DIGIDAY

SUMMER 2018

CHANGEMAKERS

SUMMER 2018

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EDITOR'S NOTE

BY LUCIA MOSES

Media and marketing execs will descend on Cannes this summer for a week of hobnobbing and deal-making. Expect a subdued atmosphere this year, as media continues to grapple with a raft of challenges and ad agencies fret about their future place in a fast-changing media environment.

But beneath the gloom, bright spots emerge. Subscriptions are working at many publications, the Facebook fallout is sweeping aside those with flimsy connections, and brands and marketers are busy cleaning up a cluttered and inefficient media supply chain. In this issue, for the second time, we put the spotlight on those doing the hard work of changing media and marketing for the better. Our Changemakers aren't necessarily those pontificating on the conference circuit and on Twitter, although there isn't anything wrong with that, but the ones in the trenches doing the messy work of effectuating change to build a sustainable media ecosystem.

Our list was based on our reporting and sought to reflect the diversity of people, companies and issues we cover. We tried to avoid the top people at companies who often grab the headlines, which is why many of those who made our list are operators who don't always get recognized. We interpreted impact broadly, not just through traditional business metrics like revenue growth, but challenging hidebound ideas. You'll see the tech giants represented here, because, for better or for worse, they're changing the media and marketing landscapes.

Take Adam Mosseri, who as head of Facebook's news feed became something of a rare ally there to publishers frustrated with the company's opacity and ever-changing content strategy. Now that he's been tapped to run product for Facebook-owned Instagram, many will be eager to see if he'll bring that transparency over to the photo-sharing app and what his moves will bode for publishers that depend on the app to find audiences. An example of an executive modernizing media is Christy Tanner of CBS Interactive. The exec helped translate the 90-year-old news brand for new viewing habits by developing a leading over-the-top streaming video business led by streaming news network CBSN. It's succeeded in part by having people from different departments working together from the start -- a collaborative approach essential at any modern media company.

We also recognized the anonymous Instagram account Diet Madison Avenue. It's been collecting stories of sexual harassment and calling out male agency execs it says should be fired over allegations of abuse. This kind of social media-based activism has its critics, but it also can lead to change. Droga5's Ted Royer, The Martin Agency's Joe Alexander and Wieden+Kennedy's Paul Colman left their positions following internal investigations after being named by the account.

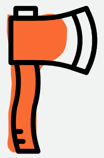
We touch on change in other ways in the issue. Sahil Patel profiles ESPN, where the rumors of its demise may be overstated. Despite the popular narrative that ESPN is doomed by the growth of digital rivals, the situation isn't as dire as all that. Turns out, it helps to have the brand heft and infrastructure that ESPN does.

Elsewhere, retail giant Walmart is going from disrupter to disrupted with the rise of Amazon. But while Amazon has become known for making enemies of individual brands, as Hilary Milnes reports, Walmart is taking the opposite tack with Jet. We'll see if being nice pays off when it comes to competing with Amazon. Already, Jet's approach is winning over luxury brands, an area that Amazon has struggled with.

We're changing, too. This is Digiday's 10th issue of the magazine, which is part of the growing number of benefits you get as part of your Digiday+ membership. We're finding new and different ways to bring you value, whether it's members-only research and content, and previews of podcasts and articles. As always, give us your feedback; we appreciate all of it.

A NEW MARTINI LUNCH

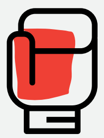
Ad buyers can be fickle, and when it comes to wooing clients, conference rooms and cocktail lounges don't always cut it. Here's how ad sales people try to stand out from the crowd.



MIKE HADGIS, HEAD OF REVENUE AND PARTNERSHIPS, VOX MEDIA

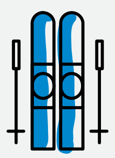
WHERE: Ax throwing
WHY: "There's no better way to get to know a client than over throwing an ax at a wooden wall, hoping it sticks."

