

Spring 2016

Pulse.

A quarterly magazine on the
future of media from Digiday



FRENEMY

**Platform
Power
Politics**
P. 16

**Facebook's
Live
Moment**
P. 22

**Vox's
Platform
Wrangler**
P. 48

THIS AD IS FOR YOU

YOU, THE HEAD OF SALES, THE BIZ DEV KIDS, THE EDITORS, THE CONTENT KINGS AND THE DEV TEAM.

Programmatic selling affects us all. Why? The Blue Bottle coffee in the kitchen and Bagel Fridays—ads pay for that.

And right now, your ad spaces are probably being offered to just one set of buyers. If they don't bite, the waterfall slashes prices and offers them

to another buyer and then another, until the ads that pay for your great work are sold for pennies.

But if you use header bidding to offer those ads to even more buyers, and those buyers compete, then your company makes more money. Voila! Cream cheese and lox on Fridays.

TAKE BACK THE HIGH GROUND.

Welcome to Pulse.



The modern publisher is facing fast-changing and challenging times. The rise of platform giants like Facebook offer unprecedented ability to reach new audiences, but content distribution and monetization is often outside publishers' control. It's enough to make you want to crank up the printing presses.

While Digiday is at its core a digital media company, we thought the printed format was ideal for exploring these critical issues in a thoughtful way. Pulse is our way of periodically checking the vital signs of the media industry.

At the recent Digiday Publishing Summit in Vail, Digiday brought together leading publishers to discuss how to balance the needs for distribution and monetization. The result is this special magazine that's inspired by that event and offers a deeper look into the issues surrounding this shift to platforms. We'll do these magazines quarterly throughout the year. Look for the next issue in early June focused on the rise of programmatic advertising.

In this inaugural issue, we look at what the rise of Facebook means for legacy publishers, while also exploring how small and independent publishers are especially challenged in a platform-dominated world. Platforms aren't just about tech: They require

expertise. There's a pair of profiles of this new breed of platform experts, one about Vox Media's Choire Sicha and another on a day in the life of Complex Media's chief content officer. While Justin Smith, global CEO of Bloomberg Media, told the audience at DPS that publishers shouldn't rush in when it comes to platforms, Mic's Cory Haik argues that publishers who build there quickly will be the winners. We also waded into ad-tech's midlife crisis, and why Facebook live video is such a big deal.

At Digiday, we are optimistic realists. The shift to platforms is neither good nor bad. In fact, the jury is still out about whether platforms will benefit the media industry in the long run. We believe in the power of strong, differentiated brands that create lasting connections with audiences. Those connections can happen on all manner of platforms. Even a print magazine. Enjoy Pulse, and please let us know what you think. Email pulse@digiday.com.

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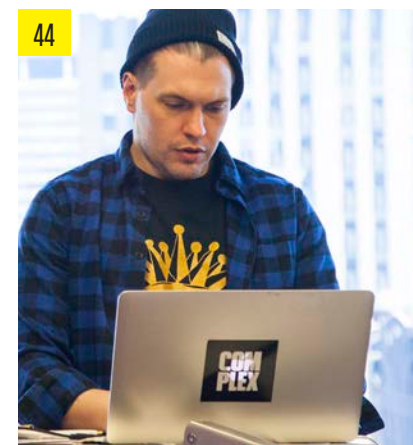
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BEN DARCHE,
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JONATHAN MESSINA,
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**TYLER KAMEN,
KEVIN LEE**

EVENTS
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HAYLEY ADELSON
KELSEY LUNDSTROM
TARA HUTTON
TAYLOR JOHNSON**

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What platforms give, they also take away

THINK YOU KNOW YOUR PLATFORMS?

Google. Facebook. Amazon. These platform giants are as big as they are influential. But that doesn't mean you're familiar with every aspect of their businesses. Take this quiz to test your knowledge of the big platforms.

1. Amazon's ad platform, which targets web users both on and off Amazon.com, is called what?

- Amazon Exchange
- Amazon Partner Network
- Amazon Advertising Platform
- Amazon doesn't have an ad network

2. 'To give everyone the power to create and share ideas and information instantly, without barriers,' is which company's mission statement?

- Facebook
- Twitter
- Google
- LinkedIn

3. What's the name of Facebook's video ad exchange?

- LiveRail
- BrightRoll
- Adapt.TV
- TubeMogul

4. Facebook, shocked by 'the volume of valueless inventory' it saw on Atlas, shut down what part of its ad server platform?

- DMP
- DSP
- SSP
- WTF

5. This company is a 'catalog of ideas,' rather than a social network, according to its CEO.

- Twitter
- Pinterest
- Facebook
- Tumblr

6. In 2015 Microsoft handed over the sales reins for its display, mobile and video ads to which company?

- Yahoo
- Google
- AOL
- Facebook

7. Which of these isn't a Twitter ad product?

- Promoted Tweets
- Promoted Lists
- Promoted Accounts
- Promoted Trends

8. True or False: Mobile Google searches have overtaken those on desktop

- True
- False

9. Which of these products has Snapchat not sold to users?

- Playing cards
- Backpacks
- Beach towels
- Condoms

10. 'To empower creators to make their best work and get it in front of the audience they deserve' is the mission statement of which company?

- YouTube
- Vine
- Tumblr
- Meerkat

ANSWERS

- | | | | | |
|------|------|------|------|-------|
| 1. c | 2. b | 3. a | 4. b | 5. b |
| 2. b | 3. a | 4. b | 5. b | 6. a |
| 3. a | 4. b | 5. b | 6. a | 7. b |
| 4. b | 5. b | 6. a | 7. b | 8. c |
| 5. b | 6. a | 7. b | 8. c | 9. b |
| 6. a | 7. b | 8. c | 9. b | 10. c |

WHAT THINGS COST

SNAPCHAT VIDEO // \$20 to \$30 CPMs → These 10-second vertical video clips can appear alongside publisher content and other special Snapchat coverage inside the app.

TWITTER MOMENTS AND BRANDED EMOJIS // \$1 million → Branded emojis and Moments also include a full marketing blitz across the platform with Promoted Tweets.

INSTAGRAM APP-INSTALL ADS // \$2.70 CPI → Instagram's direct-response offering ranges from \$1.70 for game developers to \$2.70 for consumer goods marketers.

MOBILE VIDEO ADS // \$5 to \$8 CPMs → Publishers across mobile are adding video ad serving to their sites, and they can take ad orders from many buyers, including Google and Facebook ad networks.

YOUTUBE MASTHEAD TAKEOVER // \$400,000 → This video ad unit takes a prominent place atop YouTube for the day. It's more expensive on high-profile marketing days.

PINTEREST PROMOTED PINS // \$25 to \$30 CPMs → Pinterest has come down from \$40 CPMs. It will throw in custom analytics if you spend over \$1 million.

FACEBOOK ANTHOLOGY // \$1 million → These video ads are created with the help of publishers like BuzzFeed and Vox Media, which use their audiences on Facebook as enticement for marketers. Prices have been halved from \$2 million at launch.

CALLED IT

“FOR PUBLISHERS, FACEBOOK IS A BIT LIKE THAT BIG DOG GALLOPING TOWARD YOU IN THE PARK. MORE OFTEN THAN NOT, IT'S HARD TO TELL WHETHER HE WANTS TO PLAY WITH YOU OR EAT YOU.”

— Late New York Times media columnist David Carr, October 2014

TASTEMADE'S SNAPCHAT RECIPE

STEP 1:

The food publisher startup produces three to five days' worth of content at one time using a staff of six. All content — be it a talent-based shoot, hands-only tutorial or an original show — is shot vertically for Snapchat. To assemble a Story, an editor at Tastemade first goes through the editorial calendar to see what's scheduled to run on Discover, before proofreading the text. Then it's submitted to Snapchat's team.

STEP 2:

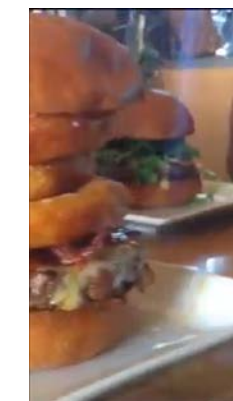
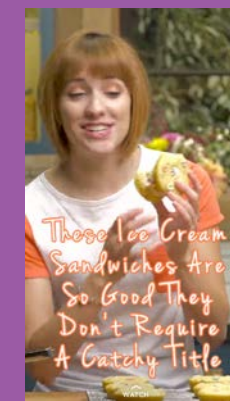
The Snapchat producer checks the calendar to see what's running. They select the completed articles, videos illustrations and graphics, and upload them to Snapchat's "plug and play" content management system. In it, everything can be previewed live.

STEP 3:

After the edition is compiled, another Tastemade editor creates the "top snap," or the initial snap in the edition, which is important because it's the first thing people see — and an opportunity to hook the viewer immediately.

STEP 4:

Once the top snap is designed, Tastemade editors check the edition for quality before dragging it into another tab where it's set to go live. During the meetings, the team also studies analytics to see what people swiped up or over to figure out what they should focus on next.



Publishers Talking Platforms

For the past year, Digiday has hosted some of the brightest minds in publishing on the Digiday Podcast, a half-hour weekly conversation on the future of media and marketing. Talk has regularly turned to the challenges, and opportunities, facing publishers in the platform era. Here are a few of the top insights.



“It agonizes publishers. They have a choice. How hard are we going to optimize everything to get that social traffic, and how do those people who see those stories feel any connection to you as a publisher?” — *David Plotz, CEO, Atlas Obscura*



“[Platforms] are going to need quality news. No other form of content is going to keep people coming back multiple times during the day.” — *Vivian Schiller, former NBC News digital head*



“There’s a huge market right now to sell content. All these people are building over-the-top platforms but there aren’t a lot of people programming for it.” — *Jon Steinberg, CEO, Cheddar*



“The real competition is Facebook’s app, Twitter’s app, Flipboard’s app. It forces everyone to think of what problems they’re solving.” — *Cory Bergman, general manager, Breaking News*



“The reality is we have fiscal responsibility to make our revenue goals. We have to make deliberate choices of what we’re good at.” — *Keith Hernandez, president, Slate*



“Historically castles never work. They become hotels. Nobody’s been able to defend moats. There’s never been anything in our history to say that walled gardens survive.” — *Raju Narisetti, svp of strategy, News Corp*



“If you’re not embracing the content-everywhere approach and you’re not coming up with a way to have conversations with advertisers about how you’re going to bake their brands in content on these platforms, you’ll be in trouble.” — *Rory Brown, president, The Bleacher Report*



“Facebook doesn’t care about the media world, and the media world thinks it does. Facebook cares about content their users find engaging and valuable.” — *Jessica Lessin, CEO, The Information*

LET ME TELL YOU ABOUT THE 90'S



Flannel was fashion, gas was 99-cents a gallon and freelance writers made \$2 a word. We charged glossy print prices and claimed pass-along metrics. We made fat stacks and apologized for nothing. **Then came digital.**

We changed. We needed harder numbers to back up our claims. We needed slimmer stacks for leaner operations. For a while, we got by on what we were given to survive. Now, with header bidding, it’s time to get what we’re asking for.

TAKE BACK THE HIGH GROUND.



Beware of Outsourcing

Justin Smith, global CEO of Bloomberg Media, joined the Digiday Publishing Summit in Vail on March 31. Smith discussed the risks of publishers giving over too much control to platforms, and why the race to large audiences on those platforms is often one to the bottom.

BY BRIAN MORRISSEY

Hit the pause button.

"The rush to the platforms needs to be paused. The digital ad model is relatively broken. This notion of taking a broken model and outsourcing it to frenemies who are larger and have much different strategic interests is a question one needs to ask."

Where's the business model?

