

Pulse.

A quarterly magazine
on the future of media

Summer 2016

THE PROGRAMMATIC MANIFESTO

HOW TO FIX AD TECH

DIGIDAY





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Rise of the Machines



BY BRIAN MORRISSEY
EDITOR-IN-CHIEF, DIGIDAY

Recently, a publishing executive I know well came up to me with a simple question: “The magazine — why? Are you crazy?” And this is a publisher with a magazine.

I’d like to think we’re not crazy. In fact, that you’re reading this makes me think we’re not.

Pulse is now two issues old. We’re still finding our way in the print world. A few of us came from print — fled might be the better verb — but for most of our staff a magazine is something new. We’re enjoying the hard work of putting together a magazine, and what we’re finding is the publication allows us, really forces us, to go out of our comfort zones.

That’s how Lucia Moses ended up profiling Roi Carthy, marketing chief of ad blocker Shine and someone we long joked must be the most hated man in advertising. Pulse was also the impetus for Garrett Sloane to finally do the “nerds of advertising” piece he’d long threatened. And the same goes for me. As an editor, I don’t get to write much anymore. The rigor of print forced me to take a hard look at programmatic and come back with a manifesto of how to make it better.

Programmatic is the theme for this issue. You’ll find pieces from Yuyu Chen on about the risks of brands taking programmatic in-house, a look by Tanya Dua of the scramble for programmatic talent. Lucia Moses takes us inside digital vet Mitch Oscar’s “programmatic cabal, a networking group for insiders in the world of data-driven

advertising. Garrett Sloane introduces us to the “nerd of advertising,” the data whizzes you won’t find hoisting Cannes Lions but who are laying the foundation for advertising’s future.

Programmatic media — the application of data and automation — is without a doubt a work in progress. Its many flaws — fraud, viewability, data hogging, commoditization — are well-known. That’s why we took a stab at a programmatic manifesto, a simple blueprint for correcting flaws in the system so programmatic media can live up to its promise. As 360i chairman Bryan Wiener told me, “It’s a snowball rolling downhill.”

At Digiday, we believe in honesty about what’s working and what’s not. But ultimately, we’re optimists that the collision of media and technology will lead to a more perfect media world, where great content is rewarded and marketers achieve their goals.

Next issue, which will come out in September, is focused on video. We’ll dive into why digital publishers are pivoting to video, the surge of live video on Facebook, and the continued challenges with video ad quality.

I hope you enjoy this issue of Pulse. As always, please get in touch with any feedback you have.

Thanks for reading,

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For all inquiries, please email pulse@digiday.com

Digiday Podcast Highlights

The Digiday Podcast has featured top publishing, agency and brand execs in the past year. Here's what they had to say about programmatic advertising.

digiday.com/podcast



"I've found that no matter how much studying you do around programmatic advertising, it's effectively impossible to 'diligence.' As an advertiser that would make me concerned."

— **Jon Steinberg**
CEO, Cheddar



"Programmatic's awesome if you're really trying to optimize your desktop business. Our desktop business is great. I haven't seen a mobile programmatic product that's like, 'Oh, clearly let's use that.'"

— **Brian Sugar**
CEO, Pop Sugar



"In the early stages it's remnant inventory, you're not dealing with the premium properties, you're dealing with all kinds of players and no guidelines. It's a little chaotic and complex."

— **Babs Rangaiah**
former vp of global media innovation at Unilever



"If Google and Facebook want to sit at the same video table as television, as they clearly do, you have to sit at the table with the same cutlery and be measured the same way."

— **Rob Norman**
chief digital officer, GroupM

Adform, Yieldbot and Index Exchange have introduced header bidding support, but the challenge lies in giving publishers the right level of support.

THE CAVEAT

Header tag integrations require lots of developer resources and a significant amount of time to traffic line items. Publishers' page load times are another big issue. Each tag that is plugged into a page is a potential source of added page latency.

Header Bidding for Humans

Header bidding is the new belle of the ad tech ball. Don't be caught wide-eyed the next time it comes up. Get woke.

THE BASICS

Header bidding allows publishers to offer their inventory to multiple ad exchanges at the same time. This way, different demand sources can bid on the same inventory simultaneously so publishers can gain greater yield from header bidding than the traditional waterfall auction. For example, by switching from waterfalling to header bidding, viral site LittleThings grew its ad revenue by 30 percent.

THE PROVIDERS

Many publishers don't have the tech resources so it's important for them to choose the right partner who can actively support publishers when they implement header bidding. Providers like AppNexus,

The Worst Ad Tech Deals Ever

Ad tech comes and ad tech goes. Nobody in tech can build everything on their own. Not even Google: Its ad tech stack is centered on DoubleClick, which it bought for \$3.1 billion back in 2007. That worked out nicely for the search giant. But throughout the recent mania for programmatic advertising, big platforms have made other acquisitions that don't look so great in retrospect.

Microsoft buys aQuantive for \$6 billion

May 2007

THE PROMISE: The deal came just a month after Google bought leading ad server DoubleClick. AQuantive, parent company of DoubleClick rival Atlas, was sitting pretty at a time when Microsoft was dead-set on one-upping Google.

THE RESULT: Atlas wasn't great technology, and it was by all accounts bungled badly by Microsoft. In 2012, Microsoft took a \$6.2 billion write-down from the aQuantive deal. Ouch.

Google buys Admeld for \$400 million

June 2011

THE PROMISE: Admeld was locked in a duel with The Rubicon Project and PubMatic to develop yield management software for publishers. Admeld was to serve as Google's cornerstone of its ad management suite for publishers.

THE RESULT: Admeld technology was mostly discarded. Its top executives didn't last long at Google. The deal ended up being chalked up to buying "relationships."

Google buys Wildfire for \$250 million

July 2012

THE PROMISE: Google was paranoid of Facebook's rise and sick of hearing it didn't "get" social. Wildfire, which provided social tools and services to brands, was meant to allow Google to capture more ad spending on platforms like Facebook and Twitter.

THE RESULT: Wildfire was a dud. Google never developed the platform and shut it down completely less than two years later.

Facebook buys Livelrail for \$400–500 million

July 2014

THE PROMISE: Facebook was tabbed as the best hope to rival Google in providing ad tech services. LiveRail, which specialized in video was thought the perfect complement to Facebook's deep pool of user data.

THE RESULT: Facebook came face to face with the poor quality inventory LiveRail had, and soon it pivoted to emphasizing its ad network over exchange buys. Less than two years later, LiveRail basically doesn't exist.

Inside Ad Tech Twitter

Twitter attracts all types, even those very into programmatic advertising. If you're looking for the lowdown on the latest in ad automation, here are the accounts you need to follow.

Very High



Jason Kint @jason_kint | CEO, Digital Content Next

Kint was general manager for sports at CBS Interactive before taking charge of publisher trade group DCN. While most trade group heads stay behind the scenes, Kint is anything but low key, offering a stream-of-consciousness on everything from ad blocking to data leakage to Ohio State football.



Ciraran O'Kane @cpokane | Founder, ExchangeWire

O'Kane has chronicled ad tech for the past seven years as the founder of ExchangeWire, a UK-based publication that's dedicated to programmatic. He's a true believer, ready to jump in to defend ad tech against its foes — and point out a lot of the hot air around ad blocking.



Eric Franchi @ericfranchi | Co-Founder, Undertone

Chops: Franchi co-founded an ad network that pivoted to embrace ad tech. He's on top of the development of programmatic and mercifully keeps self-promotion in check. Bonus: Franchi has a weekly newsletter for the ad tech hard cases.



Ari Paparo @aripap | CEO, Beeswax

Paparo is the founder of a "bidder as a service" startup — and a longtime ad tech veteran. Come for the ad tech knowledge, stay for the biting sarcasm and dad jokes.

Medium

TWEET VOLUME

Sympathize to The Nod

While some publishers are simply not letting ad-blocking software users access their sites, many others have adopted the polite approach. This means, in effect, begging people to turn off their ad blockers. Here's how Wired is confronting ad blockers.

The screenshot shows a browser window with the URL www.wired.com/2016/04/future-advertising-kim-kardashian-emoji/. The article title is "The Future of Advertising Is ... Kim Kardashian Emoji?". The main headline is "Here's The Thing With Ad Blockers". Below the headline is a sub-headline: "We get it: Ads aren't what you're here for. But ads help us keep the lights on. So, add us to your ad blocker's whitelist or pay \$1 per week for an ad-free version of WIRED. Either way, you are supporting our journalism. We'd really appreciate it." There is a prominent green "Sign Up" button and a smaller link for "Log in" for existing members.

The Overlay

People turn on ad blockers to avoid intrusive ads, so the best way to get their attention is an intrusive pop-up window.

Sympathize

This is just buddies talking, nothing more: "I feel your pain, even though I think you're taking money from us."

The Guilt

No big deal, you don't have to be in favor of democracy or a fair exchange of goods and services.

The Ask

There are no demands here. This is just a polite request.

The Sell

Life's about choices. Don't like ads? Here's another option.

How a Programmatic Ad Ends Up on Your Screen

Programmatic advertising is more human-powered than many people might think. Andrew Sandoval, director of programmatic media at The Media Kitchen, walked through the steps of a recent programmatic ad buy.

BY LUCIA MOSES

STEP 1

PLAN THE MEDIA

The client is a consumer packaged goods company that wants to spread the word about a new women's health product and get customers to download a coupon from its site. The client wants to reach women 25 and up, who were recently pregnant or menopausal. The plan is to use third-party and contextual data on the open exchange plus private marketplace deals to make sure it reaches women where they will be likely looking for health information relevant to the product.

STEP 2

THE PRIVATE MARKETPLACE

To guarantee that the campaign will get a minimum share of voice on key sites, the agency buys inventory on a private marketplace. A private marketplace can be negotiated directly with a publisher or accessed through an existing deal within a DSP. Those deals can take some back and forth, so if speed is the goal, going directly to the exchange is often preferred. "When you want to test or get something up quickly, storefronts are a good way to go," Sandoval says.

STEP 3

THE OPEN EXCHANGE

The agency also buys ads on the open exchange against key audiences, identified by third-party or first-party data, if available, to make sure it reaches a big enough audience at

low cost. The agency might run the campaign on various exchanges and test to see how the ad performs on each one. Or, it could be restricted to a whitelist of sites that are preferred by the brand.

STEP 4

FINE-TUNE THE CAMPAIGN

Other considerations are made based on the campaign goals and client. For this product, serving ads out of context could be awkward and potentially alienate would-be customers so the agency may overlay custom contextual targeting. "We want to make sure there's a need," says Sandoval. One of the primary goals of the campaign was to raise broad awareness, so frequency caps are added to make sure people didn't see the same ad over and over.

STEP 5

TRACK & OPTIMIZE

After a one-to two-month planning process, the campaign goes live. The campaign is planned in flights lasting a quarter or longer, but the agency will track and tweak it throughout. It may target different segments of the target audience and address them at different parts of the purchase funnel to see if one approach responds better than another. Online brand lift and purchase intent surveys will be used to validate that the ads are hitting the right audience and see if they impacted consumers' recall and purchase.

GLOSSY

Glossy is tech, fashion, luxury, wearables, Instagram, virtual reality, modern media, streetwear

www.glossy.co

The Digiday Dictionary

“Dynamic creative,” “influencers,” “omnichannel.” The plague that is jargon has infected the entire marketing and media industries. To cut through the muck – some of which befuddles and obfuscates by design – we created the Digiday Dictionary. Keep reading to find out what these buzzwords really mean.



- Ad blocking:** No mas!
- Agency of record:** Fall guy
- Agency review:** Free ideas
- Branded content:** An ad
- Brand newsroom:** Marketers with J-school degrees
- BuzzFeed:** Media for millennials living at home
- Circle back:** Send yet another unsolicited email
- Close the loop:** Get the credit card number
- Collaborative creative company:** Cheap agency
- Comic-Con:** The new SXSW
- Consumers:** Humans
- Content studio:** Copywriters with J-school degrees
- Cord-cutters:** See: Millennials
- Cord-nevers:** Gen Z
- Dynamic creative:** Retargeting
- Engagement:** When you get a person to like, favorite or comment
- Facebook:** Your parents' social network
- Gawker:** A New York City-based Socialist collective
- Google Glass:** Ghost town
- Idea consultancy:** Agency
- Idea factory:** Agency
- Incognito mode:** Porn tool
- Influencer:** Idiot teenager with more than 1,000 followers



- Internet of things:** Tweeting toilets
- Lumascap:** Clogged arteries
- LinkedIn:** Email marketing company
- Mashable:** Tech news without the tech
- Mic:** Watered-down news for snake people (See: Millennials)
- Millennials:** Snake people marketers love
- Mobile World Congress:** Apple's no-go zone
- Mobile-first:** Slept through first 10 'years of mobile'
- Multiplatform:** Can't get it right anywhere
- Native advertising:** An ad
- OTT:** TV you don't have to pay (the cable companies) for
- Oculus Rift:** Porn tool
- Omnichannel:** A buzzword that's impossible to correctly use in a sentence

- Periscope:** Piracy
- Pivot:** “Hope it works this time”
- Point of purchase:** Cash register
- Premium video:** Expensive
- Programmatic:** (See: ad blocking)
- Publisher:** Anyone with an Internet connection
- ‘Real time’ content:** A joke you see 10 minutes after the event it references is over

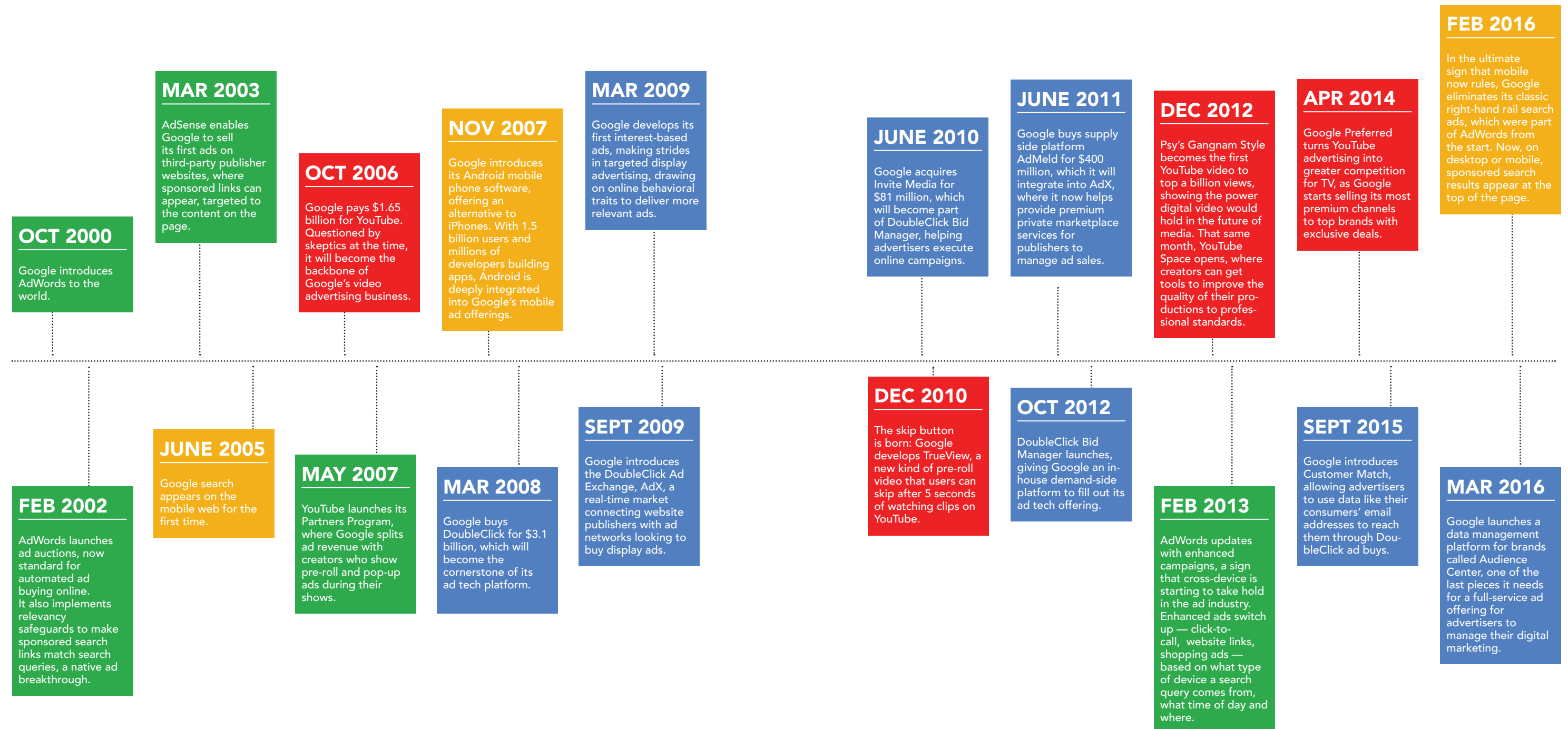
- SXSW:** A waste of time
- Sequential targeting:** Where retargeting should have been five years ago
- Slack:** Unsolicited GIF machine
- Snapchat:** “We're more than dick pics!”
- Sponsored content:** An ad
- Storytelling:** An ad
- Surprise and delight:** The same thing we did last year
- Television:** The big screen in your living room connected to your Apple TV
- Twitter:** Mob rule
- Vice:** An ad agency based in Williamsburg, Brooklyn
- Viewability:** Good luck with that
- Vine:** Six seconds of ... six seconds of ... six seconds of ...
- Viral:** “Post it to YouTube”
- Vox:** Media for millennials with jobs
- YouTube stars:** Teens with a webcam

How Google Ate Ad Tech

Google controls more than 30 percent of all digital ad revenue in the world. Here's a look at how the search giant got here, and the highs and lows of its ad business through the years.