RENEE APPELLE, EXECUTIVE DIRECTOR OF AGENCY RELATIONS, HEARST



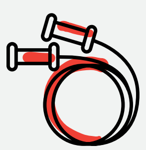
WHERE: Rumble Boxing
WHY: "The hottest new way to stay fit while discussing marketplace, strategy and upcoming initiatives is Rumble Boxing. Although surviving 10 rounds of planks and punches together left us all sweaty and satisfied, it was our time at a local healthy dinner spot after where we were able to revisit our partnership."

JP MAHEU, VP OF CLIENT SOLUTIONS, TWITTER



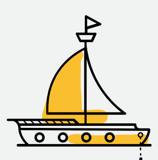
WHERE: Skiing
WHY: "At Sundance, we took a few clients skiing for half a day. I happen to be a ski instructor on weekends, so we could accommodate people at all levels."

JENNIFER KLAWIN, SVP OF BRAND PARTNERSHIPS, BUZZFEED



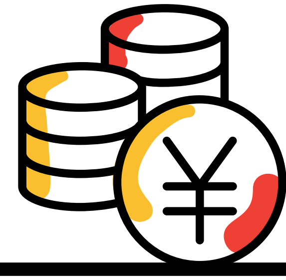
WHERE: Barry's Bootcamp
WHY: "Morning workouts are the new happy hour. My team takes their clients to Barry's Bootcamp. They have standing workouts on Tuesday mornings."

GABE TARTAGLIA, VP OF VERTICAL SALES, PANDORA



WHERE: Chicago Air and Water Show
WHY: "We enlisted a friend who owned a boat to take me and a few key clients out on the lake to watch the planes fly overhead. We tethered several inner-tube floats off the boat. After struggling for a few minutes to get ourselves in without spilling our cold beverages, we were able to lean back and float along while watching the show."

E-COMMERCE IN CHINA BOOMS



It's no wonder Western brands and retailers across the fashion, luxury, beauty, consumer packaged goods, automotive and technology categories are looking to China's e-commerce industry with dollar signs in their eyes: Tmall and Taobao, Alibaba's two consumer-facing marketplaces, count more active monthly users than there are people in the United States, by a wide margin.

"The China opportunity is one we're going to continue hearing about in Western retail for a long time. It's a big opportunity -- a really big one," says James Rogers, founder and CEO of Catesby, a retail management consulting firm based in Shanghai. "It's a lot for some of these brands to even wrap their heads around."

HERE'S CHINA'S E-COMMERCE INDUSTRY, BY THE NUMBERS.

695 BILLION
Mobile shoppers in China (CNNIC)

580 MILLION
Monthly active users on Taobao and Tmall, the peer-to-peer and retail marketplaces Alibaba owns (Alibaba)

1 BILLION
Monthly active users on WeChat as of February 2018 (WeChat)

63,809
Number of Alibaba employees (Alibaba)

$55 BILLION
JD.com's 2017 revenue (JD.com)

325,000
Peak orders processed per second by Tmall on Alibaba's 11.11 Global Shopping Festival in 2017 (Alibaba)

$584 BILLION
Projected e-commerce revenue generated in China in 2018 (Statista)

$25.3 BILLION
2017 single-day sales on 11.11, which broke previous on-day records (Alibaba)

$523 BILLION
Alibaba's valuation (Alibaba)

731 MILLION
China's online shoppers (CNNIC)

97%
Share of China's online shoppers who use Tmall (Alibaba)

HOW AD TECH EXECS EXPLAIN THEIR JOBS



Explaining online ads to those outside the industry isn't easy. We asked ad tech execs how they explain their jobs to "normal" people.

KATHLEEN COMER,
VP OF CLIENT SERVICES
THE TRADE DESK

"When you notice an ad that makes sense to you and your interests, there's something like a Sotheby's auction going on behind the scenes to figure out which ads to show you, and that's The Trade Desk. We use technology, data and artificial intelligence to help advertisers reach potential customers across the different devices you use."