"I've never understood a fully distributed business model, where your owned and operated traffic is a tiny minority of your overall business. It's very exciting, this notion of reaching hundreds of millions of people, but what is the business model at the end of this rush?"

VCs make bad media bosses.

"The rush to scale is being driven by other forces. It's being driven by valuations, the venture capital industry, and the people fanning the flames of scale. We're already seeing the cracks in the wall of this model."

Platforms do media better.

"They're creating better mobile experience. They're creating better advertising products. The question is: do you outsource your whole media model? They're doing it better because they have thousands of engineers and billions of cash flow they're reinvesting."

Diversity is key.

"The companies that are built to last for the long run have focused on diversifying their revenue streams. They're still obsessing over developing a direct relationship with their consumer, and aren't outsourcing that relationship. You'll see a fork in the road."

Focus will win out.

"The future of profitable media is like a Fabergé egg. It's creating beautiful, extremely bespoke, focused communities. It has really original content that's not skewed by the platforms."

Think about tribes.

"If you want to be the leading business media company and reach them from their MBAs through the c-suite, it's unlikely you'll be able to engage those segments within that very large group. There are tribes within these groups. There's the technology tribe. There's the political and influencer tribe. Our view is that rather than using one monolithic brand, we'll be able to develop deeper direct relationships with specific brands that spoke to them." ■

Publishers Get on Message

There is a new publishing mantra: Message or perish. With an estimated 3 billion messaging app users worldwide — on Facebook’s Messenger, WhatsApp, Snapchat and others — publishers can’t afford to ignore the space.

BY GARETT SLOANE



Facebook Messenger

How popular is it?

The standalone messaging app has 900 million users. Messenger boasts 50 million businesses on it — and the mantle of fastest-growing app last year. Users spend an average of 236 minutes per month, according to comScore.

Publishing opportunities

Messenger launched a bot store in April, allowing anyone to build automated experiences that help consumers shop, play games or find news. CNN and The Wall Street Journal were among the first to launch chatbots that deliver news to Messenger. Youth-focused, digital publication Mic built a chatbot that will message a deep dive into one story daily.



WhatsApp

How popular is it?

Facebook’s other messaging giant now has 1 billion users. It boasts a global user base and 70 percent of users use it daily. It gets 1 million new users a day and sees 30 billion messages sent every day.

Publishing opportunities

Most of its users are overseas, which may explain why many of the early adopters have gone with big international stories to try out the platform. The New York Times jumped on WhatsApp to offer real-time texts chronicling the Pope’s visit to the U.S. in the fall. The BBC was on the app during the Ebola crisis last year, messaging updates to people in areas affected.



Snapchat

How popular is it?

Snapchat claims 100 million daily users and 8 billion video views a day. Almost 60 percent of the audience here is 18- to 24-years-old. The app reached a milestone in March, when it hit No. 1 in Apple’s App Store for the first time since it launched in 2011.

Publishing opportunities

Snapchat has a Discover section where a select group of publishers including Cosmopolitan, IGN and Vice post daily editions. Publishers have limited ability to share content outside the app and have trouble getting discovered by users within the app itself. Snapchat has begun addressing both of these concerns.



WeChat

How popular is it?

This China-based messaging app is basically the blueprint for what the rest of the world is trying to mimic, a true platform for social, commerce, games and media. It has 700 million users, and about 85 percent of them are between the ages of 18 and 35.

Publishing opportunities

The Subscription section turns WeChat into a platform for developers, brands and publishers, which can grow followers and market their products and media. You’ll find big names like LinkedIn, Tesla and BuzzFeed promoting content to their Subscriptions followers.



Line

How popular is it?

Japan-based Line has more than 215 million monthly users, mostly outside the U.S. In Japan, Line is so popular that Tokyo has retail outlets devoting to selling Line plushies and other paraphernalia. Nine in 10 Japanese mobile social users aged 30-39 use the messaging app.

Publishing opportunities

Everyone from The Wall Street Journal to Mashable is on the app, and The Economist is now using it to message charts and articles. The publisher is posting five times a day, and pushes out Line notifications to get readers clicking.



Kik

How popular is it?

The Canadian messaging app counts more than 260 million registered users, although it does not break out monthly active users. It claims that 40 percent of U.S. 18- to 24-year-olds are on the app and that its average session is 35 minutes.

Publishing opportunities

BuzzFeed, The Washington Post and NBC are among the publishers with accounts. Kik has developed tools for publishers. If readers type “LOL” or “WTF” to BuzzFeed, they are sent related links to stories.

DARLINE JEAN EXPLAINS PROGRAMMATIC'S PUSH FOR HEADER BIDDING

Header bidding has come to the fore this year as ad tech's newest promise to publishers. But just what is it, and why should publishers invest in it? We talked to PulsePoint's COO, Darline Jean, to find out.



First things first. What exactly is header bidding?

It's a programmatic technology that allows a publisher to offer their inventory to multiple partners at the same time. We take an ad unit on the page and offer that ad unit to all our demand partners simultaneously, thereby creating an even playing field. Header bidding allows competition among both programmatic and directly sold inventory, resulting in higher CPMs for the publisher.

Are things that uneven now?

If you're a publisher and you're integrated with an ad server, you'll usually have a waterfall. Publishers use the waterfall to prioritize unsold inventory, various sales channels or partners. That type of set up doesn't allow for real-time competition so prices aren't necessarily as high as they could be. With the introduction of header bidding, that waterfall pretty much goes away.

There's been a big push on the tech side this year for header bidding. Are publishers starting to warm up to the concept?

Right now, I would say that most US based publishers are in the adaption stage of the technology. At PulsePoint, we've been spending a lot of time educating and have spent the last two quarters on-boarding quite a few publishers. But at the end of the day, header bidding is delivering much higher yields, so buy-in is relatively easy since the KPIs are there.

Is there any friction at all?

There's always the big lingering program-

matic question: what will this do to our sales team? And the answer is, really nothing. Programmatic takes care of all the cookie cutter placements so your sales team can go out and sell strategic partnerships or custom experiences.

As for programmatic teams, a lot of hours go into managing the complexities of the waterfall. Header bidding simplifies that entire process and your programmatic team can concentrate on other challenges. So both sides of your revenue team benefit.

What's the biggest misconception around header bidding?

Latency. Often, when publishers are concerned about latency it's because they've installed multiple bidders directly without a wrapper framework.

The best thing to do is to apply a wrapper first as a container that bidders plug into. Partners, like PulsePoint, should work with the publishers to ensure proper set up. This is where more education can go a long way to increasing revenue.

Publisher dev teams are doing a dozen different things. Why should header bidding jump the cue?

The number one reason is revenue, revenue, revenue and more revenue. There is a direct correlation behind implementing header bidding and increasing revenue. We've seen a 147% average increase in CPMs in Q1 this year alone in our exchange.

At PulsePoint, an initial header bidding integration typically takes two hours in hands-on engineering time and up to two days for end-to-end testing. We offer a flexible option, Header BiddingExpress, that's as easy as adding a JavaScript tag to your page. It all goes back to finding a solution that will be best for the publisher's needs and goals and having partners with products to support that.



DIGIDAY SUMMIT SCHEDULE
2016



DIGIDAY
PROGRAMMATIC SUMMIT

MAY 23 – 25, 2016
NEW ORLEANS, LA



DIGIDAY
RETAIL SUMMIT

JUNE 27 – 29, 2016
NASHVILLE, TN



DIGIDAY
PUBLISHING SUMMIT JAPAN

JUNE 30 – JULY 1, 2016
KYOTO, JAPAN



DIGIDAY
CONTENT MARKETING SUMMIT

AUGUST 23 – 25, 2016
PARK CITY, UT



DIGIDAY
PUBLISHING SUMMIT

SEPTEMBER 19 – 21, 2016
KEY BISCAZYNE, FL



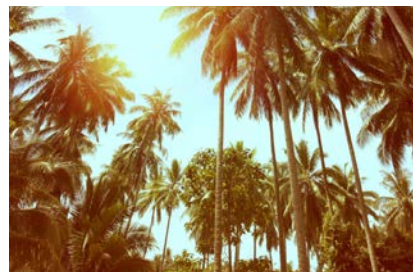
DIGIDAY
AGENCY SUMMIT

OCTOBER 23 – 25, 2016
PHOENIX, ARIZONA



DIGIDAY
VIDEO ANYWHERE SUMMIT

NOVEMBER 9– 11, 2016
AUSTIN, TX



DIGIDAY
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NOVEMBER 14 – 16, 2016
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HAVES AND HAVE NOTS

The web was supposed to democratize content. Think again.

BY LUCIA MOSES

I

In early April, when Google was creating its fast-loading mobile pages initiative, AMP, it gathered together a group of big-name publishers to ask what their needs are. In fact, big publishers like The New York Times contributed their own code — which, naturally, addressed their specific interests — to what became the AMP framework. They were, in that sense, part of the creation.

But not all publishers are created equal. Other than the marquee publishers that platforms like Facebook and Google still feel the need to court, most publishers are left on the outside looking in, without much of a say in the direction of these initiatives. The tectonic shifts to platforms no less affects the little guy than the big guy, but that doesn't mean the little guy gets a say.

Look no further than the rollout of Facebook's Instant Articles format and Snapchat's Discover platform last year. The New York Times was on board, and so was National Geographic and BuzzFeed. Their big names and deep resources allowed them to be part of the launch. Their audiences are a factor, too: The platforms are competing with each other to get people to spend time there, and courting publishers that already have large readerships is one way to ensure that. For other publishers, that means becoming fast followers.

"If you want to play in the world of Google and Facebook — and you do, because they drive a huge amount of traffic — you figure out how to make it work," says Patrick Starzan, svp marketing and general manager of social media at video comedy site Funny or Die.

SMALLER PUBLISHERS, LESS LEVERAGE

The taking on of hosting and monetizing content is all well and good, but it still leaves publishers with the work of creating content — which is the expensive part. It's also where they have an ability to differentiate themselves, says Jason Kint, CEO of Digital Content Next, a trade association for premium publishers. The problem is that losing control of those parts of their business (such as ad sales and content presentation) makes it harder to project where that business will go long-term and relatedly makes it hard to justify investing in their own editorial content.

"On the open web, they have control over what they're putting in front of their audience; they had the ability to differentiate," Kint says. "If they're going to put resources in an expensive venue and they don't have much control over the distribution of it, there's just that much more risk."

The publisher imbalance plays out in a few ways. One is the sheer negotiation power that big publishers have by virtue of their size. Google calls up The New York Times to cater to its needs; most publishers can't get an email returned.

"Platforms are trying to get as much scale as possible," says Michael Macher, publisher of The Awl Network, which has thrown in its lot with Medium. "They're incentivized to work well with big ones."

Another big factor in the inequality is the costs that need to be sunk into creating content for these platforms. To be sure, some platforms require only minimal engineering work to get on board and reap the benefits. The Apple News app and Google's AMP have a low barrier of entry, costwise. Apple, for instance, has introduced tools aimed specifically at making it easier for small-to medium-sized publishers to post to the platform. Facebook Instant Articles has democratized itself by opening up to all publishers and making a WordPress plug-in to simplify the process of publishing to Instant Articles from WordPress.

"Facebook and Google are reducing friction so it's going to make it easier for publishers of small and medium sizes

with to come and play along," says Ryan Brown, vp of business development at Gawker Media. Even Gawker Media, whose CEO Nick Denton voiced reservations about ceding too much control to Facebook, is now all-in on Instant Articles. Denton has said that it's better to be yoked to Facebook than the convoluted ad-tech world. There is a sense of defeatism. Brown says, "It just became apparent that we want to be where the audience is."