BY GARETT SLOANE

■ Search ■ Mobile ■ YouTube ■ DoubleClick



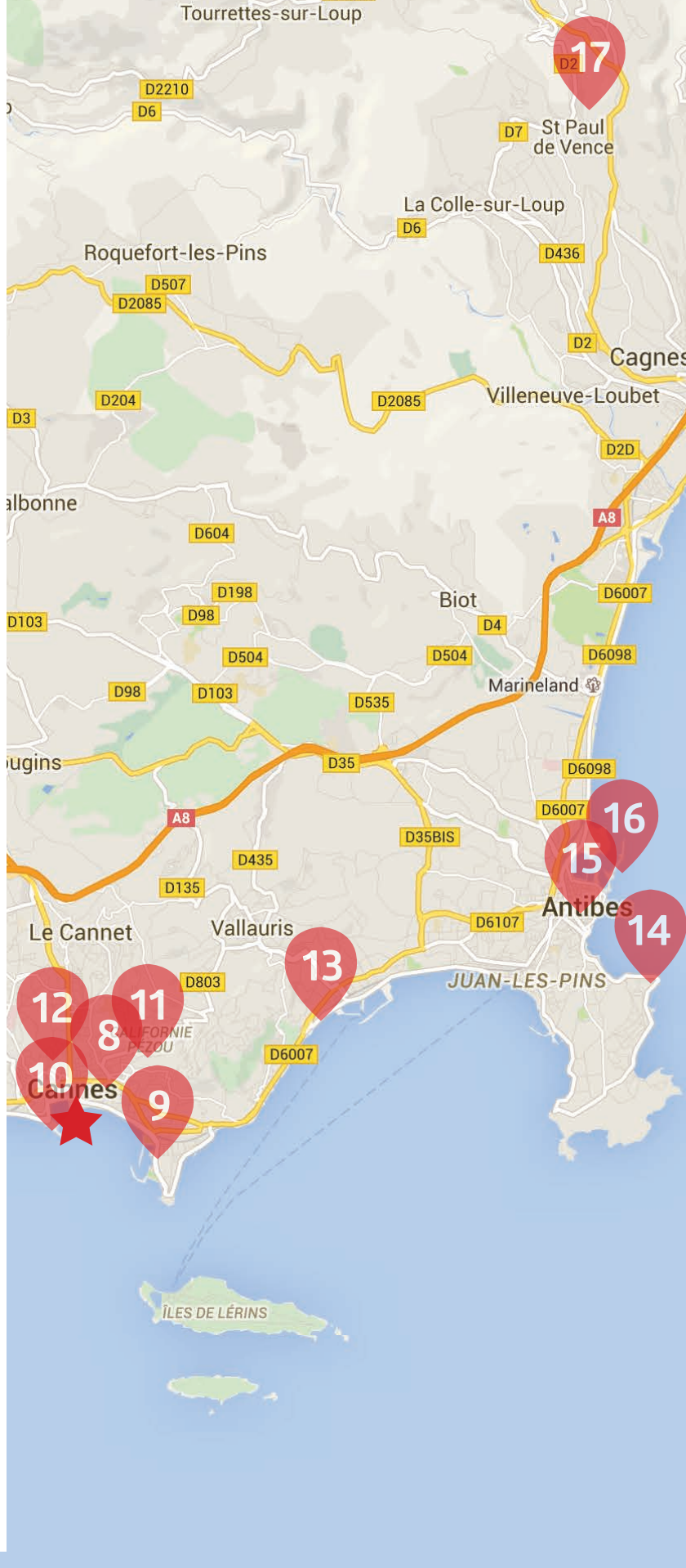
Where to Eat During Cannes Lions 2016

Welcome to Cannes! Eater, the go-to resource for food, drink, and restaurant obsessives, gets asked one question more than any other: where should I eat? While it's easy to stick around the hotels, there are plenty of can't-miss restaurants nearby. From a historic sixteenth century building to a seafood-focused gem accessible only by boat, this Eater Heatmap arms you with 17 standout spots to dine in the south of France.

- 1 Le Maschou**
 The menu at this small restaurant with a wood-burning oven is prix fixe, serving a rustic French country three-course menu.
 5 Rue Saint-Antoine +33 4 93 39 62 21
 06400 Cannes, France
- 2 Le Park 45**
 This hotel restaurant with a sleek modern dining room overlooking lush gardens serves the most inventive modern cooking in Cannes, including an excellent four-course vegetarian menu. Otherwise don't miss the delicious red mullet roasted with olive oil and lemon or the ricotta gnocchi with summer truffle jus.
 45 boulevard de la Croisette +33 4 93 38 15 45
 Cannes, Provence-Alpes-Côte d'Azur
 06400, France
- 3 Le Restaurant Armenien**
 A low-key insider's favorite for its warm hospitality, relaxed atmosphere, and the excellent Armenian cooking of chef Lucie Panossian, including the twenty mezzes that start any meal here.
 82 Boulevard Croisette +33 4 93 94 00 58
 Cannes, Provence-Alpes-Côte d'Azur
 06400, France
- 4 Mantel**
 Chef Noël Mantel, who trained with Alain Ducasse, serves delicious Provençal dishes like *les petits légumes de Provence farcis*, a traditional dish of stuffed baby vegetables with arugula, fried zucchini flowers, and sea bass with sun-dried tomatoes, lemon, and socca, a crepe made with chickpea flour.
 22 rue Saint-Antoine-Le-Suquet +33 4 93 39 13 10
 Cannes, Provence-Alpes-Côte d'Azur
 06400, France
- 5 Da Laura**
 A perfect Italian restaurant that could be found anywhere on the country's coast. It's slammed at lunchtime as people drink rosé at the outdoor tables, but the service is good and fast, and the wait is never crushing.
 8 Rue du 24 Août +33 4 93 38 40 51
 Cannes, Provence-Alpes-Côte 06400, France
- 6 Au Pot de Vin**
 A somewhat hidden bistro that's worth seeking out for the jambon alone.
 0 Rue du Commandant Vidal +33 4 93 68 66 18
 06400 Cannes, France
- 7 Côté Jardine**
 A Cannes favorite, this beautiful restaurant changes menus frequently according to the seasons and sources cheeses and produce locally. Go for the prix fixe — don't miss the gazpacho, langoustines, or clafoutis if they're on offer — and grab a seat in the garden.
 12 Avenue Saint-Louis +33 4 93 38 60 28
 Cannes, PACA 06400, France



- 8 Pastis**
 Enjoy Mediterranean and Provençal food in this beautiful French bistro located near the Cannes waterfront. On the handwritten chalkboard menu, find a variety of dishes to choose from. Try the Cote de boeuf avec frites maison, gnocchi, and poulet a la truffe.
 28 Rue du Commandant André +33 4 92 98 95 40
 06400 Cannes, France
- 9 Le Vesuvio**
 Visit this Italian hotspot on the promenade for generous pasta dishes, pizzas, and incredible desserts. Go early, as there is usually a line out the door — but if you're looking for a place serving up great food for reasonable prices, make sure Le Vesuvio is on your must-try list.
 68 Boulevard de la Croisette +33 4 93 43 70 94
 06400 Cannes, France
- 10 Le Mesclun**
 For seasonal Southern French cuisine, head to Le Mesclun. Expect standout food and service in an elegant setting.
 16 rue Saint-Antoine +33 4 93 99 45 19
 Cannes, PACA 06400, France
- 11 L'Antidote**
 This charming restaurant offers three set menus and great wine in addition to a la carte Provençal options.
 60 Boulevard d'Alsace +33 4 93 43 32 19
 06400 Cannes, France
- 12 Relais Des Semailles**
 This small, romantic restaurant is located in Old Cannes in a building that dates back to the 17th century. Try the fish of the day or the foie gras.
 11 Rue Saint-Antoine +33 4 93 39 22 32
 06400 Cannes, France
- 13 Tetou**
 Named after Ernest Cirio, the "king of Bouillabaisse," this beachfront restaurant's been open for almost a century. It's also cash-only so don't forget to plan ahead.
 8 Avenue des Frères Roustan +33 4 93 63 71 16
 06220 Vallauris, France
- 14 Restaurant de Bacon**
 Despite the name, Restaurant de Bacon happens to be an excellent spot for seafood. Located on the coast with beautiful views overlooking the bay, this place is also known for its popular bouillabaisse.
 11 Rue Saint-Antoine +33 4 93 61 50 02
 06400 Cannes, France
- 15 Les Vieux Murs**
 Located about a half-hour drive from Cannes in Antibes, this cozy restaurant serves gourmet seafood with a fantastic view overlooking the sea.
 25 Promenade Amiral de Grasse +33 4 93 34 06 73
 06600 Antibes, France
- 16 Le Figuier de Saint Esprit**
 An ancient fig tree shades and perfumes the terrace of chef Christophe Morisset's charming restaurant in a house in the old town. Here, find superb contemporary French cooking with a Mediterranean accent and spectacular desserts.
 14 Rue du Saint-Esprit +33 4 93 34 50 12
 06600 Antibes, France
- 17 La Colombe d'Or**
 Go for the atmosphere, stay for the food at this charming hotel and restaurant north of Cannes.
 St Paul de Vence +33 4 93 32 80 02
 France



View the full guide online at eater.com/cannes



Get a complete picture of your most relevant audience

Other DSPs show you pieces. BrightRoll gives you the complete picture. With more deep, diverse data sources than any other DSP, the BrightRoll DSP gives you a richer, more accurate view of the audience you care most about.

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More than any other DSP

Search

Email

Yahoo Apps

Mobile Analytics

TV Viewing

Content Consumption

User Registration

BrightRoll DSP
from YAHOO!

www.brightroll.com/demand-side-platform

Media

What We're Watching

1. VIDEO RISING

The rise of digital video means the promise of more eyeballs and ad dollars for publishers -- but not all will be able to figure out how to make money from this tricky business.

2. PLATFORM PAINS

With platforms constantly demanding new content, publishers have to get smarter about the bets they're making to spend their limited resources.

3. FREE RIDE'S OVER

The decline of organic reach on Facebook, Instagram means publishers can no longer take audience reach for granted on those platforms.

4. AD BLOCKING

It's gone mainstream, which means all publishers have to figure out how to best address ad avoiders.

5. BEYOND ADVERTISING

Events, e-commerce, memberships are tough to crack, but that hasn't stopped ad-challenged publishers from trying to wring new revenue out of them.

The Most Hated Man in Publishing

Roi Carthy, the CMO of ad blocking company Shine, says that having spent many of his formative years outside Israel, he's out of step with his typical countryman in some ways. He'd never cut ahead of someone in line. He was discharged from Israel's mandatory military service because he refused to hold a gun. With a slight build and easy smile, he's unthreatening, even genial.

And yet, when the subject returns to ad blocking, Carthy sees his quest to protect consumers from ad tech as nothing short of all out war.

Embattled publishers have found themselves face to face with a new enemy this past year: ad blocking companies. But perhaps none is more a thorn in their side than Shine Technologies, which threatens the mobile ad industry, and its combative frontman.

Carthy is a regular fixture at industry events, where if he's not on stage, he's in the audience, playing the gadfly. On Twitter, he regularly trolls his opponents. While other ad blocking companies present themselves as conciliatory to publishers, Carthy goes heavy on the military metaphors.

Carthy has called Shine's technology, which lets mobile carriers block all ads, a "nuclear weapon" and the first "military-grade protection against ad tech." He's fond of likening advertising to "consumer abuse."

Last year Shine rattled the industry with a full-page ad it took out in the Financial Times that pictured Muhammad Ali standing triumphantly over a defeated Sonny Liston. The text underneath read: "The @iab



knew we could block. Now they know we can punch, too."

On panels, publishers and ad execs haven't taken kindly to Carthy's tough talk. On a panel at the Mobile World Congress in February, fellow panelist Nick Hugh, vp of EMEA for Yahoo, shot back: "Sorry, I know you're the arbiter of what's good for the consumer, but I just don't get how that is good for the consumer." Benjamin Faes, managing director of media and platforms at Google, said, "I'm really concerned by this black-and-white thing. I don't feel 'abused' by my mobile phone."

Offstage, Carthy is unapologetic. "You're asking an Israeli if he's opinionated?" he said in an interview. "Yes; culturally, we're opinionated and I'm opinionated. But having been called opinionated, I'm guilty as charged."

'We're not doing it for shits and giggles'

If it were just talk, publishers might simply write off Shine as a pesky irritation. But they see the company's approach itself as endangering the mobile ad business. Other ad blockers like Adblock Plus require consumers to proactively install on their desktop browsers. Shine blocks ads at the network level — wiping out all ads by default. Last year, Jamaica's Digicel has said it would start using Shine to block ads across its mobile network. This year, Three became the first European mobile

Ad blocking is a royal pain for publishers, but no company rankles them more than Shine, with its military metaphor-loving frontman.

BY LUCIA MOSES



carrier to adopt the technology. Carthy said Shine has been tested with a network in the U.S. but wouldn't say which one.

To date, ad blocking has mainly been a desktop concern. So by going after mobile, Shine also is taking aim at a segment of advertising that, while smaller compared to desktop, has been relatively safe.

Publishing trade associations say they highly doubt Shine's approach would be legal in the U.S., but they're still fighting back in kind.

Dave Grimaldi, executive vp of public policy of the IAB, in April wrote that network-level ad blockers like Shine represent an "insidious" trend. "These bad actors are stealing from publishers, subverting freedom of the press, operating a business model predicated on censorship of content, and ultimately forcing consumers to pay more money for less and less diverse information," he wrote.

In an interview with The Wall Street Journal, IAB president and CEO Randall Rothenberg called ad blocking companies including Shine "piss ants" with "silly titles and funny walks who are individually relevant."

For his part, Carthy calls the current IAB leadership "misguided" and points out that the trade group also profits from ad tech, a reference to the fact that those companies make up a portion of its membership.

"We don't enjoy being the bad boy," he says. "We're not doing it for shits and giggles. We've used certain rhet-

oric that's extremely uncomfortable for the other side."

'This is no time for subtlety'

Behind the rhetoric, Shine has legitimate backing and technology expertise. It started in 2011 as a mobile anti-malware company. It's

raised \$3.3 million from Horizons Ventures, whose founder is Hong Kong business magnate Li Ka-shing. Shine has also gotten backing from Initial:Capital, where Carthy is managing partner. Shine is based in Israel and has 40 employees.

After it started distributing its anti-virus software, Shine realized its technology could be retooled to deal with ad targeting. Thus its ad blocking focus was born.