LAUREN O'KEEFE HENDRICKS,
SVP OF GLOBAL PUBLISHER PARTNERSHIPS
KARGO

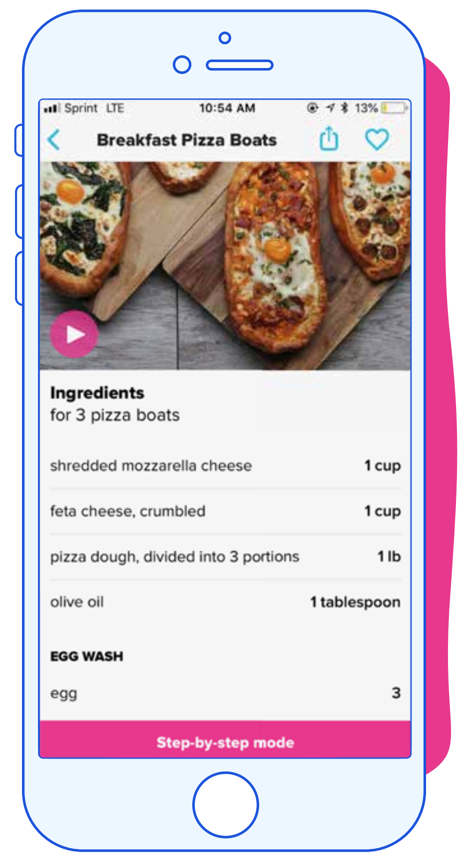
"I start off by asking, 'What do you read on your phone?' They usually respond, 'The news.' Then, I tell them that Kargo puts really cool, innovative ads within professional editorial content like NBCU, CBSi and Hearst, but only on mobile devices. And the ads are for real companies, not shady refinancing scams or random diet schemes. That usually gets them 90 percent there."

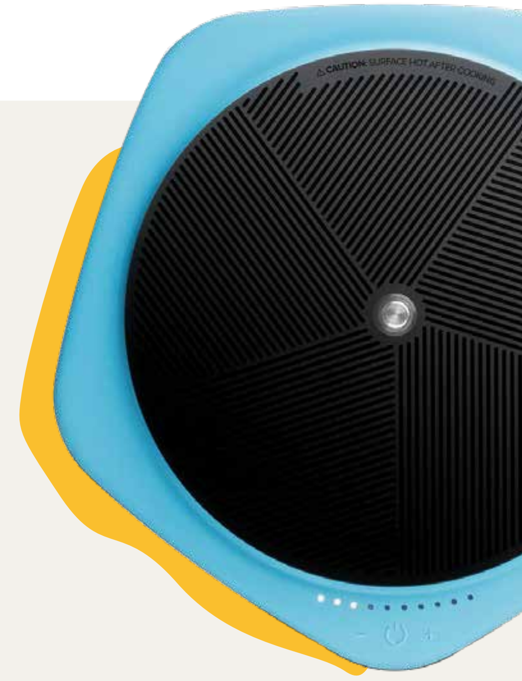
ANNE FRISBIE
SVP OF GLOBAL BRAND AND PROGRAMMATIC
INMOBI

"I just tell friends that I sell ads on their phones, and leave it at that. But my kids always want to know more. So I tell them that the video ads that they see in between games like 'Words with Friends' are what I sell, and those ads enable them to play for free."

INSIDE THE TASTY ONE TOP

Last summer, the Tasty One Top made waves. We sat down with Ben Kaufman, who heads BuzzFeed Product Labs, for an inside look at how the One Top got made.





The idea: "The original idea came from the fact that these things are in our videos already," Kaufman says. "There were 1 billion views per month of a conduction one top. If we can swap that out with a recognizable product image, that's an incredible amount of free brand recognition."

The shape: "Because Instagram" was Tasty's explanation for the One Top's pentagonal silhouette. "We looked at basically every geometric shape you could think of," Kaufman says. "We went to the effort of screenshotting Tasty content and superimposing our shape concepts on it."