Other platforms demand heavier lifting which big or well-financed publishers are better equipped to handle. Snapchat has its own publishing system and requires (or encourages) content to be custom-built because of its particular vernacular, vertical video and young audience. Publishers with Snapchat Discover channels have hired teams of eight or more people to supply it with fresh, unique content on a daily basis. Most publishers "can't even" when they hear of the resources deployed.

"You have to figure out what your team is good at right now," Slate president Keith Hernandez said on the Digiday Podcast in March. "The most fun thing would be to say you're not good at Snapchat now, so let's go hire people who are good at Snapchat. The reality is we have fiscal responsibility to make our revenue goals. We have to make deliberate choices of what we're good at."

Video is another area that spotlights the divide among publishers. There's big demand among advertisers for

“
MANAGING
A PLATFORM
STRATEGY
MEANS BEING
RUTHLESS.”

Remember when

**the waterfall
took control**

out of your hands?

Time to **swing**
that **pendulum**
back.

But this time...

MAKE IT A

WRECKING

BALL

**STATUS QUO
MEET HEADER BIDDING.**



video inventory, but making quality video and repurposing it for different platforms requires time and money. Snapchat's vertical video autoplays with sound. Facebook video is autoplay but silent, so publishers have to figure out how to capture people's attention with captions on the video as they scroll through their News Feed.

"You can't tiptoe into Snapchat — you have to go all in," says Gawker's Brown. As for video: "The economics require you have a certain level of views to justify the expense you put in. It's expensive to produce."

And while publishers have the opportunity to reach new audiences on these platforms, if they want to measure it for themselves and potential advertisers, they have to pay comScore to have additional platforms measured, which is another barrier for entry for smaller players.

THEN THERE'S ADVERTISING

Despite their efforts to diversify their revenue into other areas like events, ecommerce and subscriptions or memberships, advertising is still the dominant model for publishers. In addition to negotiating clout, being a bigger publisher means having access to bigger sales teams that can absorb the demands associated with selling on

multiple platforms — not to mention having the big audiences that are still a requirement for many ad buyers.

It's an awkward time in media, where distributed audiences are growing faster than publishers' ability to monetize them, says Paul Berry, CEO and founder of RebelMouse. But the big, VC-backed publishers are focused foremost on scale and have enough runway to afford to be able to figure out the revenue later, so they can better afford to take a risk on a platform where the payoff isn't necessarily known.

While some platform moves seem to offer benefits to publishers, others work against them, as Emily Bell, director of the Tow Center for Digital Journalism at Columbia Journalism School, recently pointed out in a speech titled "The End of the News as We Know It: How Facebook Swallowed Journalism." She cites how the Apple News app has provided another distribution outlet for publishers, which is good. But at the same time, the tech giant made it easier for its mobile phone users to block ads that appear on publishers' own sites (not so good).

As Bell points out, one way publishers have been trying to insulate themselves from declining digital ad rates and ad blocking is by selling

ads that look and read like editorial content. But here again, big publishers have the advantage. Native advertising is time-consuming and expensive to do, and is hard for publishers to do profitably without a big audience to distribute it across.

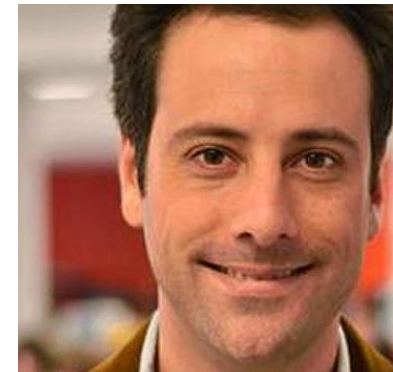
PLAYING TO THEIR STRENGTHS

For publishers with more limited resources, managing a platform strategy means being ruthless about where they place their bets. The Awl Network has focused on branded content, leveraging its production quality and trusting audience, and has won some big campaigns this way. On the content side, they'd like to do more podcasts and original video, but have instead focused on platforms such as Instant Articles and Medium that already are a better match for their content, given the reality, says Macher, that "we aren't in a position to build a five, 10-person team for one platform."

Funny or Die stretches its mandate by looking to hire people who are versatile, people who can "pop in and out, shoot something for Periscope and Snapchat and switch gears. We get a lot out of people," Starzan says.

Salon doesn't have the resources to figure out how to adapt its longform articles to Instagram or Snapchat, but even if it did, it might favor putting them toward its politics coverage or video group. As editor-in-chief David Daley puts it, "We have to ruthlessly prioritize everything we do." ■

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Facebook Live is Ready for Its Closeup

Live video has struggled to gain a strong foothold on the web. Whether it was a lack of advanced technology or just a dearth of good content, live video has been the domain of TV. Until now.

BY SAHIL PATEL

There are only a handful of live events that have the power to draw large numbers of viewers. The Super Bowl. The Oscars. The Grammys. Late Friday afternoon on April 8, it was an exploding watermelon.

Facebook has made a serious bet on live streaming video — and publishers have been quick to adapt. Outlets ranging from The Washington Post to TMZ, as well as a plethora of sports teams, are all producing live content for Facebook. BuzzFeed provides the best example of why content creators are so eager to experiment with Facebook Live: its attempt to make a watermelon explode by wrapping it in rubber bands peaked with 807,000 live viewers. That's TV-sized scale.

"A few years ago, we were live streaming batting practice on our website. It was neat that we were able to do that, but it required a lot of logistics and manpower," says Bryan Srabian, vp of brand development and digital media for the San Francisco Giants. "Now that we can do [live video on Facebook] with a single iPhone and immediately reach 3 million fans — to do that in an instant is mindboggling."

Facebook's embrace of live video comes from the highest eschelons. CEO Mark Zuckerberg has made it a top priority and Facebook's video team has taken the mission to heart. It is encour-

aging a wide range of media companies to go live on the platform. It's even paying a few partners, including BuzzFeed and Vox Media, to produce that content.

I WANT MY FTV

And people are watching. It might not be at BuzzFeed levels, but TMZ is getting as many as 100,000 live viewers for its regularly scheduled live programming, which includes TV show recaps and conversations between Hollywood lawyers.

Encouraged that its own food-porn receives as many as 140,000 live viewers, digital culinary network Tastemade is betting big on Facebook Live, too. It plans to produce 100 live shows per month on the platform, spanning food, travel and lifestyle content. While it's one thing to see how publishers embrace the format, live video also holds a lot of potential for Facebook as a platform and a business.

"Facebook is a bit like TV: You go to your screen and you kind of scroll down your feed and choose something to watch," says Oren Katzeff, head of programming at Tastemade. "Live creates this sense of appointment viewing, which is unique from an audience standpoint and something that no one else can do at the scale they're able to."

This is especially important when considering how much time people

spend watching video on Facebook. On-demand videos on Facebook typically run just a minute or two. Facebook counts a video as viewed as soon as it has played for just three seconds, so it's difficult to gauge their staying power. With live videos, which usually run longer, there's more potential for viewers to stick around. That translates into more time people are spending on Facebook and not another platform.

"We want to do things that people are going to find enjoyable," says Fidji Simo, director of product for Facebook. "But yes, we always try to get people more engaged on the platform."

To be sure, users are already spending a lot of time on Facebook — especially on mobile, where it accounted for nearly 16 percent of mobile traffic inside North American homes last fall, according to broadband services company Sandvine. If more users come to Facebook and spend more time watching live content, that number will only increase.

Early Facebook data suggests this is already happening. Users are watching live broadcasts three times longer than on-demand videos, and comments on live videos are on average 10 times higher, the company says.

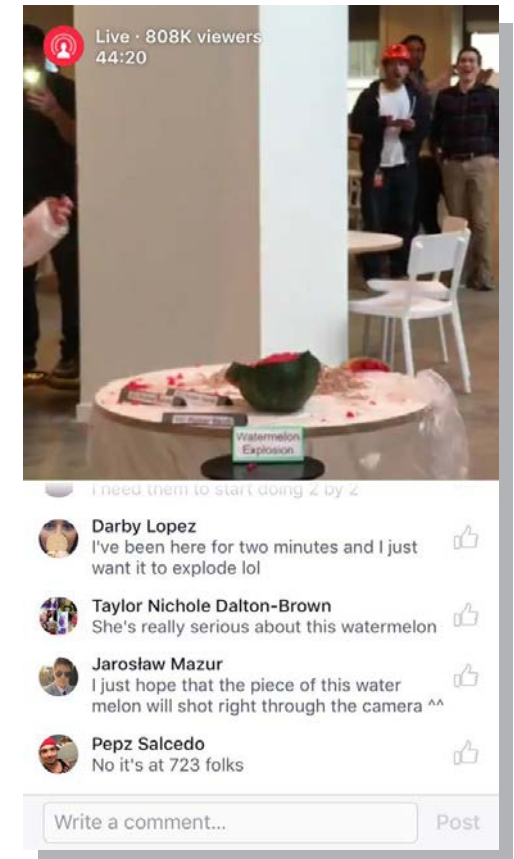
"The advantage in live is that it's often around breaking news, so people would be predisposed to going to Facebook to find out what's going on," says Chris Dorr, executive director of the Global Online Video Association. "It will also allow users to see what's being experienced by their social graph and the world at the same time."

THE OPPORTUNITY FOR FACEBOOK

Facebook's dive into live video is a clear attack on Twitter's Periscope. Publishers with millions of Facebook fans would rather put live content there than try to convince them to open a separate app. But Periscope is not the only social platform that should be worried. Facebook has come out with new features including filters and the ability to doodle while going live, clearly targeted at users who do similar things on Snapchat.

Facebook's Simo won't directly comment on whether those new interactive features are designed to get people to spend more time on Facebook versus other platforms, but adds: "Facebook is where the audience is, it's where your friends are. We're focused on just making the experience better."

Now Facebook is upping the ante by improving quality of live video



NICE MELONS: The exploding fruit seen 'round the web

“
FACEBOOK IS WHERE
YOUR AUDIENCE IS.”



THAT'S ALWAYS THE QUESTION HANGING IN THE AIR: WHERE'S THE FINANCIAL RETURN ON THIS?"

for its platform. It's now possible to stream TV-like live videos — with multiple camera setups — directly on Facebook. The opportunity to do more polished live streams could prove to be engaging for users who would rather not watch a video shot on a smartphone or tablet.

"There is a lot of upside to doing more live streams," says Jigar Mehta, vp of digital operations at Fusion. "But we still need to make sure that we have the raw feeling of going live. If it doesn't feel native to the platform, Facebook users are going to reject it by not sharing and commenting."

Fusion's Jorge Ramos was one of the first to embrace Facebook Live, producing broadcasts while reporting on the U.S. presidential race. In the six months since his "America with Jorge Ramos" team started experimenting with Facebook video, he has grown followers from 190,000 to 1.7 million today. With the potential reach Facebook offers, live video has become as vital as TV for Ramos, says executive producer Dax Tejera.

While most Facebook Live content has been shot on phones and tablets, TV-quality broadcasts aren't out of the question. Facebook recently dropped its bid to live stream regular-season NFL games, but it certainly has the technology, money and audience to do big live events. And it wouldn't be surprising if the company makes another serious bid in the future.

"It will allow them to make a case to advertisers that they are a valuable first and second screen," says Micah Gelman, director of editorial video for The Washington Post.

Which would be good news for video publishers on Facebook, too. Right now, video on Facebook is in the audience development stage. The revenue path is still uncertain

for publishers. Live video, especially now that it's prioritized under Facebook's new video section on its mobile app, could provide a clearer path to video ad revenue.

Facebook hasn't disclosed exactly how it plans to help publishers make money with live content. But it's been promising that live in-stream ad options are coming. With live videos running much longer than the typical 30-second to one minute-long Facebook video, there are opportunities to insert ads within the content without alienating users — at least that's the hope.