Carthy easily moved from investor to becoming the company's spokesman. As a kid in Israel, he first learned about tech from his father, who worked at major computing company, Digital Equipment Corp., and was using email back the late 70s. Roi worked in marketing at various tech companies. Along the way, he convinced TechCrunch founder Michael Arington to let him write pieces about Israeli startups for the Silicon Valley blog, which helped him sharpen his communications skills.

The stakes here are high. The percent of people in the U.S. using ad blocking grew 48 percent to 45 million monthly active users, costing publishers \$22 billion in 2015 according to an Adobe/PageFair report. Publishers have been fighting back with a variety of tactics, cleaning up their ads and asking publishers to turn off their ad blockers or support the publication in other ways.

Yahoo's Nick Hugh said if Shine really wants to help publishers, it should help explain why people block ads in the first place, information that can help the industry move forward. "We firmly believe the internet has been ad-funded for good reason," he says. "That's what drives innovation. If you remove that, you remove the ability to fund that innovation."

For his part, Carthy says he's spending more time talking with industry stakeholders about what comes after ad blocking (though he wouldn't name any, saying the conversations are confidential). "There was a misunderstanding and mischaracterization of our objectives. It was never to end advertising.



It was never to end publishing. Have we been flamboyant about it? Sure. A message had to be sent. But now it looks like we have to solve it for consumers but also with advertisers and publishers."

That pause in the militaristic bluster was brief, though. Two weeks later, lest he be seen as softening his stance, Carthy fired off an email to Digiday with the subject line, "Powerful quotes" in which he offered statements including, "Google has criticized Shine for being a blunt tool. They're wrong — we're not 'blunt,' we're brutal. As brutal as the problem. This is no time for subtlety."

Clearly, Carthy's invitation from the IAB isn't coming anytime soon. ■

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Nerds of Advertising

Here's to the number lovers, the algorithm makers, the data crunchers and tech-obsessed. These are the people who make digital ads run on time.

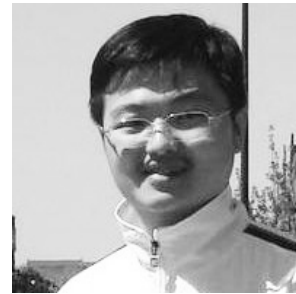
BY GARETT SLOANE

Move over creatives. Advertisers need ad tech geeks to tell them about their target audience, what gets them going, how to get a message in front of them and then how to understand if that message worked. Here's to the lovers of numbers at the ad networks, marketing clouds, and measurement and data targeting companies in advertising.



Anna Nicanorova
28
Director of Annalect Labs
Annalect

Nicanorova is a mountain-nerd. She does two things with extreme meticulousness, build algorithms and plan ascents of mountains like the highest peak in Latin America. Her algorithms are used by the top brands to inform their marketing. "Most of the time I am building algorithms and algorithms feed on data — not having data is like starving your algorithm," Nicanorova says. She also clearly loves art, and names algorithms after painters like Warhol. Her latest algorithm sifts through millions of images online and spits out patterns, able to tell a brand the hair color of its most loyal customers or how sunsets in pictures on Instagram impact consumer sentiment. "When you're on a mountain trying figure out a good route, problem solving is a skill that comes in pretty handy," she says.



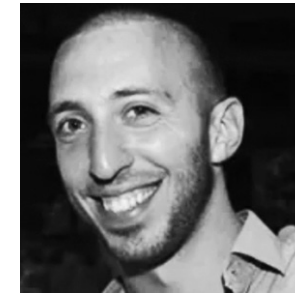
Xin Bruce Chen
33
Senior data scientist
Adelphic

Data can be an unwieldy beast. There's just so much of it that it can be hard for advertisers to even put to use. That's where Chen comes in: He's a data tamer. "Solving this 'Big Data challenge involves more than just storing high volumes of data, we also developed highly efficient machine learning algorithms that process the streaming input while minimizing the memory footprint," Chen says like a total nerd. Chen and a partner at Adelphic, David Rydewski, build algorithms that make sense of hundreds of millions of users' profiles, and make them useful for buying ads through computer-based trading online. Outside work Chen is active in the open-source artificial intelligence community. "It teaches me much more than I ever learned from college," Chen says.



Amy Li
27
Software dev engineer
4C

Li is somewhat of a social media anthropologist. She studies people on Facebook and Twitter to understand their personalities and their affinities for brands. She can tell how a person responded to certain content in the past to help brands communicate with them in the future. For instance, what could a passion for romance novels tell a brand? Li says it means that romance readers are looking for long-term relationships, a Prince Charming. She has worked with an online dating site to identify these Joan Collins fans, and distinguish them from people looking for casual encounters, which are all good insights to help a dating site target its ads. "I am passionate about understanding human behaviors," Li says.



Zach Schapira
29
Product marketing manager
Sizmek

Schapira is the defender of the advertiser. "One thing I have been writing about recently is this concept of grey lines, where people draw the line between valid and invalid traffic. There are murky areas that if advertisers knew about, they'd consider the traffic invalid," he says. Sizmek is a third-party measurement company that helps brands analyze online campaigns. He says one practice is gaining traction to the detriment of advertisers: Publishers are treating the same ad space like a carousel, rotating multiple ads in one spot to the same reader visiting a page. Advertisers would likely be unhappy if their "100 percent viewable" ads were auto-replaced every 15 seconds with another brand's ad, Schapira says.



Liam Doyle
37
Salesforce Marketing Cloud
VP of ads product

Doyle says data is great for damage control, not just targeting ads. Sometimes the most effective ad is none at all, especially when a customer is irate at a company. "You do not show ads when someone is having a bad service experience," Doyle says. Salesforce has developed "exclusion audiences" for brands to put customers in marketing timeouts. Companies can identify groups of people who are not in the mood to hear from them. It's just one part of the customer management software that helps companies track what consumers are saying online, in social media, and during customer service calls. The data can lead to some interesting insights and dictate how a brand should approach clients.

Video Everywhere

Eyeing lucrative video ad dollars, publishers are adopting outstream video en masse. Advertisers are playing ball, but have some concerns.

BY SAHIL PATEL

As video eats the internet, it's given rise to a new type of ad format — one that doesn't even require the user to be watching a video in order to see the ad.

Welcome to the world of outstream video.

What is outstream, you ask? It's any ad unit that's not directly attached to a piece of video content. These units can run inside of an article — often popping up between the third or fourth paragraph — or on the corner of the page as users scroll down. For digital publishers, under constant pressure to generate more ad revenue, outstream is quickly becoming a core part of their sales strategy — the money's hard to pass up.

Chasing the green

A Forrester study of 529 publishers, brands and agencies found that 69 percent of publishers, 70 percent of brands and 77 percent of agencies believe outstream will be a more important part of their overall advertising portfolio than it is today.

Many believe growth in the format is the result of it becoming increasingly harder to find true premium video inventory. There are only so many placements on Hulu, websites from video publishers and top-performing YouTube channels, the argument goes.

Outstream can help solve for that by adding inventory where there previously was none.

"I put it right next to traditional video [in terms of value]," said Achir Kalra, svp of revenue operations and strategy partnerships at Forbes, which has been using outstream video for three years and comes close to selling out its inventory on a regular basis. "It's ramping up, and we're hopeful that it'll be a big chunk of revenue in the next two or three years."

While the range of publishers using outstream video is wide, the format is becoming a popular way for publishers that are not known for video to still make money off the format.

"For us, it's the ability to monetize with video," says Christian Baesler, president of Bauer Xcel Media, a division of global publishing giant Bauer Media. "We decided not to play the traditional video game, which is producing video at a high cost and then trying to draw an audience for that content, which is hard to do. It's hard to make video work profitably unless you're an existing video company. It's hard to create content and it's extremely hard to generate viewers that can be monetized."

When sold programmatically, Bauer Xcel is seeing outstream CPMs in the \$3- to \$5-dollar range, which is "good for a program-

matic ad," says Baesler. As a point of comparison, sites like Hulu can command premium video CPMs in the \$20-\$40 range.

That's on the low end, however. Industry sources say prices for outstream ads can top \$50, when sold on a cost-per-completed-view basis. (Of course, it's easier to charge for impressions than guaranteed completions.)

Advertisers are warming up to it

One advertiser that's bullish on the ad format is Aria Hotels & Casino, which has been shifting some of its TV budget to outstream video, said director of marketing Derek Schoen. "Even with our most efficient cable buys, we're still looking at a \$12,000- to \$15,000-CPM," he said. "On outstream, we can get a \$7 CPM, no problem. On social, it's even cheaper."

Outstream campaigns run by Aria between June 2015 and March 2016 saw an overall video completion rate of 46.5 percent. The number jumped to 75 percent for 15-second commercials versus 30-second spots.

By and large, most advertisers view outstream as an awareness play because it's inexpensive.

"Unless you're Coke with billions of dollars to spend, it just makes sense," said Schoen. "You can reach the right audience with the right message at the right time, and it's cheaper than TV."



And yet, it's not without its own challenges

Publishers are helped by the fact that advertisers are coming around to outstream video. Disillusioned by display and video ads running in non-premium environments, or goosed with non-viewable or human impressions, outstream seems attractive because it's delivered within an article.

"Because of the legacy of the digital ad industry, brands realize that a lot of ads are not viewable," says Bertrand Quesada, CEO of Teads. "They're realizing that their content is not running in the premium environments they were told they were."

With outstream, the viewer has to come across it, even if they don't click on the ad to turn the sound on.

"Outstream is an evolutionary step in terms of where money used to go, which was in-banner streaming," says Mark Book, vp and director of Digitas Studios at DigitasLBI. "People are now turned off by that. Outstream puts your brand more front and center, typically, and it gives you a better shot of people actually watching your ad in a manner where it isn't instantly going to be passed over."

That said, this doesn't mean outstream is the white knight coming to

save the day for advertisers — it can still be used ineffectively.

"When you're doing massive buys and are looking for efficiencies — the lowest CPM or CPV you can get — sometimes you overlook where that placement is going," said Book. "That's where [advertisers] get into trouble because it's not adding any value to what [the user] is doing."

Part of the problem is also targeting, which is not as sophisticated even on premium sites as it is on, say, Facebook. "I wouldn't consider Facebook as outstream — it's more in-newsfeed to me," said Book. "The amount of data [Facebook] has and its ability to target both on the consumer side and the contextual side makes it a very great system to deal with." ■

Programmatic TV's "secret society"

At Mitch Oscar's meetings, people check their rivalries at the door and tackle the problems of data-based buying together. "It's the fellowship of the programmatic television ring."

BY LUCIA MOSES



While back, Mitch Oscar, the head of programmatic TV at U.S. International Media, sat down at his computer and tapped out an email. Oscar had come to the conclusion that burgeoning area of programmatic television was a mess and that something had to be done about it. There was no general agreement on the definition of programmatic and a subset, addressable TV. It was hard to make sense of all the data out there and figure out how to best apply it.

So Oscar said he was forming a "secret society" to tackle some of these issues and shed some light on an industry notorious for transparency concerns. He convened its first meeting last October over sandwiches at USIM's offices in Midtown New York City. The name is something of a misnomer -- the meetings are all about shedding light on a little-understood area of buying and having an open exchange of ideas. And Oscar is in his element. A 40-year vet of the agency world, he's long been known for assembling alliances and working groups. At his meetings, he plays the gracious host, greeting people at the door, making introductions. "It's the fellowship of the programmatic television ring," he cracks.

At one, he handed out face masks as a joke.

The meetings have taken place quarterly, and attendees say the distinguishing characteristic is the collaboration and openness. Oscar has gathered heavy-hitters representing a cross section of buyers, sellers and tech and data companies including Sinclair Broadcasting, Starcom, OMD, Nielsen, comScore. Some of them are competitors, and that's O.K. "Everyone's in a room with the understanding that he's not pitting people against someone else," says Jon Spaet, vp of networks sales and development for Sinclair. "I'm competitors with some, clients of others. It's so ironic -- we're throwing secrecy out the window."

"I've had friendly meetings I wouldn't have ordinarily had."

The attendees are regulars at other industry functions, but say the candor that takes place during the secret society lunches is like nothing they've experienced. At the first meeting, Oscar shared with the group his agency's own programmatic buy for Aruba tourism, the strategy behind it and what they learned. The meetings



center around attendees presenting case studies of programmatic buys, and while the client may stay anonymous, the speakers liberally share details about the pricing, parameters and results of their campaigns. "You never see that," says Frank Foster, who's formerly of TiVo and is now doing consulting. "That free exchange of ideas is what Mitch is after."

The atmosphere is collegial; attendees will often trade business cards and independently follow up with each other afterwards. "I've had friendly meetings I wouldn't have ordinarily had," Spaet said.

The idea is that by sharing ideas and best practices, everyone benefits. "Mitch is saying, 'We've bought TV the same way for years, we now have access to data,'" Foster says. "Let's get people together to find out how they use the data. Are we learning anything we can use to be effective?"

The term programmatic TV is something of a misnomer; television isn't yet being sold through the same programmatic pipes that

digital media are. But the TV ad industry is starting to open itself up to change. Buyers are looking beyond the traditional way of buying Nielsen audiences and looking to big data to find audiences that advertisers want. With addressable TV, they're able to pinpoint a TV ad to a specific household.

"That free exchange of ideas is what Mitch is after."

Naturally, with these changes come tension and concerns. There are questions about the transparency of the process; some question if agencies are being fully open with the client about what inventory they're buying, and at what cost. Does adding data to the process make the buy more expensive or commoditize the media?

The process pits also TV and digital cultures against each other. Historically, television has been and is still sold largely behind closed doors, in face-to-face meetings. Context is king; no one ever got fired for buying the Today show, as they say. But digital-informed buyers, frustrated with the limitations of Nielsen, have little use for the old ways and want to explore better ways to buy TV.

"It used to be, buying TV, you used Nielsen," says Brad Danaher, a television partnership director in the targeting division at Experian Marketing Services. "Now, it's educational, attitudinal [data]. And how do you measure that? It's gotten more complicated. They

don't just want to buy women 18 to 34; they want women who shop at Chili's and have a household income over \$100,000 and are Hispanic. And the buyer says, 'Where am I going to find all that?'"

Those inherent tensions and history of opaqueness in the industry are what makes the collaborative spirit at these meetings all the more unusual. And the goal goes beyond making people reach across the aisle. There's a data spinoff group that's looking at a programmatic case study and planning to make recommendations based on it. The ultimate goal could be to share the findings more broadly with industry trade bodies that look at best practices for using data.

And if nothing else, the meetings force people to break for lunch during the seemingly longer and longer workday. "The 24-hour day is now the 32-hour day," Oscar says. "That's where we can say, give me a break." ■



Marketing

What We're Watching

1. **THE PRICE OF INFLUENCE**

Influencer marketing is the channel of the moment, but brands and agencies are already scrambling to figure out if the bubble is about to burst. Expect a reckoning in the market.

2. **I LOVE FACEBOOK, I HATE FACEBOOK**

Everyone's favorite frenemy is calling the shots almost everywhere, from live-streaming to VR to chatbots.

3. **EXECUTIVE-LEVEL FOMO**

With new platforms cropping up everywhere and the options to spending your media dollars seemingly limitless, fear of missing out is driving many business decisions — maybe too many.

4. **AGENCIES, BRACE.**

Spotlight is on holding companies after the ANA released a new report that shed light on non-transparent media-buying practices. But clients aren't off the hook, either: Some of those practices may implicate them as well.

5. **JOHN WANAMAKER IS STILL SPOT-ON.**

Digital was supposed to make everything more accountable, but it didn't really work out that way, forcing brands to worry even more about whether they're actually being swindled out of their marketing dollars.



The Candy Whisperer

How Farrah Bezner learned to make do with less.

BY SHAREEN PATHAK

It was Christmas in Canada in 2001, and Farrah Bezner was taking the long route home when she stopped outside a Hallmark store window and stared at a display featuring mugs. For every mug you bought, you were given a free sachet of Tetley Tea on the house. The entire window was covered in Tetley Tea signage.

“Huh,” said Bezner, who at the time was a brand assistant working on Mondelez-owned brand Maxwell House Coffee with a budget that was less than half a million dollars. “Our sample is the same size as that tea sample.”

It was an ah-ha moment that would go on to define the evolution of her career: By next Christmas, Tata-owned Tetley was gone, having been replaced by Maxwell at her urging. And her star was on the rise at Mondelez.

