low point. We expect more consolidation in ad tech, downsizing by many venture-funded digital media players without sufficient differentiation, and a tough reckoning for many legacy players who haven't sufficiently cut costs and diversified their businesses away from standard display ads.

Restoring trust – and building strong brands – will be the key barometer for success in uncertain times.

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