"Eventually, publishers are going to want to know how much time they should be spending on [Facebook Live] and other things that require staff," says Gelman. "While we are very eager to participate, that's always the question hanging in the air: Where's the financial return on this?"

Live video is the most expensive programming on TV, with advertisers willing to pay top dollar to reach attentive viewers. If Facebook can develop its own live product the way it has grown in-news feed video, it has a similar opportunity to capture more video ad dollars.

Right now, advertisers are more interested in the potential for doing live branded content than a new way to buy media on Facebook, according to Topher Burns, group director of distribution strategy at Deep Focus. "Media companies are going to need make decisions faster [with Facebook Live] than advertisers," he says. "Brands can often wait and see what's working and where the data goes."

Facebook, meanwhile, is aware of the revenue potential for live video if done right, says Simo: "We know that it's important to them." ■

WTF is a View?

A view is a view is a view — except when it isn't.

While more platforms and publishers are embracing the higher engagement and CPMs of digital video, they're not agreeing to how those videos get measured. Here's a primer on the "view" and why no one can agree on how to define it.

BY RICARDO BILTON

I don't get it. Isn't the idea of a 'view' pretty obvious?

It should be, but it isn't. ComScore, which measures the performance of publishers' videos on their sites, counts a video as "viewed" when it's been watched for longer than three seconds. Facebook, too, uses the three-second rule.

YouTube, in contrast, says a video is viewed when users start actually engaging with it — usually around 30 seconds. Vine and Instagram count a view at six and 15 seconds, respectively.

How have we not settled on a single metric here?

It's a good question. The most cynical answer is that the more loosely you define a view, the more views you can claim to get. Facebook, which says that users watch 8 billion videos a day, autoplays videos in users' feeds, even if those users are just scrolling by

them. Many publishers have also adopted in-stream and out-stream autoplay video ads that don't appear before videos at all.

Is a view on Facebook really the same as a view on YouTube?

No, the two are very different. On Facebook, most users just see videos in their feeds and have short attention spans. When they go to YouTube, in contrast, they typically are there for a reason so they have an incentive to stick around longer. As a result, YouTube's standards are higher.

Do agencies really want to pay for a video ad that someone watched for just three seconds?

Not all of them. Facebook recognized this last summer when it gave advertisers the option to only pay for video ads if users watched them for more than 10 seconds. Previously, advertisers were charged as soon as

videos started playing. Twitter has also yielded to advertisers by only charging when videos were 100 percent in-view and watched for 30 seconds.

This makes things complicated for video creators too.

Creators are in a similar boat as advertisers in that they're trying to get a handle on the many definitions of a view and how to best optimize to them. And some aren't happy about how Facebook in particular has changed things.

Like who?

"Applying that word [view] to something far less valuable is going to be extremely disruptive to creators," says YouTube creator John Green. "Ad agencies and brands are confused enough without Facebook muddying the waters by calling something a view when it is in no way a measure of viewership." ■

DIGIDAY

**PUBLISHING
SUMMIT**

VAIL

Into the Void

In late March, we gathered together over 150 top publishers and as many tech providers for the largest-ever Digiday Publishing Summit. Over the course of three days in snowy Vail, Colorado, we discussed the challenges that publishers face as they reorient their businesses to the new realities of platform power. Executives from The Washington Post, Bloomberg, Refinery29, The Huffington Post and others agreed that platforms like Facebook have gathered unparalleled power – and the question now for media is how to adapt.

More Platforms, More Problems

PUBLISHERS CONFESS THEIR BIGGEST CHALLENGES

Publishing today is an exercise in constant adaptation, whether it's figuring out how to distribute on platforms, getting a fair shake from advertisers, or tracking readers across the web. At the Digiday Publishing Summit in Vail, we asked publishers to write down their biggest challenges. Then we asked a select few of them to elaborate, anonymously. Here's what they said.

BY SAHIL PATEL

'Distrustful of numbers'

"I'm really distrustful of the numbers platforms are giving us. Our experience with Apple News is awful. Nielsen had that whole problem with time spent on Facebook. It makes us so much more cautious. I commend people who are taking the leap in getting on platforms, but it makes it more difficult for me to sell it to management."

Thinking about the user first

"We're getting into Facebook and AMP, and they're still so new. Apple News — all the data they're giving us is wrong. I don't know if consumers like these experiences better than what they had before. We're thinking about the user first. You need to know how they're engaging."

'A hostage negotiation'

"It harkens back to the rich media days. We sign a deal with advertisers, and the ad tech company is piggybacking on an existing deal and pushing us to pay the bill. You also have clients asking us to pay their ad serving fees. Agencies are expecting us to pay it directly because they're getting squeezed. It's a hostage negotiation."

Bosses just don't understand

"I have bosses who are willing to listen and invest, but they don't fundamentally understand how to publish on the internet. They're very prone to coming in and saying, 'My kids are on Snapchat, why aren't we on Snapchat?' We're in B2B, and that's not where our customers are. So there's a lot of explaining about that."

Follow the money

"For somebody like me who grew up in the media industry, where you had to make money, my philosophy has always been, you need to be self-sufficient. The more you are, the more opportunities you have in the long run to invest in product and take care of your audience. Today, it's morphed into what is sexy and how much money you've raised, and not whether you're running a self-sufficient business."

Unreal expectations

"We're working with video networks trying to figure out how to deliver on this unreal expectation. It doesn't align with MRC standards. Because of the depth and breadth of who they are, they're bullying publishers for lower

rates and comparing us to shitty networks that have lower value and no premium inventory, all because they're supposedly 'fulfilling viewability.' I don't see how networks are offering 100 percent viewability at the rates they're asking, which is in the \$30-40 range, and delivering. And they're asking the same thing from premium publishers. We're not dropping our pants and doing it, but when you negotiate at a rate that's higher than the networks, we still have issues fulfilling that."

A lack of transparency

"It's such a trade-off. All these companies are on Facebook and Snapchat, but no one wants to share real stats on how much business those platforms are bringing in. Venture capital is putting a shit-load of money in BuzzFeed and Refinery29 and others, and I get it. But there needs to be a whole lot more business transparency."

Contributing: Lucia Moses

testing monetization on platforms

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Platform monetization & measurement

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Tech companies passing off fees on the publishers

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Explaining to bosses that, for a B2B publishers, not all platforms are created equal, and we need to focus on what works.

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Why does Group M control our world w/ viewability? Can't we all just say NO?

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Is distributed content additive or destructive?

DIGIDAY

Highlights from the Digiday Publishing Summit

At the Digiday Publishing Summit, publishing executives talked about everything from the role platforms and brands will play in shaping the future of the industry to ad blocking to alternate revenue streams.

BY SAHIL PATEL

Go where the audience is and hope the revenue follows

98: The percentage of The Atlantic's articles that it publishes as Facebook Instant Articles

10: The number of people Food Network and People each have on their Snapchat teams

14: The number of pieces of content Food Network publishes to Snapchat every day

80: The percentage of People's Snapchat Discover content that is made exclusively for Snapchat

0: The profit Food Network is currently making on the platform

Native ads are one way publishers are trying to fix the broken ad model

50: The percentage of publishers who say they enlist their editorial staffs to create native advertising, according to Nativio

10: The percentage of content on Refinery29 that is sponsored (and labeled with a disclaimer).

Millennials read more than just the sites built for them

35: The percentage of About.com's health readers that are between 18 and 34

34.9: The percentage readers on CNN.com between 18 and 34

33: The percentage of readers on Reader's Digest between 18 and 34

PopSugar has been profitable the past five years. Here are 3 ways it makes money:

- It's eschewed banner ads. Instead it relies on branded content and selling video ads against original content.
- Its ShopStyle commerce platform drove \$1 billion in sales for retail partners in 2015.
- A \$40-per-month subscription box service, which has 35,000 subscribers. (The company also does cheaper mini-boxes, plus seasonal boxes for advertising clients including Neiman Marcus.)

Lessons on fighting the ad blockers

9.7: The percentage of U.S. web users who use ad blockers, according to comScore

16.5: The percentage of U.S. web users age 18-24 who use ad blockers

- Blocking ad blocking software users or using reclamation companies may not be worth the time and effort.
- It's better to focus on the user experience by showing fewer ads or making ads load faster.

"Facebook and Snapchat are going to be the future Comcasts of the world." — **Refinery29 co-founder and CEO Philippe von Borries**

"It's all over the map. We're still looking for that big answer, but it might be more nuanced than that." — **Kim Lau, gm and vp of digital, The Atlantic, on the impact of Facebook Instant Articles**

"VR storytelling creates an empathy between a journalist and a reader that's stronger than any storytelling device in the history of journalism." — **Kevin Gentzel, CRO, Gannett**

"It's on the TV screen, how much more viewable can it get?" — **TV ad-sales executive, privately grouching about dealing with ad agencies' demands to meet viewability standards on connected TVs**

"Three seconds on Facebook is a small amount of time. Does that meaningfully mean it's a view? The jury is still out." — **Paul Sundue, executive director, Studio@Gawker Media**

"The distributed model is going to be one of the reasons that native advertising continues to advance and becomes a really powerful advertising tool." — **Adam Rich, co-founder, Thrillist**

"You start diluting yourself, diluting your brand or pushing yourself in areas where you don't have a core competency. All of a sudden you start diluting the value of the company." — **Jared Grusd, CEO of The Huffington Post, on publishers' need to be authentic**

NEXT ISSUE OF PULSE PROGRAMMATIC

Like what you're reading?
Look out for the next issue
Summer 2016

Era of Empire

Facebook and Google take in 85 percent of digital ad revenue. Now, they're here to help publishers. Uh-oh.

BY LUCIA MOSES

It's early April, and viral site Little Things is about to live-broadcast a performance by Lily Green, a 16-year-old singer from New York. Joe Speiser, the CEO of Little Things, notes with satisfaction that nearly 6,000 people are already tuning in; by the end of the day, the 16-minute video will have gotten 36,000 views. "The audience is craving this kind of content," he says.

But Little Things can't get the full benefit of them, or the rest of the videos it distributes on Facebook, which account for fully two-thirds of the 300 million video views it does per month. The video will appear on Facebook Live, one of the platform's biggest initiatives of the moment. But like a lot of the initiatives that come pouring out of Facebook, there's no way of knowing what Facebook's commitment to it will be and if it will be good for publishers in the long term. Still, they feel compelled to get on board.

Such are the realities of being a modern publisher in the age of platforms. And the king of them all, Facebook, is increasingly inserting itself into the publishing business. In April at F8, its annual developer conference, it launched a bot platform for its messenger app where publishers and other companies can interact with users; opened its fast-loading mobile Instant Articles to all publishers; and threw money at some publishers to

broadcast live video on its platform.

To keep users lingering longer and coming back more often, Facebook needs publishers' content. And they in turn are eager to figure out how they can take advantage of this growing dependency — even reconfiguring their organizations to do so. Little Things, a site offering feel-good articles and videos that built itself entirely on Facebook, is now pushing hard into video, for which it's hired 10 people, with plans to add another five (out of 85 employees in all). "We're not National Geographic, but there's a big delta between that and the exploding watermelon," Speiser says, referring to BuzzFeed's instantly famous Facebook Live experiment.

Other examples abound: There's Mashable, which recently laid off 30 people as part of a pivot to do more video. Bleacher Report is building a 35-person social army to create original material to live on Facebook, Instagram and elsewhere. Other publishers including CNN and Vox Media have hired dedicated teams to manage their platform distribution. Wait for the bot teams — they're coming, too. But chasing platform dreams not only comes with no guarantee they'll be able to generate revenue there, it means forgoing investment in original editorial or other opportunities.