“It’s a total Canada thing,” says Bezner today, of her ability to do more with less. From a marketing perspective, Canada is a tiny market where small budgets and strapped resources are common.

Today, as head of new business ventures at Mondelez, her mission is to do what she did with Maxwell at scale: Take on small-time brands that have what marketers call “brand equity” but are otherwise neglected and grow them without taking on too many resources of the \$23 billion company.

It’s a tall order, but Bezner knows how to make do. When she was marketing director at Trident Gum from 2012

to 2013, she wanted to bring back to life an old, beloved campaign called “Pay me in Gum,” but didn’t have the budget. She literally paid the agency — Mischievous Studios — in gum to bring the campaign back. The creation and production of a commercial was paid in, specifically, Strawberry Citrus Trident Layers. She has since turned Trident into a profitable brand for the first time in the gum’s history. Gum sales overall are disappointing in the U.S., analysts say, but both Trident and Dentyne continue to grow at Mondelez.

“Even less than \$20,000 can turn into magic,” she says.

She made similar magic next with Sour Patch Kids, where in 2014 she had a simple-sounding goal: make Sour Patch Kids, already well-loved if not ubiquitous, “famous.” It started with a clear insight for Bezner. When people were asked what their favorite candy was, they’d rattle off a list of names. Snickers. Twizzlers. Skittles.

When they were asked a follow-up question about Sour Patch Kids, they said: “Oh, I love those.” It was on Bezner to bring the candy to the front of mind of those people who already liked it. Instead of conducting expensive focus groups with these candy fans, though, Bezner did some creative Googling. Per Wikihow, a how-to site modeled after Wikipedia, famous people all shared three characteristics: uniqueness, a multidimensional personality, and famous friends.

“

EVEN LESS THAN \$20,000 CAN TURN INTO MAGIC.”

“

HOW DO WE HACK OURSELVES BEFORE SOMEONE HACKS US?”

So that’s what she did, all on the cheap.

Sour Patch Kids was one of the first candy brands on Snapchat to partner with an influencer, giving it that aforementioned “uniqueness.” The candy brand partnered with storytelling platform Wattpad to get people to tell their “sour, then sweet” love stories, which added depth to it. And it recruited famous friends via The Patch, a home-away-from-home for up-and-coming musicians with locations in Austin and Brooklyn. The Patch offers musicians like Zella Day a recording studio and a place to crash in exchange for content. When bands upload tweets, videos or photos, they use #ThePatch. At the time, it was revolutionary — an authentic way to engage with teens that didn’t feel forced — and most importantly, uncool.

It all paid off. Last year Sour Patch Kids was the fastest-growing candy brand in the world, per Euromonitor. Gum and candy revenue alone increased 3 percent at Mondelez according to its last earnings — and it’s led by Sour Patch.

“My work here is done,” says Bezner, who today enjoys being able to just partake in about one meeting a month for Sour Patch Kids, which is “essentially running itself.”

So now it’s time to turn her attention to her other “kids,” as she calls her brands. Mondelez has seven bil-

lion-dollar brands: Cadbury, Cadbury Dairy Milk, Milka, LU, Nabisco, Oreo and Trident. But those don’t interest Bezner. She likes the lower profile well-loved brands — the likeable quiet kid that may not be as cool as the others — like Barnum’s Animal Crackers, which have a lot of that brand recognition but not enough scale to demand actual resources.

There was no such role at Mondelez before Bezner took it. And it’s important to the company’s future, too. When Kraft and Mondelez split into two in 2012, Mondelez got the all-star brands — Oreo, Toblerone — while Kraft got the cheese and the salad dressings. Mondelez was a growth engine, but over time sales volumes have dropped and the company’s CEO, Irene Rosenfeld, is facing pressure to keep margins up.

So Bezner is putting on her startup hat. She calls it “hacking ourselves,” figuring out how a giant like Mondelez can do more with less. And that means figuring out Mondelez’s point of view in a world where startups and small organizations rule. “How do we go nimble, how do we hack ourselves before someone else comes and hacks us?” she says.

One challenge is coming from an increasingly health-conscious society in which refined sugars are being demonized as the next Big Tobacco. The other is going toe-to-toe with giant competitors like Mars or Hershey’s.

There are also challenges in the digital space Mondelez needs to solve: In June, the company announced a large-scale shift in how it would advertise to resemble a media company more than a brand, partnering with 21st Century Fox and BuzzFeed to create content and apps — including a game for Sour Patch Kids. The brand hopes 10 percent of its media investments will either break even or make a profit by 2020.

While many of those shifts are happening at a level much higher than hers, Bezner is embodying the new, modern marketer. Her Canadian frugality and an ability to do more with less is what has caught the attention of higher-ups at Mondelez.

“Some of the best stuff we’ve done as an organization we’ve done with her,” says Bonin Bough, head of ecommerce and media, who Bezner says “took her under his wing” when she came to New York from Canada. He’s talking about Sour Patch Kids, but also a program for Trident in 2014 that was the first TV show built around conversation spikes on Twitter.

And to think to it all started with stumbling on a Tetley tea display: “What she’s done well is read the tea leaves of where consumers are going,” says Bough. “She’s willing to take calculated risks without issues of ego or fear.”



Lifestyle Overload

Chevy and Chobani. Calvin Klein and Listerine. Etihad Airlines and Volcom. If every brand bills itself a lifestyle brand, what does the term even mean anymore?

BY TANYA DUA

Listerine is the mouthwash for the bold and adventurous. Etihad Airways caters to the fashion set. Chobani is billed as the yogurt for the health conscious and aspirational.

On the face of it, these disparate brands have nothing to do with each other. But all three of them have one trait in common: They all deliberately bill themselves as lifestyle brands.

While the idea of a “lifestyle brand” is nothing new, never before have so many brands fought so hard to align themselves with one lifestyle or another. Today, more than 2,700 brands from Calvin Klein to Volcom identify themselves as “lifestyle” brands in their Twitter bios, according to social media analytics firm Brandwatch. And as the term pops up in campaign after campaign, experts caution that the word itself risks being stripped of meaning.

“With ‘lifestyle brand’ being thrown around as a term as much as it is today, it has lost meaning and been watered down,” says Marlene Morris Towns, professor at Georgetown University’s McDonough School of Business. “What’s worse is that brands are not only desperately trying to tap into existing lifestyles, but sometimes create non-existing ones. Just look at Goop — whose lifestyle is that?”

In other words, one doesn’t just decide to become a “lifestyle brand.” The quintessential lifestyle brand — think Apple, Nike or Ralph Lauren — evolves over time. Nike, for example, started out as a product-focused company that made innovative running shoes at a time when running was a relatively niche sport. But over time, as running became mainstream and society at large became more health conscious, Nike came to embody a universal attitude that reflected grit, determination and self-improvement. Some of that was through marketing (“Just do it!”) but much of it was being at the right place at the right time. Today, Nike appeals not only to runners, but has come to symbolize an athletic subculture across different sports. Bonus: You don’t have to be an athlete to rock Air Jordans.

Central to Nike’s success as a lifestyle brand was the ability to change with the times in a way that reflected the zeitgeist. Brands that fail to evolve — even established lifestyle brands — risk fading into irrelevance.

The Gap, for example, was once the very definition of a successful lifestyle brand. It embodied “a preppy, young lifestyle that thousands of mall-frequenting teens aspired for,” says Lionel Knight, svp of planning at agency Upshot. More recently, faced with plum-

meting sales and company-wide layoffs, the company has been accused of being out of touch. Gap’s 2014 “Dress Normal” campaign, which tried to capitalize on the normcore trend, was a dud. It spoke to how tone deaf the once-trend-setting company had become.

“One of the biggest dangers of being a lifestyle brand is that perceptions and tastes that once thrived go out of fashion and you risk being outdated,” says Knight. “Gap and Abercrombie & Fitch were both great lifestyle brands at the turn of the last century, but didn’t move with the times and adapt to people’s lifestyle shifts fast enough.”

Building a true lifestyle product can take years, if not decades. Apple didn’t gain widespread appeal overnight, it remained for years the design-focused luxury alternative to other brands like Dell and HP. What remained constant was that its prod-

ucts always represented both functional quality and cutting-edge style, being social signifiers and catering to a certain kind of luxurious lifestyle.

“You can’t just claim to be an experiential brand, you must walk the talk,” says Raja Rajamannar, MasterCard’s global chief marketing officer. “Consistency is the most critical, you have to keep doing it for years before consumers start associating you with their lifestyle.”

The most successful “lifestyle” brands today are those that add some kind of utility to consumers’ lives, according to Erich Joachimsthaler, CEO at brand consulting firm, Vivaldi Partners.

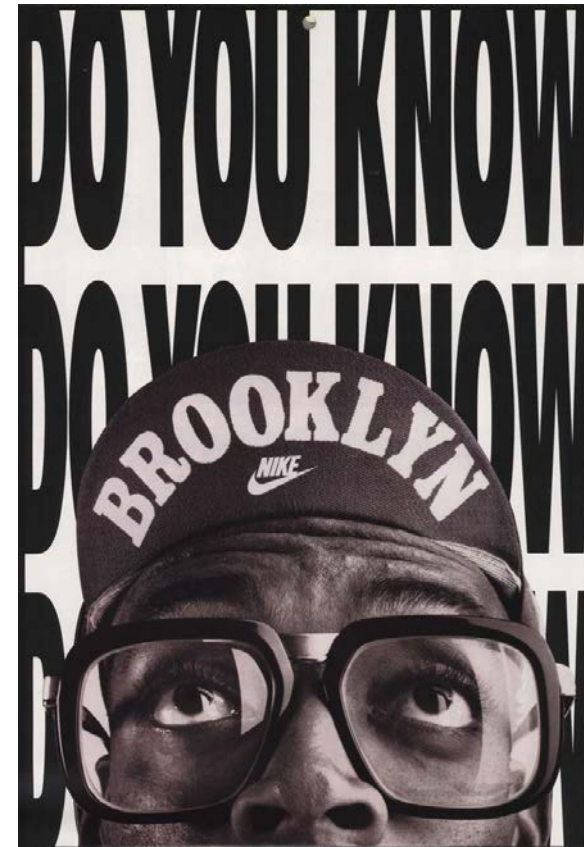
“The old way to become a lifestyle brand was to borrow the values of a particular lifestyle and make it a part of your own DNA,” he says. “Today, it’s the opposite. To become a lifestyle brand, the brand needs to

contribute a new aspect to the existing lifestyle of the consumer. It needs to become salient in their lives.”

Tesla and Starbucks understand this. Tesla, for one, isn’t trying to create yet another premium car — it is trying to solve a problem. It is an alternative to every other car company out there, with its mission to curb our reliance on fossil fuels and help create long-term sustainability. Starbucks, on the other hand, is elevating the customer experience of buying coffee by streamlining it at every step of the way with beacons and apps providing both personalization and functionality.

Of course, brands could just steer clear of the term “lifestyle” entirely. Even though its brands Axe and Dove both clearly cater to very specific lifestyles, Unilever steers clear of the L-word entirely, says Rob Candelino, general manager and vp of marketing haircare at Unilever. Unilever instead looks at it as adding value to people’s lives, which it does by “driving brands with purpose.”

“Not all brands are lifestyle brands,” he says. “Nor should all brands aspire to be.” ■



“
“YOU RISK BEING
OUTDATED.”

The Snapchat Effect

The ephemeral photo sharing app has become the next frontier for fashion designers as they seek to reach consumers with behind-the-scenes looks at products — and their own personal lives

BY BETHANY BIRON

Two days before its New York Fashion Week show in February, Marc Jacobs announced it was launching a Snapchat account. Just a few months prior, Alexander Wang used the app as a means to invite followers to an exclusive event, and other competitor luxury brands were swiftly following suit, trying to lure consumers with the app's fleeting images.

In fashion — and especially fashion marketing — everything needs to be just so. It comes as something of a surprise that fashion houses from Louis Vuitton to Burberry have been going deep on Snapchat, a photo sharing app known for off-the-cuff spontaneity.

Yet use of the disappearing-message app is proliferating through the fashion industry, as designers and brands clamor to entice consumers with behind-the-scenes looks at the latest products. Though the fashion industry is notoriously a step behind in adopting the latest tech trends — take Vogue, which just launched its first app in early May — it is beginning to use the swelling numbers of users on the platform.

Daily video views on Snapchat have increased fourfold since May 2015,



up to 8 billion. Snapchat has become the favored platform among teens, according to a recent Piper Jaffray study of 6,500 teens.

Despite the rapid growth of the medium, brand adoption has been slow to catch on. Claude de Jocas, director of L2's Intelligence Group, says that while fashion is drawn to Instagram for its ability to replicate "highly polished print ads you would put in Vogue or Harper's Bazaar," Snapchat enables a unique form of engagement.

"While Snapchat isn't a live streaming video platform in the way Periscope or Meerkat is, it's such a video-first platform," she says. "It creates this real-time life experience, conducive to sharing a raw, unfiltered look at what the brand is doing."

De Jocas says fashion brands that are "digitally native" have been most effective at using the platform, noting Rebecca Minkoff and Kate Spade as exemplary brands. Meanwhile, older, more traditional companies like Valentino have turned to Snapchat to rejuvenate tired marketing models.

The digitally native brand

For Rebecca Minkoff and Kate Spade, who founded their companies



in 2001 and 1996, respectively, the internet has always been an integral part of their growth strategies. Particularly for 35-year-old Minkoff, social media has been an inherent part of her life, putting her ahead of more storied fashion houses like Burberry.

"The brands that have done a very effective job on Snapchat can be bucketed into two groups. The first is the fashion brands that have grown up around digital and have always had to do brand building in the digital world," De Jocas says.

These younger brands are helping to pave the way for more established brands like Valentino, which began its foray in social media with Instagram.

"Valentino saw so much success [on Instagram] that they quickly and nimbly moved that programming over to Snapchat," De Jocas adds. "They've been able to drive authenticity and pull back the curtain on such a highly editorialized look."

Legacy brands tap new audiences

Designers and brands that have shifted their focus to Snapchat are now trying to figure out how ways to



use it, whether it's sharing exclusive product launches or promoting events. Burberry, which became the first luxury brand to host a Snapchat Discover channel, shared 24 hours of content around the theme "How to Be a Modern Man" for a new men's fragrance.

"It may just be a little 45-second vignette of [employees] in the office showing the product, but it's one of the most effective mechanisms of building excitement and buzz," chief digital officer Thoryn Stephens said at the Retail & Consumer Packaged Goods Executive Summit in New York City in May.

Beauty brand Glossier announced three new lip balm products on its Snapchat account, while fashion brands like Alexander Wang used the platform to invite consumers to special functions.

"For us it's about engagement," Sarah Hudson, public relations manager at Glossier, told Digiday in a previous article. "Thankfully our community is really active on a variety of different platforms. We really play around to see which ones perform the best, and that strategy changes from launch to launch."



A look at the designers behind the brands

Beyond pure promotion, Snapchat has become a way for exclusive brands to personalize themselves via candid glimpses into the lives of the designer, whether it's a post of Prabal Gurung's redeye flight to San Francisco or Rebecca Minkoff's wine night.

Gurung and Minkoff join the ranks of Marc Jacobs, Louis Vuitton and Stella McCartney, all of whom joined Snapchat in recent months, some in tandem with Fashion Week in February.

For Prabal Gurung, Snapchat provides an inside look at the "young, charismatic, present designer at the helm," says Lauren Cooper, public relations and marketing manager for the brand.

"We use Instagram to create a curated 'world of PG,' that is an extension of Prabal and tells a story about who the PG woman is," Cooper says. "Snapchat really captures Prabal in real life moments — from cooking breakfast on the weekend to attending a ballet gala with a muse. It truly solidifies the personal connection we have with our followers." ■



Kohl's Fashion Design Office

Kohl's, which is headquartered in Wisconsin, opened a New York office for its design team in 2007.

Code Couture

In March, Sephora's seven-person team at the company's Innovation Lab in San Francisco sat down with a group of Sephora merchants, senior artists and marketers to discuss "color correcting," the next breakthrough beauty trend taking over YouTube tutorials.