The app: At launch, the company took heat for not having an Android version of the One Top app, along with a host of product oversights: One Top-enabled recipes weren't searchable or savable, and techniques like precision deep-frying weren't included. "It was a big miss on our part," Kaufman says.

The library: Just a few dozen of Tasty's 1,700 recipes are enabled for One Top, which uses data and signals from itself to guide the user through a recipe: You won't be told to flip a steak, for example, until the One Top's thermometer hits a certain temperature.

The content: Deciding to launch the One Top changed the priorities of Tasty's chefs, who had to come up with recipe ideas with more complicated cooking techniques that took advantage of One Top functionality. "There wasn't a single Tasty sous vide video until the One Top," Kaufman says.

The partnership: The One Top's technology was handled by FirstBuild, a General Electric-owned product incubator similar to Quirky, the startup Kaufman launched before joining BuzzFeed. Kaufman was drawn to FirstBuild because it had released its own app-connected conduction burner just one year earlier.

THE BILLIONAIRE MEDIA INVESTORS CLUB

As the economics of news publishing become more challenging and venture capital funding for media ventures dries up, a new wave of media owners has stepped in to help keep struggling newspapers afloat, and to fund digital content that isn't simply designed to boost ad impressions at all costs. Here's your guide to the members of the benevolent billionaire media investors club.

PIERRE OMIDYAR

NET WORTH: **$10.7 BILLION**

Notable media investments:
First Look Media, ICIJ

EBay founder Pierre Omidyar announced in 2013 he would commit $250 million to First Look Media, a news organization fueled by "concern about press freedoms in the U.S. and around the world." The company subsequently launched online news site The Intercept, headed by former Guardian journalist Glenn Greenwald, and has helped finance journalism-related motion pictures and documentaries, including "Spotlight" and "Nobody Speak: Trials of the Free Press." Beyond his efforts with First Look Media, Omidyar's philanthropic investment firm Omidyar Network announced a $100 million commitment to support investigative reporting and to fight hate speech. The first $4.5 million went to the International Consortium of Investigative Journalists, which led the Panama Papers investigation in 2016.

JEFF BEZOS

NET WORTH: **$125 BILLION**

Notable media investments:
The Washington Post

Amazon founder and CEO Jeff Bezos raised eyebrows when he acquired The Washington Post for $250 million in 2013. Since the purchase, Bezos has been actively "Amazonifying" the company, pushing it to invest heavily in building new technologies and digital distribution means (and cutting checks to fund their development, of course). The Post says its audience and subscriber base have grown considerably as a result of those efforts, and it's even licensed some of its advertising and content management tech to other publishers. It hasn't all been smooth sailing for Bezos himself, though. Recent tweets from President Donald Trump about his relationship with the Post have led some analysts to conclude Bezos' ownership of the paper could have wiped billions in market value off Amazon.

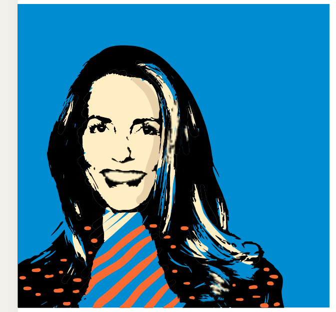
DR. PATRICK SOON-SHIONG

NET WORTH: **$7.7 BILLION**

Notable media investments:
LA Times, The San Diego Union-Tribune

Biotech billionaire Patrick Soon-Shiong paid $500 million for the Los Angeles Times and The San Diego Union-Tribune via his investment firm Nant Capital earlier this year. The South African surgeon and entrepreneur had been an investor in previous LA Times owner, Tronc, since 2016 and said he purchased the paper to "preserve its integrity, honesty and fairness." Prior to his interest in media, Soon-Shiong made his money connecting hospitals, doctors and insurers with high-speed fiber optic networks with NantHealth, and developing cancer drugs with biotech firm NantOmics. Like Washington Post owner Jeff Bezos, critics of Soon-Shiong have questioned his motivations for his LA Times acquisition, noting his various other business interests in Southern California.