It may seem like a honeymoon period for publishers, as Facebook and other platforms seem to be more

attentive to their requests lately. Snapchat has made it easier for publishers to get exposure to their brands there. Facebook has created more avenues for publishers to sell advertising on Instant Articles. Apple has put promotional muscle behind its news aggregation app, Apple News.

But for all that, publishers still are making a lot of content for platforms with uncertain payoff. Facebook still doesn't have a business model by which publishers can monetize their video there.

Sure, by publishing their stories as Instant Articles, publishers get to give readers a clean, fast-loading experience, which theoretically improves the chances they'll come back. But in addition to the fact that Facebook controls the ad terms, publishers get scant information about their readers on the platform, such as how much time they're spending with articles and what sites they visited previously.

But they probably have little choice. All this is happening against a backdrop of uncertainty about how publishers — traditional and new ones — will fund their editorial operations at a time of declining digital ad rates. Publishers are rightfully trying to offset their dependence on advertising with e-commerce, subscription revenue and events, but few publishers have been able to make those meaningful sources of revenue. No wonder publishers see no choice but to submit themselves to the platforms.

"More and more people are coming to your brand on the places that are most native to them," says Jonathan Hunt, who heads up Vox Media's global marketing. "For us, to not be there means we're not seen, and the risk is you fall out of relevancy."

Ultimately, publishers are a disparate collection of businesses that individually have little leverage over platform giants. There are real

worries that publishers can invest to make themselves essential, but that can change at any time if Facebook decides to change up the kind of posts it rewards.

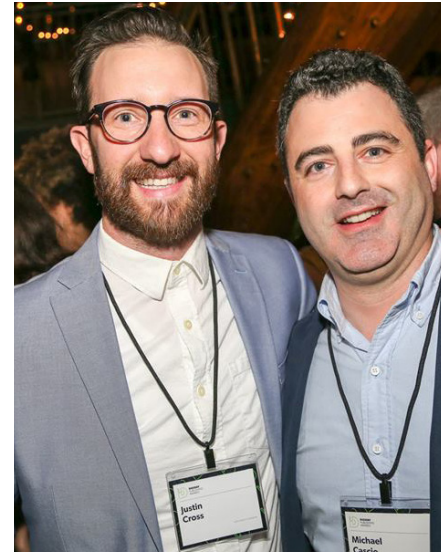
It's that reality that scares Neil Vogel, CEO of About.com, who says he's "absolutely petrified. There are all these platforms that are between you and your audience."

About.com is in a vulnerable position; two-thirds of its traffic come from search. In his three years as the CEO of About.com, Vogel has seen the site lose traffic to Google and Facebook, and he can only speculate why. "Engagement goes up, down, and we don't know why, other than, they've changed the algorithm. The risk is, we figure it out, invest in it, and things change."

But like other publishers, Vogel has no choice but to try his best to keep up with what platforms want and be prepared for the day — if and when — that change comes. ■



“
THE RISK IS YOU FALL
OUT OF RELEVANCY.”



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DIGIDAY AWARDS PROGRAM

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Ad Tech's Midlife Crisis

As brands increasingly look to execute all of their programmatic campaigns with just one or two vendors, expect major consolidation.

BY YUYU CHEN

In the Gartner hype cycle, advertising technology is firmly stuck in the "trough of disappointment."

This is, in many ways, patently unfair. The shift from manual and inefficient ad buying practices to automated and data-driven ones is a no-brainer. There's little doubt that automation will play an ever-larger role in advertising. Yet ad tech in 2016 is a victim of its own success. Few people fight its ascendancy, but nagging questions have arisen based on outsized expectations.

Talk to brands and publishers, and the formulation is basically the same. There are plenty of tech vendors but not enough standards, driving marketer frustration to an all-time high. Consumers don't trust ads, as evidenced by the rise of ad blocking. Meanwhile, venture capitalists are pouring less money into ad tech.

TOO MUCH COMPLEXITY

The Lumascape lays bare the sheer amount of fragmentation in ad tech: "There are too many vendors claiming they do too many things for too many people. It's turned ad tech into a commodity market," says Brian Ferrario, vp of marketing at programmatic ad company Drawbridge.

Such fragmentation gives rise to ad fraud and ad blocking. Advertisers are still spending millions on fraudulent impressions. Programmatic display ads attracted 14 percent more bot traffic than average while programmatic video had 73 percent more bots, according to Outdoor Advertising Association of America's fourth-quarter 2015 report. And the same report shows that 40 percent of the world's internet users have installed some form of ad blocker, up from just 28 percent in mid-2015, fueled by con-

cerns about being tracked and a web surfing experience bogged down by slow-loading ads.

Transparency is another issue. Most advertisers and brands are unaware of all the commissions they pay to the players in the ad tech chain. Recently, the Interactive Advertising Bureau released a Transparency Calculator. Ironically, conversations with some advertisers show that few even know their number of "buyer technology layers" when using the calculator, nor how much they pay for each layer.

Research by Digiday with Sonobi in March showed that nearly 73 percent of 274 media buyers surveyed said that placement transparency was essential in their decision to shift more ad spend from direct to programmatic. Infectious Media's 2015 survey shows that 65 percent of B2C marketers considered "lack of transparency of financials" as the main barrier to increasing programmatic ad spend.

"Many companies added multiple technology layers that charge additional fees on top of the inventory cost that can add up to 50 to 70 percent [of the total expense]," says Maciej Zawadzinski, CEO of ad tech development company Clearcode. "It's neither healthy for the buy nor the sell side."

Although there are industry standards for programmatic ads (for example, the IAB's mobile programmatic playbook), they don't get followed as closely as they should, according to Jason Kint, CEO of trade association Digital Content Next. "Intermediaries and ad tech companies without transparency do not have the same accountability to provide value, trust and follow standards," says Kint. "In other

words, the industry spent billions of dollars on ad tech over the past few years and the consumer's needs were lost."

Adding to all of the above issues, tech funding is slowing down. U.S. venture capital decreased from \$31.1 billion in 2014 to \$28.2 billion last year, according to Bloomberg, which leads to less funding for tech startups this year. Meanwhile, there were no tech IPOs in the first quarter of 2016.

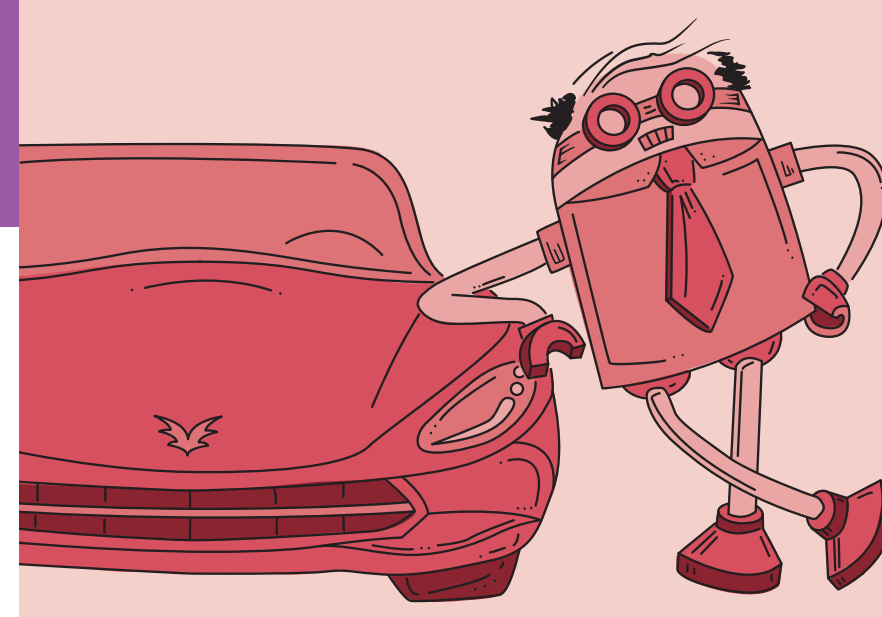
"Look at most display and programmatic companies, and you'll see [their shares are] down 50 percent this year," says Jamie Hill, chairman and CEO of adMarketplace. "They have little to no technology and are operating in a programmatic marketplace that's riddled with inefficient traffic. But private equity forced them to go public."

Rocket Fuel, for example, laid off 129 employees (11 percent of its workforce) last year. In the fourth quarter of 2015, the company's highest stock price was \$5.6 per share compared to its IPO price of \$29 per share in 2013, according to its annual report.

THE NEGATIVITY CAN BE JUSTIFIED

Ad tech's intricacies don't mean that brands don't want to invest in it any more. Now, more than ever, companies want to find ways to optimize their advertising efforts and maximizing effectiveness, according to Yakov Bart, marketing professor for Northeastern University's D'Amore-McKim School of Business.

"They don't want to miss out on programmatic, because when they do it right, they can largely increase efficiency," says Bart.



The need for ad tech won't go away anytime soon. While targeting and attribution are getting complex due to increasing device fragmentation, brands and agencies are becoming more sophisticated – they are doing due diligence more often to examine ad tech solutions. Venture capitalists, on the other hand, are becoming more selective, chasing fewer yet larger deals.

"We've seen some big funding announcements and exits recently across the landscape. Clearly there are companies that are proving their value to the right suitors," says Drawbridge's Ferrario.

Programmatic video ad tech platform Coull, for example, secured additional investment of \$6.3 million in February to launch its video ad exchange. Meanwhile, Facebook decided to shut down its ad tech arm LiveRail's ad server in January because the business is tiny.

A SHAKEOUT IS COMING

Ad tech is going through cycles of hype and acceptance, and it will eventually mature into a functional standard. As complicated as it is, there's no single way out of ad tech's midlife crisis. But tech solutions will be simplified for both the demand side and the supply side, which will bring more transparency to the market, Clearcode's Zawadzinski predicts. After all, on the demand side, companies have already start-

ed consolidating different products into single stacks such as Google 360 Suite, Adobe Marketing Cloud and Oracle Marketing Cloud.

"These tools simplify the workflow for marketer, although they are still relatively complex to understand and require a lot of training to leverage their full potential," says Zawadzinski.

One brand may have to work with more than 10 tech vendors simultaneously to run programmatic campaigns across different devices and ad formats. As companies increasingly looking to execute all of their programmatic campaigns with just one or two tech vendors, expect a massive consolidation.

"I expect we will see substantial consolidation in ad tech sector fueled by firms' needs to have access to expertise encompassing a variety of programmatic approaches and independent verifications," says Northeastern University's Bart.

Gradually some tech vendors will drop out of the game either because they are not profitable or they cannot find their next round of funding. And big players like Google, Facebook and Adobe will further acquire smaller survivors. By then, those conglomerates can perhaps refine their technology and seriously address the fraud and transparency issue. ■

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THE CONSUMER'S NEEDS WERE LOST.”

European Block Party

European publishers are locked in an existential struggle with ad blockers without any clear path ahead.

BY JESSICA DAVIS, LUCINDA SOUTHERN

Media companies that heavily rely on advertising as a prime revenue stream have taken a tough-love approach to ad blocking: Publishers in Germany, France, Sweden, and the U.K. are blocking their content from visitors with ad blockers enabled.

Bild, Germany's largest daily with 10 million monthly visitors, has led the hard-line camp. Its approach has been straightforward: no ads, no access.

But most publishers aren't willing to go that far. Instead, they're trying to cater to ad-averse visitors with offers. Some have offered subscription or micropayment alternatives to those who would like ad-free experiences. If they don't want to pay, then they must switch off their ad blocker to view the content.