Like contouring, color correcting is a makeup technique that requires specific products and an application knowledge likely lost on the beauty novice. When these trends pop up, Sephora's strategy is to demystify the seemingly complicated makeup techniques so customers will be more likely to buy new products. To bring color correction to the mainstream, Sephora's Innovation Lab team got to work on a feature for its mobile app: the "Color Corrector Crash Course" game, which teaches users how to try the trend through a series of trivia questions. In the two months following, the game saw an

Behind every successful digital-age retailer is a technology team powering mobile checkouts, improving inventory data and pushing fashion innovation forward.

BY HILARY MILNES

85 percent engagement rate within the app.

"One of the challenges of being a digital retailer is that you have to mix disciplines that don't traditionally go together: technology and retail merchandising," says Jason Goldberg, svp of commerce and content practice at Razorfish. "It's like art and science."

We asked three retailers to share what makes their tech teams tick.

KOHL'S

Size of team: Undisclosed.

Location: Kohl's headquarters in Menomonee Falls, Wisconsin, Milpitas, California and at Kohl's New York Design Office in Manhattan.

Recently rolled-out product: Kohl's Yes2You loyalty program, which compiles coupons into one central

location in the Kohl's app.

Kohl's technology team is responsible for creating easy, personalized in-store and online customer experiences, using data to drive customer engagement, planning merchandise assortments, improving the fulfillment process and operating internal and customer-facing systems, like keeping inventory up to date. If that sounds like it hits on most components of Kohl's business, it does.

"When you think about all of the touchpoints in the customer journey, technology is really a part of the entire experience," says Kohl's chief technology officer Ratnakar Lavu.

Rather than sequestering its technology team to focus solely on new products, as some retailers have done, Kohl's tech team is interwoven into each department, from merchandising, to marketing, to e-commerce. Outside of the Kohl's



Vestiaire Collective

Vestiaire Collective's technology team, pictured here, makes up half of the luxury resale site's business.

VESTIAIRE COLLECTIVE

Size of team: About 30 people.

Location: Paris, France.

Recently rolled-out product: A live chat tool that helps facilitate purchases and reselling on the site.

Vestiaire Collective CEO Sebastien Fabre considers his luxury resale marketplace to have a DNA that's 50 percent fashion, 50 percent technology.

"The team is responsible for creating and managing our platform, and thereby ensuring we deliver an innovative user experience to our 5 million members in 45 markets," says COO Olivier Marcheteau.

The company says it gets 70 percent of traffic and 50 percent of its sales through mobile, so the main focus is making sure that its mobile capabilities are up to date both on the front and back ends. After investing early in a mobile app, Vestiaire Collective then built its own operations and logistics platform that lets the product curation and authentication team work more efficiently. Every item that is looking to be sold through Vestiaire's platform must first be approved by a team member both online, when it enters the marketplace, and when it's sold, before it's passed onto the customer.

According to Marcheteau, the overriding goal of the team is to ensure that the site and the app function at the level of a digital luxury company for both buyers and sellers.

"Our focus is creating an enriching experience relevant to the luxury and high-end fashion world we operate in, and combining that with advanced e-commerce functionalities," he says. ■

team, the company partners with startups in Silicon Valley and Wisconsin to work on new products, like an "endless aisle" powered by in-aisle iPads that displayed inventory not in stores. In New York, the retailer is a partner of the New York Fashion Tech Lab, so it can stay looped in on which startups are rethinking fashion.

"The retail industry right now is the most exciting place to work in technology because of the investments that are being made and the focus on innovation," Lavu says. "You've heard it time and time again, but the physical store experience and the digital experience are blending."

SEPHORA

Size of team: Seven people.

Location: San Francisco.

Recently rolled-out product: The Sephora app's Color Correcting Crash Course game, which taught users tips for trying the new makeup technique.

Sephora's San Francisco lab, which opened in March 2015, houses a replica of a Sephora store where the innovation team spends a lot of its time rethinking what that experience should look and feel like, and testing new ideas.

"Our mission is to envision the future of retail for Sephora, which touches everything from our store environment to our mobile platform and our social and digital strategies," says Bridget Dolan, vp of Sephora's Innovation Lab.

That's a tall order for a team of seven. So, the Innovation Lab group regularly meets with members of the Sephora team, a "think tank" of 10 who sit down with Dolan's team to learn from what they're working on and discuss best ways to adopt new skills into their own teams.

"We teach them how to bring out their inner innovator," she says. "They then bring their skill back to their teams, and spread those ideas throughout the company."

The Innovation Lab also regularly works with Silicon Valley startups in order to stay on top of the latest technology.

Take augmented reality. In 2016, Sephora partnered with augmented reality tech platform ModiFace to roll out the "Virtual Artist" on its mobile app.

"Now, video views are exploding on mobile and as a retailer, we invested and pushed for better Wi-Fi in our locations," Dolan says. "So it's an idea that works."

Deep Dive on Programmatic

What We're Watching

1. **TRANSPARENCY IS THE NEW BLACK**

The Association of National Advertisers supposedly shed a light into non-transparent practices that everyone already knew about. Sunshine is the best disinfectant, after all.

2. **THE WANING OF THE EXCHANGE**

Facebook is making a hard move against open exchanges, heralding a new move toward private deals.

3. **THE RETURN OF THE AD NETWORK**

Facebook's betting big on its Facebook Audience Network, a sure sign that predictions of the death of ad networks were highly exaggerated.

4. **AD BLOCKING IS LURKING**

Many in programmatic think ad blocking is overblown, but more research is showing the only thing stopping people from using ad blockers is not knowing about them.

5. **WINTER IN JULY**

The chill is on for ad tech as an investment vehicle. Poor performing stocks and questions about ad quality continue to give investors pause.

The Programmatic Manifesto

Programmatic is firmly in the trough of disappointment, beset by problems of fraud, bots, viewability and ad blocking. But it's also the future. Here's how to fix programmatic.

BY BRIAN MORRISSEY

**GREAT CONTENT
ATTRACTING
VALUABLE
AUDIENCES
DESERVES GREAT
AND VALUABLE
ADVERTISING**

The Digital Marketing Summit, put on by ad tech investment banking impresario Terry Kawaja's Luma Partners, serves as a reunion for the companies powering the programmatic advertising world. Kawaja's ubiquitous Lumascapes, showing hundred of logos grouped into buckets, have become something of a Rorschach Test for programmatic: Some see an oversaturated, over-complicated mess; others see the beautiful, if messy, march of innovation.

This year's DMS was a familiar gathering. Many of the faces were the same, even if they now fronted different companies altogether. The coffee area was bustling with men in blue suits greeting each other heartily. The mood, on the surface, was buoyant. Kawaja, an amateur comedian known for his spoofs and fake magazine covers, took a different approach in his welcome address. Kawaja threw cold water on the gathering by reminding the assembled ad tech CEOs of all the shortcomings of the programmatic world: a lack of transparency, shoddy measurement, rising use of ad blockers, fraud, unviewable ads, and so on and so forth. In digital media, Google and Facebook now vacuum up 85 percent of incremental ad spending, leaving the rest of the industry to fight over the rest.

"Winter is not just coming," Kawaja said. "Winter has come."

Programmatic advertising stands at something of a crossroads. There is a vocal minority who call for its abolition. "A toxic ecosystem that is killing itself, and it is taking digital advertising with it," digital media veteran Shelley Palmer thundered on LinkedIn in June. This point was given some credence by the Association of National Advertisers' long-awaited

transparency report that laid out how the complexity of ad tech had given cover for agencies and vendors to cut side deals.

But most industry executives — especially those with revenue responsibilities — agree programmatic will play a vital role in the future of media. There's little doubt it will take hold in media and marketing, which Google's then-CEO Eric Schmidt once called "the last bastion of unaccountable spending in corporate America."

"It's a snowball rolling downhill," says Bryan Wiener, chairman of 360i. "We're not going back to insertion orders."

And yet programmatic advertising is suffering from a crisis of confidence. Once high-flying ad tech stocks have plummeted. The investment climate for ad tech startups is chilled. There is a drumbeat of negative headlines, encompassed in Kawaja's bill of particulars. That Kawaja chose to triage the top 10 threats on a scale of serious to critical to existential shows just how many issues the industry must address. And it must, since programmatic is problematic — and it's also the future.

In discussions with industry insiders, a consensus emerges. Certain specific steps need to be taken in order to restore confidence in the automation of media — and to guard against this inevitability leading to a less healthy media world. Nobody argues media shouldn't be more efficient, with more relevant advertising supporting great content, but it's also clear there are real shortcomings to the initial wave of automation that must be addressed head-on. Here's how programmatic advertising can heal itself.

People aren't "users."

Ad tech has too often abstracted what it does to the point where

DATA COLLECTION NEEDS TO BE TRANSPARENT, AND PEOPLE NEED OPTIONS TO LIMIT ITS COLLECTION AND USE.

people don't really matter. It's akin to how the military talks about "collateral damage." In ad tech's first iteration, the cookie has served as a useful abstraction. For one, the cookie isn't a person; it's just an identifier of a browser. That allowed ad tech's many intermediaries to collect as much data as possible, with the excuse that it wasn't "personally identifiable."

This approach has been problematic in a few ways. The most obvious is that the information is often inaccurate. Cookie-based targeting in a mobile world is a fool's errand. For all the talk of big data and how many ex-NASA scientists ad tech firms employed, data sets were always a bit suspect. What's more, all that data crunching has come at a steep cost: ad calls are grinding mobile sites to a crawl. And they're also leading people to distrust all the various companies sucking up data for other uses.

Enter ad blocking, which is really a symptom of a greater industry malaise of putting the media experience behind the ravenous need to monetize. Kawaja made the point to the ad tech world that there are only two principals: the marketer and the consumer. But ad tech has not been rewarded for taking the desires of people into account. Instead, programmatic has too often been about volume: pushing impressions through newly laid programmatic

pipes. Ad tech firms used to brag about how many impressions they saw and served. Then it became clear how many of those "impressions" weren't valuable, and instead were bots or ads that couldn't be viewed by an actual human being.

Transparency isn't optional. "Nothing is clear." This is how Visa's head of digital Shiv Singh sums up the experience of a marketer confronting the state of ad tech. The current system of interlocking intermediaries makes it difficult for marketers to figure out who they're paying and for what. The ANA report laid bare how the game is played, with ad tech vendors funneling money to agency entities in exchanged for "preferred" vendor status.

"There's been a lot of people in the value chain with their hands out," says Wiener.

The sheer number of players need to execute buys is an issue, notes Wiener. A marketer will be paying for a data-management platform, a demand-side platform, an agency, a third-party data overlay, an anti-fraud vendor, an attribution specialist and others. This has led to what's often called the "ad tech tax," with "middleman on top of middlemen," Wiener says, often without transparent pricing.

That's the key point. Many in the ad tech ecosystem are adding real value — "it's not the number of hops," notes Ari Paparo, CEO of ad-tech firm Beeswax — but there are those who are siphoning off more than they're adding. The ambiguity of the system drives marketer distrust, and plays a large part in many wanting to take all their programmatic buying in-house.

"The client has a right to know to how much it costs and what margins are," says Dave Smith, CEO of media-buying shop Mediasmith.

"Obfuscation is inappropriate."

Quality must trump quantity.

For too long, programmatic has been far down the list of concerns for marketers. "Run of junk" is how Wiener put it. Part of that is a matter of misperception and part of that is due to an industry that's long over-promised (perfect targeting, no waste) and under-delivered (repeated retargeting ads for products we've already bought.) For many clients, programmatic has been synonymous with real-time bidding in ad exchanges.

ADVERTISERS MUST KNOW WHAT THEY'RE PAYING, TO WHOM AND FOR WHAT.

The open exchange era of programmatic advertising's development held a lot of promise. It was sexy to think of advertising becoming like Wall Street, with liquid exchanges, trading desks and the like. But soon exchanges, rightly or not, became associated with the worst aspects of programmatic: fraud, bots, crap inventory, awful placements. Facebook confirmed many worst suspicions of open exchanges when it pulled out of them after its LiveRail acquisition, saying the inventory quality was terrible. This came on the heels of AppNexus disclosing last year that after cracking down on fraud, it saw 65 percent fewer transactions on its exchange.

"We build the pipes but the pipes were filled with crud," says Eric Franchi, co-founder of Undertone, a programmatic ad specialist.

Now, the pendulum is swinging away from the cult of big numbers — AppNexus used to brag in 2014 about delivering 30 billion impressions a day — toward private deals with trusted publishers. The ironic part is this development runs counter to the democratizing ideal of exchanges that would allow small sites with good audiences to compete with large sites with deep ties to advertisers. But in the end, the risk has proven far too high, leading to the retreat to private-marketplace deals.

"Automation is what programmatic is great at it," says Jonah Goodhart, CEO of Moat and part of the founding team at Right Media, one of the early ad exchanges. "The mistake people made is programmatic meant you should be buying traffic on tiny websites and aggregate those into volume. It became long tail and abnormal inventory."

Reward value creation.

Bad incentives lead to bad behavior. The digital media system for too long has been rewarding the last click and incentivizing middlemen to find the soft spots in weak attribution systems. There's a reason the one home run of ad tech has been retargeting.

"When it comes down to making numbers, hitting reach goal, an agency might put into an indirect channel because it's the only way to get to the results," Paparo says. "Suddenly the marketer is not getting what they said they wanted."

What's more, the industry has been hooked on "served impressions." Meaning that until recently the only thing that mattered was a server responded to a call — not if a person saw the ad at all or if it was served to a bot. Enter nested ads, placements jammed on the bottom of the page, and all manner of skullduggery. The issue is "foundational," in Goodhart's view. "If I'm no longer getting paid on served impressions, I have no incen-

tive to serve impressions that aren't viewable."

All this waste — the Association of National Advertisers (ANA) expects ad fraud will cost \$7.2 billion this year — has eroded trust in the medium and led to questions from marketers about what exactly they're paying for in the first place. According to comScore, 8 percent of all video traffic is "invalid."

"The word I often hear is it's really expensive," says Wiener. "If you're doing it right it's not. In a transparent model, ad tech is a value-added tax. Margins shrink when you shine a light on things."

And that doesn't mean railing against "complexity." There are many ad tech companies, but they all are for-profit enterprises that exist because they're getting paid money to add value. Some are not, but the holding up "complexity" as the main issue is a "straw man," according to Goodhart.

Clients should take control — and responsibility.

Ultimately, marketers call the shots. It is marketers who have the budgets to spend to reach people. Everyone else is in between. To date, most marketers have failed to take control of programmatic, and then expressed shock that there are shady things going on. There's a "gambling in Casablanca" feel to the protestations. After all, the much-heralded ANA investigation into kickback and "rebates," which will touch on programmatic deals, mostly arises from years of procurement-led reviews that have ground agency margins to zero. It's so surprise agencies have found alternative revenue streams as vendors in programmatic. No wonder many marketers are exploring taking programmatic ad buying in house.

"The reality is clients are doing it for the wrong reasons," Smith says.

"They're doing it because they don't trust their agency."

At the same time, the complexity of the digital media supply chain has shielded marketers from responsibility for the fraud, non-human traffic

CREATIVITY IS STILL KING

and other shenanigans. Sure, they might push for \$1 CPMs for video ad campaigns, but they then can point the finger elsewhere. That head-in-the-sand era is coming to a close, as marketers take control of programmatic strategies, if not always the execution.

"Marketers have to be accountable for where their ads are running and who is making money off them," said Goodhart "In my opinion it's the only way we get to the right place with programmatic is if everybody takes responsibility. No more pointing fingers."

That doesn't mean marketers need to take programmatic in-house, as Netflix did in 2014. That can end in tears, as clients struggle to attract and retain the right talent — and risk having their marketing too automated. The human touch, whether through an agency or managed-service provider, is still needed. And most marketers aren't Netflix — and thinking they are is a "dangerous trend," Wiener says. "There's fear driving rush decisions often without proper diligence or integration." ■

QUALITY WINS.



Germany would seem an ideal market for programmatic advertising: large, sophisticated, technologically advanced. And yet it's one of the laggards of Europe for a variety of reasons, both practical and cultural.

BY JESSICA DAVIES

Life in the Programmatic Slow Lane

Germany has a deep-rooted mistrust in data mining and collection, which can be traced from its Stasi history. Part surveillance by secret police — whether Nazi or communist — has made Saxons sensitive about privacy issues.