LAURENE POWELL JOBS



NET WORTH: **$18.9 BILLION**

Notable media investments:
The Atlantic, Axios, Ozy Media, Gimlet Media

After inheriting the fortune of her late husband, Apple co-founder Steve Jobs, Laurene Powell Jobs has spent the past few years investing in media and entertainment companies via her nonprofit investment and philanthropy vehicle, Emerson Collective. The group acquired a majority stake in The Atlantic in 2017 and has participated in two funding rounds for Jim VandeHei's Axios. Emerson's other media-related investments have included news-focused online publisher Ozy Media, podcasting specialist Gimlet Media, multicultural media company Macro and production company Anonymous Content. In February, it emerged that Powell Jobs also held talks to invest in the news division of BuzzFeed.

SHELDON ADELSON

NET WORTH: **$40.1 BILLION**

Notable media investments:
Las Vegas Review-Journal

In December 2015, casino magnate Sheldon Adelson spent $140 million to acquire the Las Vegas Review-Journal. Some described the purchase as a strategic move to further Adelson's business and political agendas, and many reporters and editors left the paper, citing concerns about editorial independence and discomfort with its new owner's business dealings.

SPOTLIGHT ON TORONTO

For a glimpse of the future of the ad industry, look to the north. The city of Toronto, home to over 2.9 million people, has developed into a digital advertising hotspot housing a growing list of ad tech companies and boutique agencies. According to CBRE's Scoring Tech Talent in North America 2017 report, Toronto added 22,500 new technology jobs -- including ad tech jobs and agency tech jobs -- in 2017. That's more than New York (5,370) and San Francisco (11,540) combined.

Observers point to various reasons for Toronto's growth. There's access to talent, an abundance of coworking spaces, a thriving arts scene and less political upheaval. Meanwhile, government funding for tech startups is high; proximity to the industry's major platforms, brands and holding companies cannot be beat; and low corporate taxes make the city more affordable than others like New York, San Francisco or Los Angeles. And Toronto is one of the most diverse cities in the world: over half its population was born outside Canada. And let's not forget, Toronto is the home of Drake as well.

DRAKE HAS MADE THE CITY COOL

Although Toronto cannot compete with the likes of New York or LA when it comes to celebrities, Toronto can lay claim to Drake, who has driven up the city's cool factor. Facebook even named one of its meeting rooms in its Toronto office after Drake's hit "Hotline Bling." Drizzy is building a multi-million-dollar mansion in the Bridle Path area of Toronto, complete with a NBA-size basketball court, indoor pool, jersey museum and awards room. His nickname for the city, "The 6," has stuck, and it's rare to find a Torontonian who doesn't know it.

PROXIMITY TO THE BUSINESS

There's no point in growing a business in an area without good partners. Luckily, agencies and ad tech companies are close to the offices and headquarters of major platforms like Google, Facebook, LinkedIn and Wattpad; advertisers like Pepsi, Air Canada and Tim Hortons; and holding companies like Publicis, Omnicom and Ogilvy. Facebook was the latest platform to open an office in the city in March 2016.

A FAVORABLE BUSINESS CLIMATE

Toronto was the only city outside the U.S. to make Amazon's list of 20 finalists for its second headquarters, a sign that the city has become worthy of consideration as a major tech center. The region's proposal to Amazon has incentives that many ad agencies and companies say also lured them to the city: affordable talent, a tax rate 13 percent lower than most U.S. cities and a universal health care system that saves on cost.

GOVERNMENT INCENTIVES

The Canadian government is making it easy for entrepreneurs to build startups in Toronto. It offers several funding and grant programs to cover development costs. Banks are also offering incentives to set up shop in Toronto, with BDC introducing a $70 million fund in 2016 for women-led tech companies, for example.

A WEALTH OF TALENT

Technology, coding and marketing programs at the University of Toronto and nearby University of Waterloo -- Canada's own MIT -- provide Google, Facebook and the ad tech companies in Toronto with the engineering and computer science talent they need. Other schools that specialize in advertising have also opened in recent years. Miami Ad School, for instance, opened its Toronto location in 2016.