Like the U.S., many European publishers chafe at the business models of ad blocking software providers. The tendency to charge publishers to have their sites

whitelisted sounds a lot like an old-fashioned protection racket. In the U.K., culture secretary John Whittingdale recently condemned ad blocking companies, calling them just that and vowing to take action in helping the media industry deal with the issue.

In Germany, Axel Springer, and broadcasters RTL and ProSiebenSat1 sued Adblock Plus' parent Eyeo, but lost. The European Publishers Council executive team believes more legal action is likely to come in 2016, across Europe. Publishers are also keeping a wary eye on the mobile carriers like Three that are promising to block ads at the carrier level.

Here's a look at how ad blocking is being approached differently by market — with the ad blocking rates for each country, as measured by Global Web Index (see note on [page 42](#) measurement vagaries).



GERMANY

42%

Germany is not just the heart of Europe; it's the heart of ad blocking. German users are avid ad block software users. In fact, one of the largest ad blocker makers, Eyeo, is based in Germany. The market is also at the forefront of the fight against ad blocking. Axel Springer's Bild has blocked access to its content from visitors using ad blockers unless they pay up or turned off their blocker. The result: the share of ad blocking users fell by two thirds. "Making the ads better won't solve the problem," says Bild's managing director of digital Stefan Betzold. "We can't solve it by just waiting and praying. You need to have the balls to do something."



UNITED KINGDOM

22%

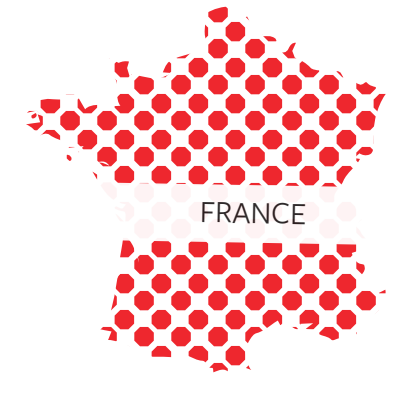
To ban or not to ban, that is the question. Most British publishers are opting to rely on progressively stronger — but polite, of course — requests for users to turn off ad blockers. Only finance and business newspaper City AM has tried a ban — with some success. The Guardian, on the other hand, is fiddling with its wording to get more to whitelist it. Trinity Mirror's strategy director Piers North says publishers have to be more proactive based on trends — 27 percent of U.K. users will use ad blockers next year, according to forecasts by eMarketer. The key: turning down "easy revenue" to ensure better quality. "The money can be made back elsewhere," North says.



SWEDEN

35%

The Swedes are serious. Thanks to a small market of just 10 million people — and maybe a dash of Scandinavian cooperativeness — nearly all of Sweden's top publishers have banded together to try out a month-long ad blocker ban. The idea: users will have no choice to turn off their ad blockers if they want access to news. The August trial will be watched with interest from other markets in Europe and beyond. The Swedes are informally calling it the "get-our-shit-together" project. "We're not going to solve the industry problem by whitelisting, that only helps individual publishers," says Daniel Weilar, CEO of Nyheter24 Gruppen.



FRANCE

30%

True to form, the French publishing industry loves a call to protest. Top publishers — including national papers Le Monde, Le Figaro, Le Parisien, and L'Equipe — banded together in March for a one-week trial targeting ad blocking software users en masse. The front, organized by national trade body Geste, was not exactly united: some are going for a full block while others are simply requesting users turn them off. Daily tabloid Le Parisien has offered a micropayment option. All hope is not lost: Le Figaro got 20 percent of ad-block users to whitelist the site thanks to a campaign. The downside: 80 percent kept on blocking ads.

LIES, DAMN LIES AND AD BLOCKING STATS

Ad blocking statistics are often contradictory and frequently biased. The U.K.'s ad blocking rate is 22 percent, according to the IAB, 28 percent according to Global Web Index and 20 percent according to Pagefair. For this feature, we used GWI.



THE NETHERLANDS

27%

The Netherlands is taking a liberal approach to ad blocking. The main tack: serve pop-up messages to ad-block users “educating” them that advertising is needed to fund free content. Publishers tend to also ask for whitelisting. Mostly, Dutch publishers are seeing ad blocking as a reason for cleaning up their acts. Sports site Voetbal, for instance, drastically cut down on the number of ads and their load. Stefan Havik, director of marketing and advertising at Helsinki-based media group Sanoma, believes a variety of approaches are needed but remains an optimist. “If we keep producing high-quality content, consumers will pay or accept our ads,” he says.



PORTUGAL

46%

Ad blocking is not just a central European phenomenon. Portugal has one of the highest ad blocking rates in Europe. There’s not a consensus why exactly. Most publishers are looking to a multi-step approach. Step one is to explain clearly to users why ads are needed to fund content. Publishers are also discussing some form of regulation of ad blocking, although the form that would take is unclear. But for the most part, publishers want users to understand the tradeoffs of ad-supported media. if you use ad blocking filters you may lose quality of information,” says Nuno Conde, director-general of Portuguese media conglomerate Impresa.



GREECE

37%

These are tough times in Greece all around. Publishers have been hit hard by the currency crisis and persistent economic downturn. Now, they have to contend with a propensity of users to employ ad blockers. In some sense, the overall economic challenges have moved ad blocking down the priority list, according to Nikolas Moschakis, policy advisor to the European Publishers Council. Some have taken to polite notifications to ad block software users that advertising is needed for publications to survive. “Their biggest issue is serving a smashed market,” says Moschakis, “and the daily circulations of the newspapers are falling.”



**SEE WHO'S DOUBLING
DOWN ON QUALITY IN
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Famous Friends and Cold Soba Noodles

A day in the life of Complex's chief content officer

BY JORDAN VALINSKY



OUR BRAND IS ALL ABOUT BALANCING HIGH AND LOW.

Yes, Noah Callahan-Bever knows Kanye West. That's one of the most common questions the chief content officer of Complex Media, where West was a guest editor in the mid 2000s, gets asked. While having famous friends is one perk (for the record, he remains friendly with the rapper), he explained to Digiday that his job isn't all that flashy.

Callahan-Bever joined Complex 11 years ago as an editor before working his way up into his current position, where he oversees a staff of 150 people across several departments, including editorial, video and branded content.

Complex's network of sneaker and lifestyle sites reached 52 million visitors in February. Under Callahan-Bever, it has pushed into new verticals and increased its video output. In April, Verizon and Hearst announced they agreed to acquire Complex Media in a deal valued between \$250 million and \$300 million.

"We have been opening the aperture as time as go on," he tells Digiday. "Complex is a lens that represents a point of view and that lens can be applied to everything from the Republican presidential primaries to Nick Jonas and Demi Lovato and to the new Jordan sneakers."

Here's a typical day for him, slightly edited for clarity:

7:00 a.m.: Wake up, check all the Crowdtangle reports while in bed.

7:15 a.m.: Me and the wife, Deirdre Maloney, wake up our 1-year-old daughter, Lennox. Make scrambled eggs for her, turn on NY1. Every morning I drink a smoothie with Allmax Isoflex protein, half a banana, blueberries, blackberries and almond milk, have a giant cup of coffee and watch anchor Pat Kiernan, reporter Roger Clark and traffic reporter Jamie Shupak. Fun fact: Jamie used to contribute to Complex, and one of my favorite stories was our "Oral History of NY1." Real New Yorkers know.

7:30 a.m.: Hop on laptop, check Chartbeat and Google Analytics. Catch up on Twitter, Facebook and Instagram. Read news stories from everything from The New York Times and The Washington Post to Salon to FastCompany to WorldStarHipHop and #Shade-Room and drink more coffee.

8:30 a.m.: Nanny arrives. Time to shower and get dressed. Selecting sneakers is a process. Fire off first round of emails.

9:30 a.m.: Take the C train to the office; catch up on Snapchat while on the platform.

9:45 a.m.: Arrive at the office. Usually by this time the edit room is filling up and the team is commenting on the news of the morning and what crazy memes are making the rounds. One meme was Mr. Krabs from SpongeBob, but Twitter didn't know what episode the wavy meme came from, so our pop culture team did some hard-hitting journalism and found the original episode. There's no nook or cranny of the internet we won't explore.

10:00 a.m.: On-board and welcome new sports social media manager Rawan Eewshah, who joins us from BuzzFeed.

10:05 a.m.: Promise managing editor Ashley Strang that I'll finish my editor's letter today. I don't really mean it, but I feel like I need to say it anyway.

10:10 a.m.: Second round of emails.

10:15 a.m.: Music channel meeting with managing editor Lauren Nostro and director of content strategy Joe La Puma, vp of content operations Jack Erwin and director of content development Ben Shapiro. I still sit in on as many of the editorial meetings as time allows. We talk out the coverage of impending Drake album release coordinating art, video and text ideas. Other than that they catch me up on some of the new artists they expect to cover extensively in the second half of the year.

10:30 a.m.: Check Chartbeat and Google Analytics. Read as many of our trending stories as I can. Sent a note congratulating our sports team for one of my favorite branded content pieces of late, "The Oral History of the 1996 Chicago Bulls." Jordan is obviously a huge part of the culture, first as a player and then for his sneakers and now for the Jordan crying face meme, but going back into that era is a service almost to kids who might not know the ins and outs of it.

10:40 a.m.: Catch sneakers associate editor Matthew J. Welty in the hallway and compliment him on wearing sweatpants to work. For the 25th day in a row. He smiles with his mouth; his eyes fill with hate.

10:45 a.m.: Quick check in with director of social media, Julian Patterson.

11 a.m.: Meeting with CEO Rich



Antonello to discuss Snapchat strategy and business plan.

Noon: Meeting with founder and CBO Marc Ecko to discuss brand strategy and election coverage. Complex News has become YouTube's sole partner in their election coverage, giving us a really exciting platform at the recent debates. The great thing about working with a creative like Ecko is that it's truly a brainstorm, where you start talking about the election and how crazy it is that for a lot of our audience, it might be the first time they're voting. That's a big responsibility, so we talked through what that would look like as the election continues to heat up and the youth vote is up for grabs.

12:30 p.m.: Greenlight meeting with vp of video Marc Fernandez to go over the slate and production schedule. Watch sizzles for top-secret new programming.

1 p.m.: Lunch. Every day I get grilled chicken and cold soba noodles from Little Beet. Literally every day. I'm a weirdo. Eat at desk. More loud rap. This time more contemporary. Spotify's Rap Caviar. Lil Uzi Vert, ya'll! Plus reading stories on Complex [verticals] First We Feast, Pigeons And Planes and Sole Collector. Then more emails.

1:45 p.m.: Catch up on Complex News on YouTube. Send notes to the anchors. In light of my election conversation, I re-watched the Complex News interview where we asked Trump if "it goes down in the DMs." This is was a big win, and I was really



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IT'S TOTALLY SURREAL TO
HAVE CULTIVATED A
RELATIONSHIP WITH Q-TIP.”

proud of reporters Nadeska [Alexis] and Hanuman [Welch] for getting a meme-y viral moment on the fly, but I wanted to make sure that we had a plan in place to go harder next time. Our brand is all about balancing high and low, funny and serious.

2 p.m.: On-camera workshop. In an effort to improve my own on-camera presence, as well as understand the particular challenges the Complex News anchors face I've been working with producer Talibah Newman on teleprompter green screen reads as well as interview scenarios. I hate it, but I will get better.

3 p.m.: Meeting with owned-and-operated brand manager Sarah Honda to discuss upcoming merch initiatives and product launches for First We Feast and Pigeons And Planes. We look at T-shirt designs and taste-test a really cool new top-secret branded product. MORE FIRE!

3:25 p.m.: Check Chartbeat.

3:30pm: Call with Dante Ross, ADA records director of A&R (who was actually my boss in 2000, when I was an A&R at his Sony distributed label, Stimulated Records) to cook up some collaborative ideas around the Pigeons And Planes brand.