As such, Germany's data protection laws have been among the strictest in the world. With such tight rules around data privacy, it's no wonder new technologies like programmatic, which center entirely around the use of data, have been viewed with skepticism.

"In general in German culture, people are not ready to put their entire lives on a screen. There are still creative directors here who have analogue phones, and it's not just hipsters, it's everyone," says Joseph Burtoni, senior social media strategist at Hamburg-based agency JungVonMatt. "People don't want to opt in for things, if they know a website is collecting data they freak out."

Add to that particular protectiveness over personal data, the common issues that have plagued programmatic trading everywhere else in the world, namely transparency, arbitrage, fraud, and brand safety, and the reasons why the country has lagged start to sharpen.

There are other cultural reasons why it's lagged behind. In the U.K. and U.S., publishers seeking a first-mover advantage embrace the "test fast, fail fast" approach. German businesses, by contrast, are cautious and methodical when it comes to digital experimentation, according to media experts.

"Germans see change as a threat rather than an opportunity," says Oliver Gertz, head of programmatic at MediaCom Germany. "There is a risk-averse mentality, and an

engineering mentality that dictates that, unless something is completely designed, thought-through and documented first, they don't proceed. They want the solution before they start."

Yet most agree that the market is now ready to catch up, fast. "Germans tend to clarify all details and eventualities before they get involved with a new technology," says Carsten Schwecke, chief digital officer of Axel Springer's sales house

tech companies such as YieldLab that can deliver the high level of service Germans expect and engineering talent Germany's known for, while others, including AppNexus and Open X, have taken longer to break through, according to Gertz.

"There's a certain level of given trust if you're local because you're right here for publishers to call on for support within a few hours, face to face," says Ulrich Hegge,

\$6.6

BILLION

Germany is the second-largest digital ad market in Europe at \$6.6 billion. (IAB Europe)

\$442

MILLION

In 2015, the programmatic display advertising market was worth \$442 million. (IAB BBDO)

42%

AD BLOCKERS

42 percent of German users deploy ad blockers. (GWI)

Media Impact. It's taken longer for them to embrace programmatic buying, albeit direct buys not real-time-bidding, and private, rather than open exchanges, where the environments can be within the publishers' control. "I am optimistic that we are at a point now, where programmatic will become widely accepted in the German market."

Other media experts believe that like everywhere else in the world, millennials in Germany, who are more comfortable with digital, will help further drive change.

There is also a reticence to U.S. technology control that is pronounced in Germany. It has led the fight against Google, even attempting to stop its project to catalog books. "There's a strong reluctance and skepticism toward Google," Gertz says. "A lot of publishers and agencies fear it, so they favor home-grown ad tech businesses."

That gives a leg up to German ad

AppNexus' vp of strategic market development for Germany, Austria and Switzerland.

Yet Hegge believes that as the programmatic market matures in Germany, it will be harder for German companies to keep pace with the major international ad tech players. "I see a major shift coming," he says.

Hamburg-based Gruner + Jahr is one of the biggest publishers in the country, with newspaper Stern and more than 280 magazine titles in its portfolio. Only 20 percent of its digital advertising revenue is generated programmatically, but it's now made all its inventory available to be bought that way.

"We're looking to catch up fast," says chairman of G+J's international sales house G+Je|MS Frank Vogel. ■



Stacks on Stacks on Stacks

Coke versus Pepsi. Microsoft versus Apple. Nintendo versus PlayStation. Add to the list of major rivalries: Google versus Facebook, the tech slugfest fighting for control of internet advertising's soul.

BY GARETT SLOANE

Taken together, Google and Facebook control two-thirds of all digital advertising in the U.S. They've dominated by developing full-service ecosystems that are designed to help advertisers and publishers understand audiences, target ads and measure advertising across multiple devices. Here's how their respective ad tech stacks, ahem, stack up in terms of how well they serve publishers and advertisers, the scope of their data, and their measurement abilities.

PUBLISHER

Google

Google's DoubleClick for Publishers ad platform is used by 70 percent of the top million sites, according to Datanyze. DFP helps these sites handle ad sales across platforms. Google's DoubleClick Ad Exchange, or AdX as it's called, is where publishers put their ad space up for sale, whether through an open or private exchange. Google also runs the Google Display Network and AdSense ad networks.

Facebook

Facebook's vision is hardening around a closed system that has tighter control in exchange for higher quality. The Facebook Audience Network uses Facebook user data for targeting on publishers' sites and apps. FAN recently started showing ads to people who don't even have Facebook accounts. The emphasis on FAN is a change from Facebook's early bet on FBX, an ad exchange, and stumbles it had after acquiring video ad exchange LiveRail.

Advantage: Google.

Open beats closed. Google is still the one to beat for its full suite of services for publishers. FAN's best chance to capture more publishers is to prove it has better targeting and higher performance — and priced — ads.

ADVERTISER

Google

Google's two main products are DoubleClick Campaign Manager and DoubleClick Bid Manager. Bid Manager is how advertisers set what they're willing to pay for impressions during ad auctions on AdX. Campaign Manager is a program for advertisers to track their entire marketing plan. Google's biggest gap in tools for advertisers is in social media; it can't help advertisers buy inventory on Facebook. It can serve ads on Twitter, though.

Facebook

Advertisers are all-in on Facebook's people-based advertising, powered by its deep trove of deep data from its 1.6 billion users. Facebook's big tool is Power Editor, which lets advertisers run campaigns on Facebook, Instagram and FAN. Facebook bought Atlas from Microsoft in 2013 to extend people-centric advertising outside its own walls, but it hasn't expanded much since its relaunch in 2014.

Advantage: Tie.

Google's DoubleClick still dominates because it gives advertisers more places to run their ads and more flexibility. However, Google won't help them get ads on Facebook, which is the hottest property.

DATA

Google

Google's ultimate data source is its search empire, and Google has gradually let advertisers harness it. Google also recently launched a data management platform and a customer-match program that lets advertisers use email lists for ad targeting. The new data platform also measures campaign results, and tries to tie online ads to offline sales. It also allows outside measurement companies to verify results.

Facebook

Facebook has tried to push the ad industry into an attribution mindset. It wants advertisers to see that users are more impacted by a social ad, even if the last click winds up in a search query on Google. Facebook's people-based ad system is making it possible to do this kind of tracking of customers. It also has a marketing program, in which partners like Nanigans, Kenshoo, 4C and Brand Networks help brands target and measure the performance of ads.

Advantage: Facebook.

The social network is rewriting the data and measurement models, and it has enough insights into real users to track ads and their impact more accurately.



Time to Take Out the Trash

Ad fraud is a crime, agencies argue. But publishers are not willing to take the full blame.

BY SAHIL PATEL

More than once, Horizon Media's Eric Warburton has been on heated calls with publishers and vendors after catching fraudulent traffic on their platforms. The conversations usually go something like this: Warburton calls out the publisher, who pushes back by saying that if they had known Horizon was going to be policing fraud, they would have charged a higher CPM.

"What frustrates me is that they're admitting they were giving me garbage inventory," says Warburton, the director of digital campaign management and operations at Horizon Media. "Why should I have to pay a higher CPM for something that's viewable and not fraudulent?"

Spending on digital video adver-

tising will grow to \$14.8 billion by 2019 from \$9.6 billion this year, eMarketer estimated. And where there's money, there's fraud. Many advertisers feel they're still facing down the barrel of a gun held by publishers and vendors that are either knowingly allowing fraudulent activity to occur on their platforms or moving too slowly to fix the problems when they arise.

An expensive and pervasive problem

A recent ANA study estimated that advertisers will lose \$7.2 billion in 2016 as a result of non-human traffic, up from \$6.3 billion in 2015. Fraudsters go where the money is, so it's hitting video at an alarming rate. According to the same ANA study, high-CPM videos had 173 percent more bot traffic than videos with

low CPMs. Video sold programmatically saw 73 percent more bots than digital advertising overall.

"The issue with video, in particular, is concerning as this is a tactic that was thought to be more fraud-proof by providing an in-view, forced exposure," says Carmen Graf, executive media director at GSD&M. "The bottom line is that fraud is fraud; it's a crime. It should always be taken seriously and be a priority for publishers to eradicate on their sites."

And it's not just small or unknown publishers and vendors mired in ad fraud. A CNBC article about Yahoo's advertising woes quoted an anonymous agency rep saying that 30 percent to 70 percent of its ads were not running where Yahoo says they were — an accusation Yahoo strongly denied. Similarly, programmatic ad platform AppNexus reported a 65 percent drop in impression-based transactions on its platform after filtering for fraud.

"On one hand, you applaud them for removing fraud," an agency executive told Digiday. "But on the other, what the hell have you been doing all this time?"

'Hit them in the pocket-books'

By and large, advertisers are being more forceful in negotiating with publishers and vendors, instead of simply accepting that fraud is just part of the digital video ballgame.

"Make-goods are not good enough anymore," says one agency execu-

tive. "If the vendors don't get the message, you have to hit them in the pocketbooks to show that this is serious."

Horizon Media, for one, is getting more specific with its RFPs, detailing the audience demos it wants to reach, its minimum viewability requirements and the verification partner it will use to ensure maximum campaign reporting and effectiveness. It will also state which websites or pages, if any, it will refuse to advertise on.

Publishers push back

Advertisers are insisting on using third-party verification platforms like Moat to measure the effectiveness of a campaign and screen for fraud. But top video publishers are wary of having another middleman inserted between them and the advertiser, say multiple sources at such publishers.

These media executives admit video ad fraud is a problem. But they think that ultimately, it's up to publishers and marketers to find the solution. Publishers don't like being on the hook to pay for third-party verification.

"When you go sit down with the CEO of one of these companies, he's a pretty good salesman and has been able to convince investors to put money into his company, you start buying into the idea that the problem is bigger than it is," says a senior sales executive at a top publisher. "You start spending energy on stuff

that may not be worth the time and energy."

Some top video publishers are responding by bringing more programmatic selling in-house. One publisher says it's been able to convert nearly 70 percent of advertisers that traditionally used open exchanges to its in-house programmatic direct product.

The trouble is, video ad fraud affects top-tier publishers and others down the food chain as well, and advertisers want to treat everyone equally and on the same playing field. For that reason, most advertisers insist on third-party verification.

Says Bryan Sherman, vp and director of programmatic and media technology at DigitasLBi: "We want an independent source that's not beholden to us or a publisher." ■

WTF is GDPR?

There's nothing the European bureaucracy loves more than a baffling acronym, except maybe a baffling piece of legislation. GDPR is both, rolled into one! The new General Data Protection Act isn't just yet another exercise in pointless red tape from Brussels Eurocrats. For any publisher and marketer, it means a big change to how they act in Europe. Here's what you need to know.

BY LUCINDA SOUTHERN

DATE ENACTED

May 25, 2018

IDEA

Europeans will have more control over their personal data and companies have a greater responsibility to explain how they plan to use it.

IMPACT

Any company that wants to collect personal data on Europeans will be required to get consent. This is more straightforward for brands and publishers that have a direct link to their audiences and customers. It's not clear how the GDPR will apply to data vendors.

RISK

Companies that don't ask for consent will be fined €20 million (\$28.4 million) or 4 percent of the company's global revenues, although what exactly will warrant the fine is still to be worked out.

Revving Up Programmatic

Car Throttle has a mountain of data on its audience, tracking 30 data points on each visitor. Here's how it plans to monetize that.

BY LUCIA MOSES

Car Throttle, an online discussion community for car lovers, has built an ad business mainly on the kind of high-margin branded content that other publishers are trying to emulate. But to fuel its U.S. expansion, Car Throttle is going full speed into programmatic.

Machine-based ad buying is a way for it to ramp up fast in a huge market where it's a relative unknown in the ad community compared to better-established sites like Car and Driver, Road & Track and Jalopnik.

That's despite the fact that the single-biggest driver of Car Throttle's audience is the U.S. (35 percent). The U.K. is the next-biggest market, accounting for 15 percent of the audience, followed by Canada, 10 percent.

"It's an easy way to monetize off the bat," says Adnan Ebrahim, who founded Car Throttle out of college seven years ago. To head up U.S. sales, he's hired Samantha Rady from Hearst, where she sold ads for

Car and Driver and Road & Track; and he is looking to hire five more sales staffers by the end of the year. Car Throttle is using Prohaska Consulting to sell premium programmatic and The Publisher Desk for remnant inventory.

Car Throttle has a small editorial staff of five (out of 21 total) that produces original content. But fully 99 percent of the content comes from users who post to its dozens of focused communities like Trackday and Circuit Drivers, Mighty Car Mods and Memes.

In addition to its lack of name recognition, Car Throttle could face resistance from brand advertisers that are wary of advertising around user-generated content. The typical programmatic advertiser cares more about buying the right audience than the environment their ad is showing up in.

Ebrahim says programmatic buyers still care about placement, though, and to keep order, Car Throttle has 23 moderators, most of them unpaid (akin to the Reddit model).

Having a programmatic sales strategy also dovetails well with Car Throttle's data. What the site may lack in name recognition or scale, it makes up for with its user data. Visitors don't get far on the site without being asked to log in, which they have to do in order to view content, post or comment. When they do, Car Throttle tracks 30 different data points on them, taking note of things like what kind of car they drive and what they've read and shared.

That information has given Car Throttle an edge with non-endemic advertisers in areas like gaming and tech, which actually drive most of its advertising. The audience is focused, too; half are age 18-34 and 92 percent are male. Auto advertising is tied to launches, which are infrequent; having other categories to lean on helps smooth out the peaks and valleys. And having rich data on its audience also gives advertisers the ability to retarget users after they leave the site, something Car Throttle is planning to make part of its programmatic offerings.

One challenge Car Throttle will have is figuring out how to reconcile being a community-driven publisher in a world dominated by Facebook, which doesn't allow user comments in Instant Articles, where it's pushing publishers to post directly to the social network.

Car Throttle uses its majority Facebook-driven traffic to get people to its site, and ultimately to its iOS and Android apps. It's easy to see why: Users on the site average five page views per month, while in the app, it's 250. Ad blocking is another reason. The typical young male reader has a high propensity to ad-block (30 percent of Car Throttle's visitors do). The app world is safe from ad blocking.

"I don't want to rely on Facebook at all in the future," Ebrahim says. "The key is, you have to have a product that people want to use more than Facebook." ■

The In-House Mirage

While a hands-on approach sounds nice in theory, most brands don't have the capability to manage complicated programmatic deals.

BY YUYU CHEN

As programmatic ad spending keeps growing, brands are beefing up their programmatic capabilities and many are moving this function in-house in order to have more control over its own data — and guard against agencies padding costs with rebates and extra fees paid to their own trading desks. But handling programmatic internally is not an easy task. While some companies have seen positive results from a hands-on approach, the majority lack the expertise and financial resources to manage top-level programmatic deals in-house.

Take Target. It has been handling its programmatic ad buying itself for 10 years; its 40-person digital marketing team runs three to five demand-side platforms and data management platforms at any given time. So it knows the challenges firsthand. First, programmatic requires people with both analytical and intuitive skills, which can be difficult to find in the same person — and particularly in Minneapolis. Meanwhile, the company has to continually educate tech vendors

on its marketing abilities and how to take advantage of them.

“Running a successful programmatic function takes the right people, process and partners,” says Kristi Argyilan, svp of media and guest engagement for Target.

And that's why companies like Target will likely remain the exception. For most marketers, the staff requirements and technical expertise needed to bring programmatic in-house — and execute it — are simply too much. One agency head recounts the story of a client recently panicking after losing half its programmatic team in short order.

That's not to say brands will not play a much more central role in their programmatic strategies.

An eMarketer survey of 543 U.S. marketers in February found that 41 percent make programmatic decisions in-house, compared to 27 percent that outsource them to agencies. (For the remainder, it's a mix of the two.)

But that doesn't mean that 41 percent of U.S. marketers can



handle all aspects of programmatic internally, says Lauren Fisher, senior analyst from eMarketer, because taking it “in-house” implies not just overseeing programmatic but executing it, too.