AD TECH COMPANIES AND DIGITAL AGENCIES HAVE INFILTRATED THE CITY

Toronto's King-Spadina neighborhood, filled with lively clubs and restaurants, has emerged as a hub for ad tech startups and digital-focused boutique agencies. There, you'll find ad tech companies, like Index Exchange, StackAdapt, WorkTango, Kindred, Abacus, and Uberflip. Alongside them are agencies like Eighty-Eight, Rethink, Zulu Alpha Kilo, Church+State and Send+Receive.

A GROWING CONFERENCE SCENE

Major advertising hubs like New York, San Francisco and LA hold myriad events and conferences that lure people to those cities. Toronto is no different, with DigiMarCon and Uberflip's content marketing Conex. E-commerce company Shopify, which opened its second Toronto office in 2017, brought its annual Unite conference, previously held in San Francisco, to the city in May. "Companies that have really grown in the ad tech industry are now shining a spotlight on the city by bringing people here for their annual events and conferences," says Erin Bury, managing director at Eighty-Eight.

A RAPID IMMIGRATION PROGRAM

In June 2017, Canada launched its Global Skills Strategy program, which allows companies to assign visas to highly skilled foreign workers in under two weeks. This, according to Drew Bradstock, svp of product at Index Exchange, is drawing companies and talent to the city and to Canada generally since the visa process is much longer in the U.S. And, unlike the U.S., Canada does not limit the amount of visas it issues every year. Fifty-one percent of Toronto residents were born outside of Canada, and the city's population speaks over 180 languages and dialects, according to the Toronto region's proposal to Amazon.

HER STORY

Hello Sunshine CEO Sarah Harden has Reese Witherspoon's media company seizing its moment at a sprint. ***BY TIM PETERSON***

On a recent Sunday, Sarah Harden was eating pizza with her kids while exchanging emails with actress Reese Witherspoon. "Can I call you? I've got a surprise," Harden wrote to Witherspoon. Once on the phone, Harden broke the news to the Oscar winner: AT&T had agreed to fund a summer camp for Witherspoon's media company, Hello Sunshine, to teach filmmaking to 20 teen girls. Harden remembers an emotional Witherspoon telling her, "This is exactly the sort of thing I've been wanting to do."

Hello Sunshine, a company that specializes in empowering and relatable stories for and by women, was just the sort of company Harden had wanted to run, too.

As president of Otter Media, a joint venture between AT&T and The Chernin Group that comprises several digital media and entertainment companies, Harden spent years searching for a female-focused, video-led media company. She helped Otter Media-owned Fullscreen acquire Rooster Teeth -- a digital video studio that produces original shows, operates a direct-to-consumer subscription service and hosts its own live events -- and was determined to find its women-focused counterpart, well before the #MeToo and #TimesUp movements underscored the need for one.

Harden, 46, found what she was looking for in 2016, when she met Witherspoon, who was searching for an investor. Harden may not have known she would become Hello Sunshine's CEO, but in that first meeting, she was already playing the part.

"[Witherspoon] had a fully formed vision for what was called Sunshine at that point," recalls Harden, whose easygoing Aussie accent can belie her intensity. "She started to talk, and I was like, 'Yes. Yes, yes, yes. And here's what we would do first, and here's the first four people we'd hire, and here's the economics.'"

After that meeting, Otter Media invested in Witherspoon's company, which launched as Hello Sunshine in November 2016. In June 2017, Harden became its interim CEO, thinking it would be a six-month gig. It became a permanent position in January 2018, in what Harden saw as a "once-in-a-lifetime opportunity."

With Harden at the helm, Hello Sunshine has expanded at an ambitious pace. The company is already a producer on HBO's Witherspoon-starring, Emmy Award-winning "Big Little Lies," and it has sold shows to Apple, including one starring Witherspoon and Jennifer Aniston, and a series to Hulu that will star Witherspoon and Kerry Washington. Hello Sunshine also has two films in the works. The company premiered its first podcast, "How It Is," in April. It's getting into sponsored content and plans to enter the live events business this year.