4 p.m.: Screening session with Marc Fernandez, Jack Erwin and Joe La Puma of the documentary we've co-produced with Mass Appeal, "Pimp C: Long Live The Pimp."

4:30 p.m.: Meet with content strategist James Harris to go over third quarter editorial initiatives. James will take these and package them up for our pre-sales team to create sponsorship opportunities.

4:50 p.m.: Check Chartbeat.

5 p.m.: Meeting to discuss our NewFronts presentation with communications director Carmen Villafane, Marc Ecko, Rich Antoniello, Marc Fernandez and chief revenue officer Moksha Fitzgibbons. We're nailing down time, venue and run of show.

5:30 p.m.: Meeting with creative director Brent Rollins and director of photography Gina Battle to discuss concepts for our next covers. They are being shot in about 14 days, so we need to nail down treatments and get decks to the talent for approval.

6 p.m.: A half hour of serenity in my office alone. Catching up on the site's content, email and general bullshit. Eventually Jack and Joe come in and we commiserate on the day's W's and L's and figure out the plan of attack for tomorrow.

6:30 p.m.: Early dinner with music's Lauren Nostro at Ma Peche to discuss Apple Music strategy and upcoming music content packages. Those chicken sandwiches are so good. So spicy but so good.

7:30 p.m.: Uber to New Jersey to meet up with Q-Tip at his home studio. "Pass the aux cord, bruh bruh." Catch up on Pigeons And Plane's Soundcloud playlist of "The Best New Music of February."

8:00 p.m.: Arrive at Tip's house. Listen to tunes and watch the Warriors game. As a kid whose entire life changed in seventh grade when he heard The Low End Theory for the first time, it's a totally surreal experience to have cultivated a relationship with its architect. I try to pretend like it's regular, but I mean ... COME THE FUCK ON, HOW COOL IS THIS???

11:30 p.m.: Uber back to Chelsea and slip in bed with the wife. I wake her up, of course. 📺



My Big Break

BY RICARDO BILTON

Nicholas Thompson
editor of
NewYorker.com

Age: 40

Hometown:
Brookline, Mass.

Trivia:
Grandson of former
United States Deputy
Secretary of Defense
Paul Nitze, who
helped shaped U.S.
foreign policy during
the Cold War.

The first time he got fired:

I graduated from college and I didn't quite know what to do. I had done writing, but I hadn't done journalism in college. Somehow I had talked my way into getting hired at "60 Minutes" as an associate producer. I move to New York, I show up at "60 Minutes" and the executive producer says, "Who are you?" He asked me what I know about television, and I said very little. He says "Then why did we hire you?" And I say, "I don't know, but you did." So I was fired from "60 Minutes" literally within an hour of starting there.

How he got his first break:

I went with one of my best friends to Africa. The idea is that we were going to backpack around Africa together for a few months. And I almost immediately get kidnapped by drug dealers in Morocco. I had been playing guitar in a train station, a

guy came up to me and said, "Hey, would you like to come home with me for a Ramadan Feast?" We go to his home and it turns out that he's a drug dealer and needs me to distribute his drugs around New York. They lock me in a bathroom. It's a miserable, terrifying experience. But then they let me go. They decide I'm hopeless and that I have nothing they want.

The great thing about that is that it gave me a story that I wrote for The Washington Post travel section. It was my first real journalism.

The best advice he's ever gotten:

The advice I think about the most often is a line from George Kennan that I read while working on my book about him: When things are going the wrong way, just try to do one simple thing well. That can start to turn things around.

What defines his career:

A lot of it's chance. When I look back on it, it's completely luck.

What he learned from launching the Atavist:

You learn how to start a company. You learn how to work with founders. You learn how to raise money. You learn the perils of a startup, You learn about hiring. You learn about what to do with employees who don't work out. Those are all the things you learn running a company as opposed to being an editor.

His media crush:

I read Vox all the time. I think Vox has done a really good job of both maintaining high quality content while going full force at the social media world. I really respect what they do. 📺

The Platform Wrangler

Vox's Chaire Sicha isn't your typical growth hacker.

BY LUCIA MOSES

An encounter with Chaire Sicha can be freewheeling and full of surprises.

"Did you tell her how you tricked me into crashing Sally Quinn's house?" he whispers to his boss Melissa Bell, Vox Media's vp of growth and analytics, as he pops open a can of seltzer.

"That's a secret!" squeals Bell. Turns out, in her previous role as platforms director at The Washington Post, she was invited to a dinner party at the home of the legendary Post journalist and superstar socialite, to which Bell brought Sicha and his husband unannounced.

"Poor Sally Quinn, who's this immaculate hostess, had to add extra tables to her dinner party," she says. "It was amazing," says Sicha.

Sicha has made a career of being out of place at the Big Media dinner party, and today is no different. Like many publishers, Vox Media has decided that its future depends on buddying up to the big platforms like Facebook. So earlier this year when it looked for someone to handle its platform relationships, it hired Sicha, co-founder of The Awl Network.

Sicha might seem like an unlikely choice. The Awl Network is an eccentric company that goes against much of what of modern media is today: Let others try to growth-hack their way to profitability; The Awl sells itself on the exclusivity of its audience (comScore put flagship theAwl.com at less than half a million unique visitors in February).

“
I'M UNAFRAID
OF GETTING FIRED.
I LITERALLY
DON'T CARE.”



The flagship Awl is also known for its sharp media criticism; in 2015, it published a well-traveled piece by John Herrman that warned that publishers would be swallowed up by platforms. Sicha encouraged writers to write what they want, news cycle be damned. Its staff of about a dozen operates out of two rooms. Sicha is charming and self-deprecating and while The Awl demanded six-day workweeks, he conveys an image of being above the fray, saying things like, "I haven't had a real job before."

At Vox, meanwhile, the mantra is expansion. Part of a fast-growing, VC-backed class of publishing

companies, Vox has eight verticals including Vox.com, Curbed and Racked. All in, they reached 62.5 million uniques in February, up 19 percent year-over-year, powered by its much-vaunted content publishing system, Chorus. Sicha now reports to Bell, who left The Washington Post to co-found Vox.com.

EMBRACING CONFLICT

As Bell saw it, The Awl Network's contrarian sensibility made Sicha precisely the right person for Vox. (Though the company hasn't completely eschewed off-site distribution; it just migrated some of its sites

to Medium.) She got to know him when she was at the Post and cold-emailed him, having admired how he created a home for quality journalism at The Awl, and became one of a number of journalists who consider him something of an advisor.

"We care about brands at this company," she says. "And something The Awl did was set out to be that anti-authoritarian brand for the internet. They came to be at a time when there were a lot of content farms on the web and chaos. He created a brand that had a very strong identity and kept that identity in a very smart way. But you almost

have to have an expertise in all the things you're not doing to be that good at what you're doing. He built a successful business and not just with The Awl but the entire Awl network."

Sicha nods. "I think Melissa likes to introduce a certain amount of chaos to the system," he says. He and Bell spoke together on a recent afternoon in one of Vox's conference rooms. "So one of the things I find here is I'm sitting in a room with a great diversity of people with diverse opinions and experiences, and we're getting unusual answers. And sometimes conflicting answers, which is exciting."

“

WE CARE ABOUT BRANDS AT THIS COMPANY. AND SOMETHING THE AWL DID WAS SET OUT TO BE THAT ANTI-AUTHORITARIAN BRAND FOR THE INTERNET.”

It also was important that Sicha is a journalist at heart, and he brings curiosity and skepticism to the job, which is valuable at a time when publishers are figuring out where they stand in a platform-dominated world. And at Vox, which is trying to preserve a culture of collaboration and transparency even with a headcount of 600, Sicha has the right personality, someone whose natural inclination is to share information. (“Part of it is that I’m a reporter, part of it’s I’m a gossip,” he says.) Sicha became the de facto business head at The Awl Network — someone had to do it — and he rejects the idea that the editorial side should be closed off from knowing how their business actually works. “Static pods of people making things is bad for product, bad for edit, bad for business,” he says.

‘UNAFRAID OF BEING FIRED’

Sicha, 44, got his writing start working at The Observer and Gawker, where he helped establish the gossipy and conversational tone that’s become familiar all over the web. Then, in 2009, he, along with Alex Balk and David Cho, launched The Awl out of Sicha’s apartment when Sicha and Balk’s employer, Radar magazine folded, leaving both out of a job. Sicha fondly calls the network a “weird animal.” While other publishers were obsessed with finding clickbait formulas and the next viral hit, The Awl

went straight for literati appeal, publishing poetry, personal essays, and yes, media criticism. Being self-funded meant The Awl expanded to other verticals slowly. Office snacks came if money wasn’t too tight.

Sicha made for an unconventional media executive. While other publishers prominently display traffic numbers around their offices, Sicha once changed the Chartbeat password without telling anyone, according to a 2015 profile on The Awl Network in Vox Media-owned The Verge. In the profile, by Josh Dzieza, Sicha is quoted as saying that the idea of asking people about their Facebook or Pinterest strategy “is literally just something that no one would ever say in this company because, well, we just don’t care.” (Sicha insists he never read the piece.)

Deciding to come to Vox, with its Midtown Manhattan offices and with all the trappings of corporate life (snacks!), surprised even Sicha.

“I haven’t had a real job in so long,” he says. “The great thing about being me is, I’m unafraid about being fired. I literally don’t care. That frees me up. I’ll just move to California or something and just start over. I can always go back to food service or non-profits.” Still, he’s made some concessions to his new employer; he now willingly signs NDAs when asked and forgoes jeans for khakis.

John Shankman, who was publisher of The Awl Network from 2011 to

2014, says Sicha’s editorial background actually makes him well suited to the role of dealing with platforms. “These aren’t really content organizations,” he says. “They’ve built the pipes. But ultimately the pipes are only interesting in what comes over them. He’s going to be able to influence what sort of stuff comes over them.”

LOOKING OUT FOR EDITORIAL

If Sicha may not seem like the most natural choice for his new role at Vox Media, publishers haven’t settled into a standard way of managing their platform relationships. Publishers are hiring platform ambassadors to fill those roles, but the role varies by publisher in terms of the person’s background and where they fit in the organization. Still, he’s a relative newbie; whereas other outlets can at least draw on people who have years-long relationships with platforms, Sicha is still meeting some of them for the first time.

At Vox, that role has until recently fallen to Bell and other people. Bell, for example, spearheaded Vox’s relationship with Google’s fast-loading article effort, Accelerated Mobile Pages. But with not only Facebook and Google but Snapchat, Pinterest and tons of messaging apps to contend with, Bell felt Vox needed someone to figure out where the company should spend its time and resources.



Bell approaches the platform giants with an openness and optimism; in each case, she considers the publisher’s ability to make money there or expose its content to a new audience. Take Snapchat, where Vox.com has a dedicated channel in the app’s publisher section, Discover. Bell tells of how Kara Swisher of Recode, one of Vox’s verticals, told Vox.com editor Ezra Klein that her son was a fan of the channel. “We do feel like we’re reaching 14-year-olds on Snapchat in a way that we wouldn’t have the opportunity if we weren’t on Snapchat,” says Bell.

Sicha is friendly and open and talks like he writes, with liberal use of exclamation points! On the subject of the platforms, he’s more guarded. He sees them speaking a different language and having slightly different values from publishers. He shares the concern many do of how publishers will protect their brands when their content lives only in someone’s social feed.

“As an editorial person, I’m kind of old-fashioned. I’m used to writing a bunch of words on the page,” he says. “I recognize in myself things that scare me. So, how do I know what that’s attached to when I see it somewhere else? How do people

know how to get back to my url or handle on a platform?”