It takes time and financial resources to get everything right. Brands need to test toolsets, license and implement software, train staff or hire experienced people who are in short supply. It's not easy to find someone who understands both data and media, says Julie Clark, vp of programmatic sales for Hearst's programmatic arm, Core Audience.

Yet brands are trying, despite the challenges. U.S. programmatic display ad spending is estimated to grow nearly 40 percent year over year to \$22 billion in 2016, says eMarketer. Magna Global similarly predicts that global programmatic spending will grow from \$14.2 billion in 2015 to \$36.8 billion in 2019.

“Programmatic in-house isn't necessarily a one-stop solution.”

The hope is that running programmatic in-house can bring brands greater efficiency, control of first-party data and improved campaign performance. By handling programmatic internally, Target has a better understanding of how its consumers interact with the retailer across media channels and how to link programmatic with other marketing activities, Argyilan says. More importantly, Target has more control over its data and strategy.

Another company, StubHub, has been handling programmatic internally since 2012. The company runs one DSP DoubleClick Bid Manager and one DMP DoubleClick Audience Center itself. This lets StubHub protect its proprietary data, save agency fees and jump on business opportunities in real time, says Lee Engel, the company's head of paid media.

There are different ways brands are moving programmatic in-house. Some companies are sophisticated enough to run their own marketplace internally, while some have the expertise but not their own traders. And yet, marketers tend to still work with agencies in one way or another, according to Hearst's Clark. “Pro-

grammatic in-house isn't necessarily a one-stop solution,” she says.

The path a company takes also depends on whether they're relying on agencies for just trading desks or to handle strategy and advisory. EMarketer's Fisher says if it's the latter, even if brands that move away from trading desks might still rely on agencies for broader functions like media planning and content production.

A big consumer health brand, which declined to be named, says it plans to move its DMP in-house while using its media agency for day-to-day account operations. Once the company gets more familiar with running the DMP internally, it may hire data analysts and even traders to execute programmatic ad deals.

This way, the company can own its first-party data and merge insights from its own DMP with the data from its retail partners, in order to do better targeting. “The outsource model lacks data transparency,” the company's digital director says. “Data is currency. My agency partner is able to trade on that currency, and I'm not OK with that.” ■

Wanted: Data Crunchers

Ad tech has grown faster than the time it takes to train people. It's also gotten harder to keep them.

BY TANYA DUA



After helping start a programmatic practice at his former agency, Eli Root quit a year ago, feeling feeling its embrace of programmatic was slow and late to the game.

“A very small pocket of people actually understood programmatic, there were still many siloes and I wasn’t involved in the key decisions,” says Root, who landed at marketing consulting agency Kepler Group. “There were not too many people above me that I could learn from. I felt it was better just to leave.”

The market for programmatic advertising is projected to grow at an average annual rate of 27 percent to \$53 billion by 2018, according to a Magna Global report. And agencies, scrambling to keep up, are struggling to hold on to people like Root and hire new ones, according to seven agencies interviewed for this article.

The pool of qualified people is limited to start with, and the field has grown faster than the time it takes to retrain people. “Programmatic has exploded onto the scene rather quickly,” says Adam Kleinberg, co-founder and CEO of ad agency Traction. “There is no pipeline of talent that’s been doing it for years.”

And agencies aren’t just competing with each other, but with Silicon Valley tech giants, consulting firms, media companies and brands that are taking programmatic in-house.

“The entire industry is thirsty for programmatic talent,” says Adam Heimlich, svp and managing director of programmatic at Horizon Media. “I can say that there is definitely a talent crunch.”

Broadening internal opportunities

Agencies need people who not only have expertise in data and analytics but can also apply them to clients’ needs. Faced with the talent shortage (and the desire to keep costs down), some are looking within, cross-training employees and creating new, multi-disciplinary roles.

Media planning agency MEC, for instance, has created task forces to train employees in areas such as data formation, publisher yield modeling and meta DSP testing. Maxus puts new hires through a programmatic course it has developed called “Accelerate.”

Digital agency iCrossing recently merged its independent media disciplines to enable, say, a search marketer to be exposed to skills like social and programmatic. Media agency Crossmedia similarly cross trains its employees across all media and in its specialized marketplace media practice (which houses programmatic, SEM and social), says Kamran Asghar, co-founder and president. Accuen has created programmatic planning specialists, which combine technological with marketing expertise.

Poaching, of course is another way to add talent quickly. “Agencies are feeling the pressure from all sides,” says David Gaines, chief planning officer at Maxus. “Sometimes it may be cheaper to wait to have someone else train talent and then pay a premium for that talent.”

Re-inventing recruiting

To do so, agencies find themselves going outside their traditional hiring pool and bringing on data scientists, consultants, even behavioral scientists. Kepler’s technology and data services manager Katie Sirico, for example, came from banking. Joseph Shampain, its senior client solutions analyst, had been a consultant for PWC.

“We’ve had to reimagine the skillset requirements to find candidates,” says Bruce Kiernan, practice lead, programmatic at MEC North America, adding that the agency looks for people with strategic planning, operations and analytics backgrounds.

For entry-level programmatic staffers, the talent shortage also means an increase in pay, agencies say. Horizon and Kepler both say they’ve bumped up their entry-level salaries, but declined to give specifics.

Agencies have also started being more proactive about hiring and raising referral bonuses. Paul Roszkowski, president at MDC’s Varick Media Management, says the agency routinely interviews for roles that may not be open yet, and plans to

raise its referral bonus from \$1,000 to \$2,500.

The hiring picture is more positive in the higher ranks. With widespread layoffs, plunging stocks and a pullback in investments in ad tech, there’s been an influx of people leave that sector for agencies (including, in some cases, people who had once left the agency world for ad tech).

For the perks and stock options that high-tech offers, agencies can still attract people who find rewards in client work.

Take Maxus’ David Gaines, who returned to Maxus from Edentify in 2014 to lead the planning and architecture of the agency’s operating system. Gaines’ colleague Robert Marshall, Maxus’ head of programmatic, also left the agency world for Rocket Fuel before returning.

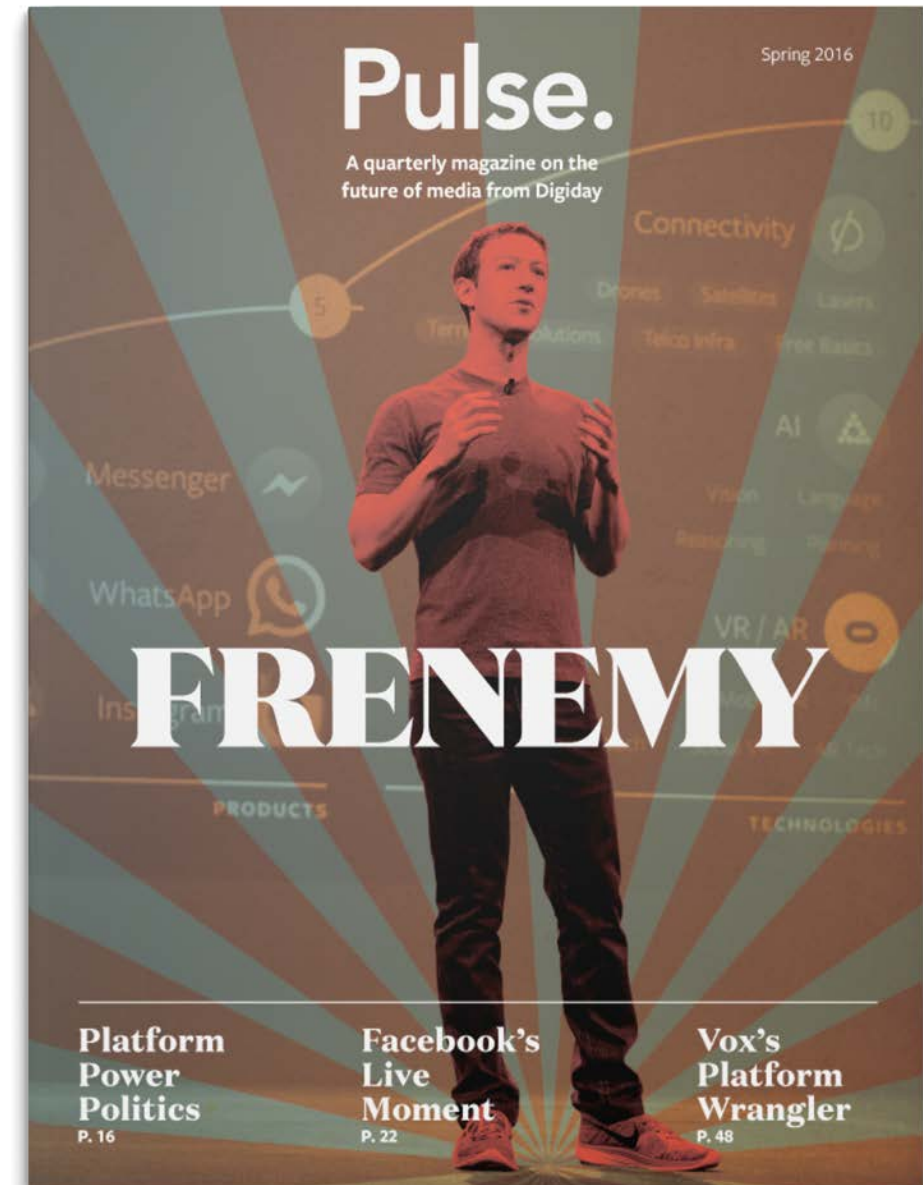
“Incremental knowledge is always good,” says Gaines. “But the fact is, that while you get to build technology stacks on that side, you don’t actually get to apply them and develop actual insights.” ■



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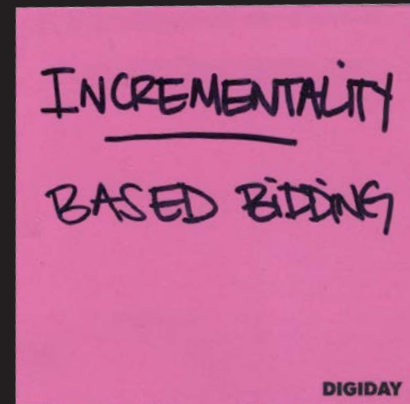
In May, Digiday gathered together 350 marketers, agencies, publishers and tech providers to discuss the future of programmatic advertising.

The three-day summit, held at the Ritz Carlton in New Orleans, underscored the momentum programmatic continues to enjoy, tempered only by concerns relating to viewability, fraud and dodgy metrics.

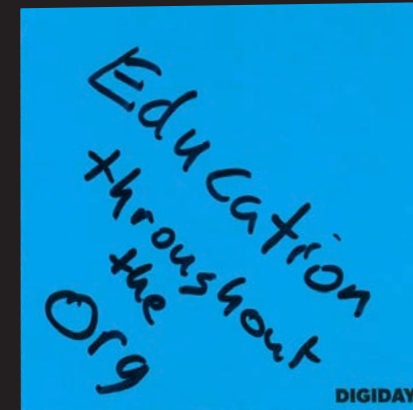
BY BRIAN MORRISSEY

When Programmatic Is Problematic

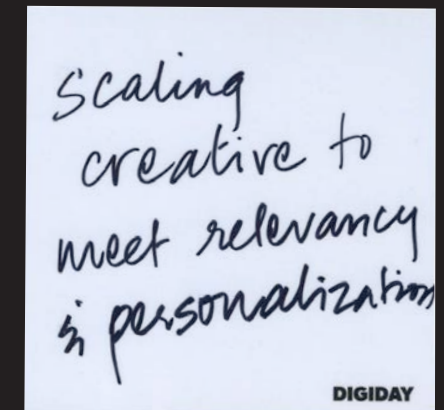
At the Digiday Programmatic Summit in May in New Orleans, we asked top brands to anonymously write their biggest challenges with programmatic advertising. Here's a sampling of what brands submitted, with their explanation of the challenge.



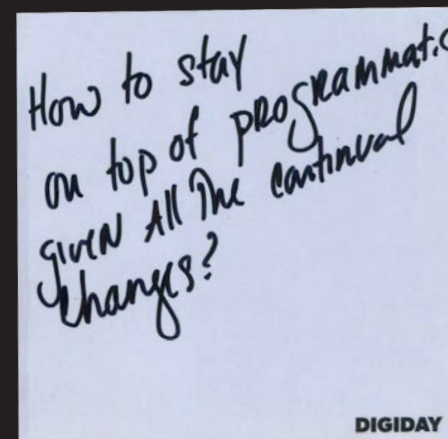
"Everyone has a baseline probability to convert regardless of marketing. Marketing data tends to confuse correlation with causation. You're paying for someone you would have gotten anyway. Every algorithm doesn't take into account whether a person is truly incremental. Algorithms need to change to bid for incrementality rather than just bid for the conversion or click."



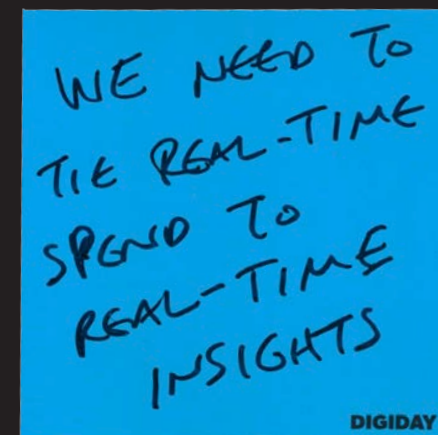
"Getting everyone up to speed with what programmatic is and how it can be used for their strategies is hard. In the beginning, everyone had different levels of knowledge. It's one of those things where people thought programmatic was junk sites. It was educating about the premium inventory available."



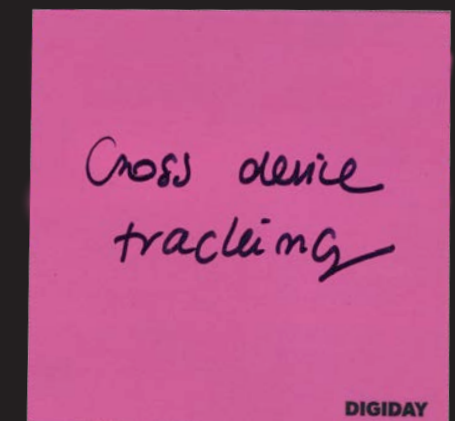
"One of the challenges with programmatic is reaching the right audiences. Do we know we are? Are we producing relevant and contextual creative — and enough of it? Scaling creative is a problem. Having enough resources to continually produce it is a problem."



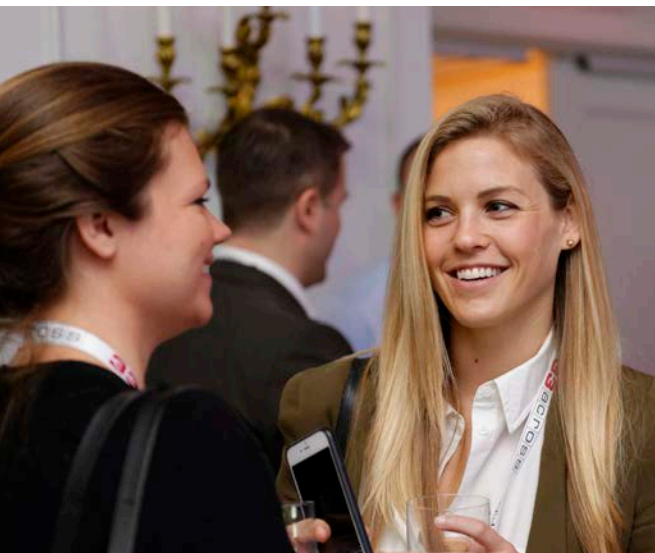
"It's not something I live and breathe day in and day out. I rely on my agency to do the due diligence for me. From a brand perspective, it's the education and keeping up with the changes and then owning the data and mining the data."



"We don't have a great handle on how to steer our media in real time. There's a lot latency in action and insight. We spend money and don't know what's happening. We'd like to bring all our media in-house but a big step forward would be knowing what happened, connecting real-time spend to real-time insights."



"When we're using Google's bid manager platform, we're able to see how the user converts. But once we set ads to devices, there's no way of connecting these ads with acquisition. Even if we see conversion in the end, we cannot track that to a device. We don't know if it helps or not. We cannot 100 percent validate it."



Q&A with Yannis Dosios

Vice President, Platform & Exchange Yahoo



What's most promising in programmatic?