But he believes platforms and publishers have shared interests, too. “There’s not a lot of conflict between us and platforms,” he says. “That is one of the things that surprised me. There’s a Venn diagram where we overlap.

“So listen, I’m wary, I’m like interested, but I’m also ambitious and eager to try things. So we’re always game to try things. And we’ll notice when they don’t feel good,” he says.

“You’re a cynical optimist,” Bell says.

“Yes...I like the aggressive spirit here. I love an aggressive newsroom,” he says.

“There’s an aggressive spirit across this company. Everybody questions,” Bell says.

“People need to ask stuff out of their department,” he says. “I want people to think, like, what the heck are we doing?”

Time’s up: Sicha has to attend another meeting. “I have to see a partner that I love,” he says, no doubt with at least some degree of irony. ■

The Instagram Effect

Fashion is a top industry on Instagram. As bloggers emerge with big followings — and brands increasingly act like publishers — magazines need to find a way to set themselves apart.

BY HILARY MILNES

Instagram is a godsend for

fashion. But it comes with a cost: It's hard to stand out amid a sea of similar runway shots. Fashion magazines like Vogue, Harper's Bazaar and Elle are relying more on celebrity-driven posts, exclusive content and material from their archives to resonate on Instagram.

"There's a lot of potential for fashion publications on Instagram, but they have to find the balance between being part of the community and being an authoritative voice, which is what sets them apart from the bloggers and brands," says Mariana Rittenhouse, director of brand strategy at Instagram analytics company Dash Hudson. "Are you giving your audience what they want? That's different than telling your audience [what they should want], which is what fashion magazines are used to."

STRIKE A POSE

Vogue magazine is the leading fashion magazine on Instagram, with 9.7 million followers on its main account alone (other top accounts include @BritishVogue, with 1.3 million followers; and @VogueParis, with 1.6 million), and an average engagement

rate of 1 percent, according to Dash Hudson.

"Vogue is synonymous with fashion," says Rittenhouse. "It does well on Instagram because the demographic on the platform, specifically the younger set, doesn't need to have ever picked up the magazine to know the name."

On Instagram, Vogue fills its feed with celebrities; behind-the-scenes footage from old and new photo shoots; and fashion news updates. Two recurring series on Vogue.com, the top beauty and fashion Instagrams of the week, repurpose popular celebrity Instagrams and

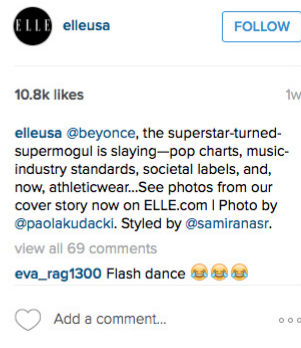
draw some of the highest likes and comments for the magazine. Vogue directs Instagram followers to find those roundups through the link in its bio, which takes readers to the "Vogue Instagram" landing page that houses all of the articles mentioned in the feed.

Vogue.com's social media director Ann Johnson says that the team's strategy on Instagram is to maintain its status in the fashion industry while taking follower feedback into consideration.

"There's a certain expectation for the Vogue brand to offer an author-



▲ Celebrity-driven content is a big engagement driver for fashion publications on Instagram. Elle shared this photo from its May cover shoot with Beyoncé.



▼ Vogue posted this photo, a behind-the-scenes shot of Isaac Mizrahi's studio taken by photographer Nick Waplington, to Instagram on April 10.



◀ The cover of Vogue's April edition, featuring Rihanna. The magazine shared the cover on Instagram to announce the upcoming issue.

itative stance," says Johnson. "Our Instagram community is incredibly important to us, and the conversations happening on and around our posts are constantly contributing to our strategy moving forward."

Johnson says that Vogue looks to its audience reactions particularly when testing a new format on Instagram. Recently, Vogue's creative digital director, Sally Singer, conducted an in-depth interview with model Taylor Hill at Paris Fashion Week on Instagram, and based on follower engagement, the Vogue social team plans to replicate that interview style on Instagram in the future. Vogue launched @VogueRunway (1 million followers) last August after its fashion show, street style and breaking news content attracted an active, niche audience.

"We've found an entirely new audience, and we treat it as such," says Johnson. "There is an insatiable appetite for fashion week and street style content that would not register with the majority of our Vogue followers."

THINKING INSTAGRAM FIRST

Other magazines are continuing

to see growth on Instagram, even if they have yet to hit Vogue-sized numbers. Harper's Bazaar's Instagram following grew 143 percent year-over-year this April, hitting close to 2 million followers. Its engagement rate on the platform is at .57 percent, according to the firm Dash Hudson. Elle magazine grew 125 percent in 2015 to 1.5 million followers, and has an engagement rate of .54 percent. Both engagement rates are average for the industry, while Vogue's, at 1 percent, is above average for its audience size.

"We think Instagram-first, not how to repurpose our content there for other platforms," says Harpers-Bazaar.com editor Joyann King, who added that the best-performing content on Instagram is vintage photos from the Harper's Bazaar 150-year archive, as well as news-related posts, although driving site traffic is not what determines its Instagram strategy.

For Elle, celebrity content has seen the most engagement. A recent highly liked Instagram post was a photo of Kate Winslet and Leonardo DiCaprio from the 2016 Oscars. Elle also used its May cover

star, Beyoncé, to drive an Instagram-only content series: A Beyoncé "fakeover," a countdown to the issue's release with daily photos of Beyoncé in the feed.

"We like to use content on Instagram that will spark a reaction and that also cultivates our brand on the platform," says Elle editorial director Leah Chernikoff. "Instagram followers want you to live on the platform, so it was really important that we did something native."

"Making content that people don't want to miss out on is key for these publishers on Instagram," says Rittenhouse. "Creating content specifically for Instagram, with their editorial edge and reach, propels them above the fashion brands and bloggers." ■



BY CORY HAIK,
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The Rise of the Distributed Domain

WTF

is virtual reality?

From science fiction to the marketer's tool kit.
May 11, 2016 | New York, NY

digiday.com/events

The battle for audiences will be fought and won off platform. Sort of. Facebook Instant, Apple News, Google Newsstand, AMP, Snapchat Discover — these are all important players in the game of reach. And there is no shame in wanting that reach. Journalism cannot have an impact without a reader or a viewer. But there are implications to growing an audience off platform.

Many have written doomsday scenarios around this, and many of the points seem somewhat fair. There are merits to both, and we will continue to debate this for some time. But to start, are we even speaking the same language? What is distributed officially? What's on-platform? Never mind how we count it all or prioritize the players.

Strategy lies in the contours of many of these platforms. Given that much of what we're talking about is technical and nuanced by implementation, the winners will be the ones who understand where the opportunities are and build there quickly.

DISTRIBUTED SEMANTICS

Google AMP is not a distributed platform. And it has nothing really in common with Facebook Instant other than the fact that it's 1) mobile and 2) fast. AMP is based on a technology that's been around for a long time: HTML, written by your publisher. Google just gathered the industry to rally around a mobile standard to make it perform better. The traffic goes to your domain (sort of — there's a deeper tech piece around hosting that I will not get into). But in general, it should fall in the traditional 'referral traffic' or 'on-platform' bucket. It's owned and operated content: You can optimize it in real time. You control the ad pieces, the edit, the funnel/levers. Let's call this good ol' domain and referral traffic.

Snapchat Discover is distributed in its full glory. It was one of the first off-platform products that publishers embraced as a vehicle not meant to drive traffic back to the almighty domain. Kik, chatbots — they will likely all fall in this bucket. Messenger? Well, that's to be seen. In general,

these experiences are more performant, built specifically for specific platforms and devices. This is generally a new and creative space for publishers, but the monetization and analytics pieces are still unfolding. This defines pure-play distributed.

Facebook Instant is distributed, right? Again, this is the nuance. The truth is actually somewhere in between the domain and distributed. While Facebook Instant content technically lives off-platform, it offers many of the same pieces that referral traffic does. Not fully, but a ton more than say, Snapchat Discover. To start, it offers comScore counting and monetization equal to that of web traffic on publisher's X domain. And some control over content within the article. And even some extra features to play with. There are some things lost, like the conversion funnel pieces that are very important to publishers who are looking for subscribers. But Facebook is also pushing to open more tools for publishers to give them better levers. This marks the rise of the Distributed Domain: something that sits in between referral traffic and pure-play distributed.

STRATEGIC OUTLOOK

At Mic, we're looking at our goals for growth in two clear categories: unique views and distributed. If we can count comScore and fully monetize a platform, as with Facebook's Instant Articles, it goes into the former. Until Apple News has both, it would fall into the distributed domain. Publishers will likely see more of this distributed domain category as platforms open up and work with publishers in a more integrated way.

Why does it matter? Because it's the future. But aside from that: Additive channels across the distributed landscape are how digital players will grow big audiences. Fully understanding how to count, optimize and ultimately monetize these channels will be key. It is the early days, and the landscape will continue to shift. We are widely optimistic, bullish even, that every single new platform offers an opportunity to reach new users. We just want to make sure we are accounting for each and every one of them in the best way possible across our business. ■



BY BRIAN MORRISSEY,
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The Tide is Going Out

The Onion, as usual, was ahead of its time last May in capturing the spirit of the times. “Media Organizations Make Pilgrimage To Facebook Headquarters To Lay Content At Foot Of Mark Zuckerberg” read the headline.

This was brought to life a little less than a year later. The eyes of the publishing world turned to San Francisco, to a developer’s conference of all things. At F8, Facebook executives held court like politicians, laying out their ambitious agendas for driving global change — and along the way upending media.

The Facebook event, along with the moves by publishers to embrace so-called distributed content strategies and video, underscored how many publishers have lost control of their strategies. What Facebook wants, Facebook gets. It wants media to publish through Instant Articles and use live video. Publishers are scrambling to do just that. Facebook is firmly in its Imperial Era.

This is happening against the backdrop of uncertainty in big-scale digital media. The age of audience aggregation is coming to a close. The

publishers that will succeed won’t be determined by whose comScore number is bigger; the winners will be those with differentiated and meaningful brands that can be monetized.

That last part is often missing from the rush to platform distribution. Witness Mashable’s pivot to focus on video and BuzzFeed’s struggles to meeting outsized expectations as its audience growth has shifted from its site to platforms it doesn’t own. According to Recode, BuzzFeed CEO Jonah Peretti made his own pilgrimage to Facebook to plead for a way to make money off brand videos on Facebook. Publishers racking up huge video audiences on Facebook are yet to be making any real money.

Venture capitalists used to run for the hills when they encountered media business models. People don’t scale. They’d prefer an algorithm. But VCs caught the content bug, pouring big bucks not just into BuzzFeed, Vice and Business Insider, but a raft of other publications looking to spin up huge audiences and then figure out how to make money later.

Later is now. Having a big audience is not enough. In fact, many

publications are finding that a large audience without a strong brand doesn’t mean much. Thanks to platforms, accumulating enormous reach figures hasn’t been that hard. In 2013, Fast Company breathlessly tagged Upworthy the “fastest-growing media company of all time” for generating 6.7 million unique visitors in a half of year. Pshaw. In 2016, viral factory Little Things got to 50 million in 18 months. Mastering audience growth doesn’t mean you’ll make it, not these days.

And, of course, what algorithms give, algorithms can take away. Publishers who built their audiences off flimsy audience connections facilitated through optimizing for algorithmic feeds are likely to find these liaisons as lengthy as a Tinder hookup. Maybe the money will follow audience on platforms, but there isn’t yet solid evidence of that.

As Justin Smith, CEO of Bloomberg Media, said at the Digiday Publishing Summit, “the tide is going out.” We’ll soon find out which publishers are wearing bathing suits — and which aren’t. ■

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