Native. It's a newcomer to programmatic, delivers exceptional performance and offers a great user experience. Publishers and advertisers are adopting native the same way we've seen in video and display - starting with direct deals, and moving to programmatic for enhanced targeting and measurement, which helps advertisers measure this format as part of their holistic digital

advertising efforts. We believe that rather than thinking of native and programmatic separately, native is just the next ad unit to go through this industry maturation point and be part of the overall programmatic playbook.

Beyond native, premium spend across all formats is getting delivered via programmatic guaranteed, and as TV budgets move more to digital, programmatic will drive an increasing portion of that spend.

What's one thing that would surprise people about programmatic technology?

Quality and flexibility. Programmatic has a reputation for being low-quality and remnant inventory. Today, advertisers can access almost any supply, in any format, from any publisher on any device. In fact, publishers, including Yahoo, are making more premium inventory available

programmatically. Programmatic platforms are also flexible - most are open to third-party measurement and attribution integrations.

What is Yahoo's answer for programmatic buyers?

BrightRoll, our programmatic brand, has tools to help advertisers, publishers and partners connect with consumers across formats and devices. Our BrightRoll DSP lets you buy across video, display and native, leveraging user data from searches, communications & content experiences to get results. Our BrightRoll Exchange is one of the largest marketplaces for premium programmatic video, display and native advertising.

Is there anything advertisers should keep in mind?

When choosing a programmatic partner, advertisers should ensure they have transparency to verify impressions are running where they are supposed to, are being seen by real people and are delivering the advertisers' desired campaign objectives. Metrics such as non-human traffic percentage, viewability rate, audience metrics and conversion rates, preferably also verified by independent third-party vendors, are important to track.

YAHOO!

Up Close



MY BIG BREAK: SAM REICH

JOB:
head of video for CollegeHumor

Age: 31

Fun fact:
His father is former Secretary of Labor for President Bill Clinton, Robert Reich.

Have you ever been fired?

I had a job as a waiter for about a couple of weeks when I was 16. I had lied and told them that I was 26 in order to get hired. They did a wine tasting one night and I had never drunk anything before in my life, but in order to keep up this ruse I did. I was so hungover the next day that I slept right through the brunch shift. When I showed up, they were just like 'Dude, you're a basketcase.' I got promptly fired.

Biggest professional screw up?

I visited a friend that was working on a TV show and he gave me a tour of it and after that was done, I wrote up a blog post about my experience behind-the-scenes of the show. As it turned out, that post was way too revealing and my friend got in trouble at the show. Turned out to be fine,



but he was understandably furious at me. In that moment I learned that learned the dark side of social media and now I'm a lot more careful about what I put out there.

What was the moment you realized you broke out?

My comedy group had been putting videos online long before there was even a Flash player, so we were posting Quicktime files to the internet and people were downloading them. We had no idea how big our audience was or wasn't because we never had any analytics. We put on a live show at UCB [Upright Citizens Brigade], having no idea what to expect, and sold out within minutes and there was this huge ravenous crowd. We felt like total celebrities. We had no idea that anybody was watching so that was a really cool experience.

What's the best advice you've ever got?

It was from my high school drama teacher. He told me, "It's not how much you want something, it's how long you want it for." This business is borderline impossible to any teenager who wants to get into entertainment. If you want this career, you have to be willing to put in a decade or more to be able to make it work, and if you're not willing to do that, then you're probably not in the right industry.

What's the biggest change you've seen in online video in the past decade?

The big change is the "BuzzFeed-ification" of content. The internet used to be this place where very weird and niche work was celebrated, and that's still true to an extent. But people stopped sharing links with each other via email or gathering around computers to watch weird video. When it started to be primarily social sharing, then it had to be video you were comfortable posting to your Facebook wall. It has become this issue of identity, so "I share this video in order to say something as a person or in order to associate myself with this piece of knowledge." The term is no longer viral, which is almost vintage at this point. Now the term is shareable and what makes a video shareable.

What's the key to making a popular video in 2016?

More than ever it depends on the platform. What works on Facebook doesn't work on YouTube and certainly doesn't work on Snapchat. Now the challenge is: How do we do this sustainably? How do we do this in a way that stays true to the brand? And how do you build on that and turn it into a healthy company?

How would you sum up your career?

My living life out of order. I dropped out of high school and then started working at a young age and then had a corporate job from the age of 22 then eloped with my wife at 26 and might still have a wedding and got my first-ever driver's license last December. It all feels weirdly out of order to me.

How does your father, the famous economist Robert Reich, feel about your career?

My dad loves, and lives somewhat vicariously, through my job. He's always been a ham because he did theater in college, and even briefly hosted a PBS show. He'd never admit this, but he even contributed jokes to our "Donald Trump: Show Us Your Penis" video.

Really?

Let's face it: there's a lot of show business in politics and politics in show business, so we help each other out with insights. He's coached me through some tough business decisions, and I coached him through his early days on social media. ■

Walk a Mile in Shingy's Shoes

David Shing flies around the world on behalf of AOL to translate internet trends for brands and agencies.

BY JORDAN VALINSKY

First things first: Yes, Shingy knows many of you roll your eyes at his job title: digital prophet.

"It's gotten to the point where I don't have to describe what I do anymore," AOL's David Shing, more commonly known as Shingy, tells Digiday. To the uninformed, he says he reads the internet tea leaves.

"I look to distill down trends and put them in terms for brands, marketers and agencies can understand," said Shingy, who's been with AOL since 2007 in various media and marketing roles before starting in his current position five years ago. Now, he frequently travels around the world from his New York base, speaking at marketing conferences and meeting with agencies or engaging in direct client work.

His eccentric appearance captured the Internet's attention in a 2013 interview on MSNBC's "The Cycle," though it doesn't mirror his personality. Rather, he's a mild-mannered Australian native who talks in a way that isn't half as perplexing as his

title.

When asked about the biggest misconception about himself, Shingy says people thinks he's a "deadly serious person" who isn't approachable. "You can't promote a title like 'digital prophet' and continue to be a serious person," he says. "I'm just an Average Joe."

Here's what Shingy did while spending a day in Sao Paulo, Brazil, slightly edited for clarity:

8:00 a.m.: I came in from New York direct to Sao Paulo last night, so my morning starts as soon as I land. Traffic is rubbish, but it gives me time to catch up on email, check on the political news and put the last minute touches on my presentation for the launch breakfast. I like to take photos of the cities I visit and include them in my presentations; audiences seems to appreciate them.

9:30 a.m.: Arrive at venue in time for a quick tech check, meet some clients and settle in and take a couple of mandatory selfies.

10:00 a.m.: Our lead from Latin America kicks off the day and intros





me as the keynote at the AOL launch. My role here is to set the stage for trends, behaviors and technologies and how they apply to marketers today and tomorrow.

10:30 a.m.: I prepare for my interview with Rodrigo Bocardí, the host of "Bom Dia São Paulo", and the news anchor for "Bom Dia Brasil" at Rede Globo, the largest broadcast company in Brazil. Rodrigo is a social media heavy user and since he hosts these morning shows, he has been changing the way TV Globo broadcasts news, so securing an interview with him was a win. We discussed his show's rise in popularity and what he feels he can do next to ensure the engagement continues.

11:15 a.m.: I head to the AOL office for an interview with Estado de São Paulo, a writer for a major Brazilian newspaper.

Noon: Lunch with the AOL Brazil team. How refreshing it is to sit and have a civilized lunch with some of the AOL team. I need to do more of that in the U.S. because this was a lovely reminder of the power of connecting with people.

1:00 p.m.: Time for my first agency presentation of the day. We take off to meet with the digital, creative and media team at the agency LDC. The presentation is an extended version of the presentation from the breakfast launch.

2:30 p.m.: Second agency presentation is at BBDO. This is a well-known and award-winning agency that tends to focus on TV and print in the region. My presentation was to focus more on the technology and behaviors and interesting insights from the year so far. The attendance was about 50 percent over the natural capacity of the room, making it remarkably well attended.

4:00 p.m.: I head back to AOL. Thank goodness BBDO is walking distance from AOL's office given the traffic. I conduct a workshop for the team about "Capturing Creativity" with tips and techniques on how to present.

5:00 p.m.: I am the closing keynote at one of the largest marketing conferences in Brazil, called Proxima, attended by about 600 people. The conference celebrated its 10-year

anniversary and I got to present for 45 minutes.

6:00 p.m.: I join our Latin American lead, our global head of sales and the head of Americas, for an AOL Brazil town hall to discuss changes at the company, what we are inspired by and hold a question-and-answer session with the team.

8:00 p.m.: Dinner with the senior management team of AOL Brazil and proceed to eat too much. They still cater to those of us who do not eat meat!

11:00 p.m.: We sneak off to a hidden bar for a civilized nightcap and listen in on a wonderful Bossa Nova trio.

1:00 a.m.: Lights out. Finally. ■

“

**MY ROLE IS
TO SET THE STAGE
FOR TRENDS.”**



DIGIDAY SUMMIT SCHEDULE 2016



DIGIDAY RETAIL SUMMIT

JUNE 27 – 29, 2016
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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 BISCAIYNE, FL



DIGIDAY AGENCY SUMMIT

OCTOBER 23 – 25, 2016
PHOENIX, ARIZONA



DIGIDAY PUBLISHING SUMMIT EUROPE

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NICE, FRANCE



DIGIDAY VIDEO ANYWHERE SUMMIT

NOVEMBER 9 – 11, 2016
AUSTIN, TX



DIGIDAY PROGRAMMATIC SUMMIT

NOVEMBER 14 – 16, 2016
PALM BEACH, FL



DIGIDAY DIGIDAY BRAND SUMMIT

DECEMBER 5 – 7, 2016
PARK CITY, UT



Vox Pop

Jim Bankoff doesn't care where you read Vox Media's stories, as long as you read them.

BY LUCIA MOSES

Vox Media chairman and CEO Jim Bankoff is not new to the race for scale in media; as an evp at AOL, he was responsible for one of the biggest properties on the internet.

But as the founder of Vox Media, with eight verticals including SB Nation, The Verge and Vox News, he believes the way to build value today is by having focused sites with loyal audiences. He talked to Digiday about defending media brands in a distributed world, how it's solving for ad blocking and what's holding back a profitable model for digital publishing.

There's been a lot of news about audience growth plateauing, BuzzFeed missing its numbers, Mashable laying off people. Are we in a bubble?

The trends are still really strong in favor of moving to digital content. Within that, there are always going to be companies that are successful and not successful. If Al Jazeera goes out of business, I don't know if that says something broader about digital content companies. I can only focus on our company. How we attract audiences is changing. We have sites that continue to grow but a lot of the growth is coming from mobile, and within big applications, notably Facebook, Snapchat, Twitter, email, podcasting. It's on us to always be ready to thrive and change.

“
WE WANT TO ENGAGE PEOPLE WHERE THEY WANT TO BE ENGAGED.”

How much of your audience is off platform?

Per Google Analytics, we have 180 million people on our platforms and the best we can tell, it's about three to four times that off our platforms.

BuzzFeed says it doesn't matter if people don't view its content on its own site. Does that matter to Vox Media?

It's not the ultimate goal. We want to engage people where they want to be engaged. We define ourselves by the tone and voice of our brands regardless of where they appear.

Audience scale's no longer the end-all, be-all. What's next?

Scale is table stakes. Then it's about the context, the audience, the composition of that audience, and what does the media brand represent. Take Eater. It represents people who are affluent, intelligent, spend money dining out. These are the same types of audiences a car company is interested in associating itself with. If you have a generic brand that's like a portal and you just keep adding on sections, like, "Here's our food section, here's our tech section, here's our sports section," you chip away at your authority.



A video of an exploding watermelon recently got millions of views. What does that say about digital media today?

We lean into programming that works across these platforms, too. But we believe it's important to ladder up to creating a brand, something that endures and creates lasting, positive impression around a defined topic or category. Advertisers want something that has lasting quality.

It's been hard for digital publishers to make money on quality journalism, though. When do you think that's going to change?

It's time for all of us premium quality publishers to separate ourselves to create a better value proposition.

If anything's holding us back, it's a lack of separation between premium quality brand experiences and everything else. You see symptoms of that with audiences adopting ad blockers.

How is Vox Media trying to solve for that?

We've developed our own ad platform to solve for a lot of the problems associated with ad blocking. We built our own creative services unit. For advertisers that bring their own assets to the table, we make sure they load quickly, look great and are data-informed. We think ultimately it's in best interest of this whole ecosystem to embrace premium quality advertising.

There's a lag publishers face in trying to monetize off platform. How do you balance that with the need to reach audiences there?

We don't have to do unnatural things like, say, get more people to our newspaper. We have to monetize, and we are. What we look for is: Is there a big and relevant audience? Second, is this a platform we can tell stories in line with our brand? And third, is there a business model or hope for one? But you have to find the right balance. You don't want to overinvest in anything.

Today, Facebook is promoting video a lot, which means publishers are creating video. Tomorrow it may be something else. Do you worry about Facebook becoming too powerful?

I think Facebook will do what's best for Facebook, and part of that is engaging audiences with great content on their platform. That's why the algorithm is favoring video and premium content brands like ours. Same with Google. Our bet is not on Facebook; our bet is that people will want to consume relevant video content about technology, food, sports. We're not saying we're there to optimize to social algorithms. We're out there to tell great stories.

Why hasn't Vox Media aggressively expanded overseas as its peers have done?

We have global aspirations, but it's hard to do localized content well. We've had the opportunity to translate our content online and we didn't think that would be enough. Doing quality local content means finding people on the ground who understand the market really well. We've been starting to; we have sports sites that cover things abroad. But we want to do it well. ■

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A Conspiracy, Not Fraud

BY BRIAN MORRISSEY

The Association of National Advertisers' report on transparency was a much-telegraphed affair. Leaks led to speculation it could result in jail time. It was to be a bombshell. Many were licking their lips for blood.

But the result was a tepid affair. No names were named. Sketchy practices were anonymously highlighted, but not tied to any specific company or individual. The transparency report wasn't that transparent in the end. The final result was a glimpse at a media system that's overly complex, riddled with inefficiencies, double-dipping and double-dealing. And so it goes.

Some of the issues the ANA report discussed were covered repeatedly in Digiday several years ago. We were early to sound the alarm on the clear conflict of interest of agencies funneling client money to high-margin trading desks, which were acting as vendors. We wondered how major holding companies could gain more shares in vendors based on the level of client dollars pushed into those vendors. And, most of all, we questioned how agencies could truly be agents when they were also arbitrageurs of media. At the time, we were

often accused of being "haters," even to the point of facing a lawsuit threat, and frankly nobody much cared because the money wasn't that big, all things considered. All clients cared about was looking good to their bosses by showing they were cutting costs, especially around silly things like "non-working media," also known as paying people to build their brands.

While much of the focus around the ANA report has centered on agencies, it takes two to tango. (Three if you include the ad tech vendors all too happy to pay to play so long as they got a cut of the action.) Clients might act scandalized by the findings of the report -- gambling in Casablanca?! -- but the truth comes on page 50, when an ANA investigator highlights "client pricing pressure" as a major tributary to the media cesspool. And that is, in fact, the driving factor in all this. Under fire from procurement offices, clients have focused solely on driving down agency fees to near zero margins. Is it really any surprise that agencies found other ways to make money? Everybody's got bills to pay. Clients were at best short-sighted, incompetent and negligent. More often, they were complicit.

Years ago, during a confidential meeting in which agency double-dealing came up, a source summed it up for me: "This is a conspiracy, not fraud." He meant that everybody was in on it. Vendors will pay rebates for business every day of the week, twice on Sunday. Agencies, which have been declared "dead" approximately 15,000 times, will find a way to make margins. And clients get to go back to their CFOs and show off how they've lowered agency fees. Everybody wins -- well, except for those not in on the rigged game.

There's only one obvious solution to all this, and it's quite simple but hard: Trust. That doesn't mean blind trust -- transparency is needed across the board -- but that clients need to re-establish a collaborative relationship with agencies in order to make sure these agencies truly act as agents. "This never would have happened if clients didn't clear out any way for agencies to make money," sighed one ad tech executive after the report came out. "Maybe we can move on and build something better."

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