"We have an urgency about everything we're doing," Harden says. "It feels like the time is now, and our mission's worthy of our urgency."

Deep bench

With fewer than two dozen employees, Hello Sunshine may seem to be stretching itself thin. But that would ignore the depth of its roster. Lauren Levy Neustadter, who runs the film and TV division, was svp of programming at Fox Television and vp of production at 20th Century Fox. Charlotte Koh, who runs digital for Hello Sunshine, worked at Fox Searchlight Pictures and Marvel Studios before overseeing originals at Hulu and GoPro and running video at The Huffington Post. Rachel Spiegelman, who was just hired to oversee the branded content studio, spent time on theatrical marketing at Fox, then rose through the ranks of ad agency Pitch to become its CEO. And then there's Witherspoon and Harden.

"Someone asked me last year, 'How long has it been since you've been building the company?' Harden says. "One answer is, Reese has been building this company for 20 years. Hello Sunshine is an extension of what she has been doing as an actor and a producer, and I have been building my skill sets to get to this point."

"There probably isn't someone out there who has more experience around digital video, subscription models, ad models and niche audiences than Sarah," says Eunice Shin, managing director of Manatt Digital.

Experience like that is handy in today's climate, when media companies have to reach audiences across all kinds of channels and operate multiple revenue streams, including a direct one. Originally from Geelong, Australia, Harden graduated from Harvard Business School and has spent the past two decades working with traditional and digital media companies on strategy and development.

"She is one of the smartest execs in media today," says Chris Jacquemin, partner and head of digital media at talent agency WME. "She has as clear an idea where the business is going as anyone I know and a good sense of how to approach building a media company that can be positioned for that future. If you are starting a media company, having a CEO who can manage a [profit and loss statement] while also executing against a plan they built out is priceless."

Harden worked as Fox Networks Group's svp of business development and News Corp's group director of partnerships and development for Asia before joining The Chernin Group as evp in 2013. At The Chernin Group, with its investments in media and entertainment companies, Harden learned to manage multiple businesses. "We're one company that owns stakes in many different companies," says Jesse Jacobs, president of The Chernin Group. "So you have to be able to partition your mind and your time to allocate across a bunch of different things, but make the connections between different companies."

Harden worked in a similar cross-disciplinary environment when she moved to Otter Media shortly after it formed in 2014. Otter Media was ultimately a holding company, so her primary function was to help the CEOs and manage the venture working with The Chernin Group and AT&T, says Fullscreen CEO George Strompolos.

Now at Hello Sunshine, Harden oversees a startup that already spans film, TV, direct-to-consumer digital media, podcasts, branded content and live events. "She embraces the complexity and is able to operate in environments that are ambiguous," Jacobs says.

Telling stories

As multifaceted as Hello Sunshine's business is, it has a core that's plain to anyone who's visited its office in Santa Monica, California, where the wall behind the office's lobby is covered in quotes and writing from Pulitzer Prize winners like Gwendolyn Brooks, celebrities like Oprah Winfrey and fictional characters like, of course, Witherspoon's own Elle Woods.

The message is that, despite Hello Sunshine's breadth, everything the company produces is rooted in the written word, just as its initial productions are adaptations of published books, such as Celeste Ng's "Little Fires Everywhere." There's even a book club that Witherspoon informally formed on Instagram and Twitter using the hashtag #RWBookClub. "When I came in, in June, I was like, 'This could be a real tentpole part of the company and the brand,'" Harden says of the book club. Regardless of platform, storytelling is the foundation of the work Hello Sunshine produces today.

"The fact that we can tell stories across all platforms is extraordinary," Neustadter says. "When we read a book, if it's not something that feels like it should be a TV show or movie, maybe it feels like the springboard for a podcast, we can do it."

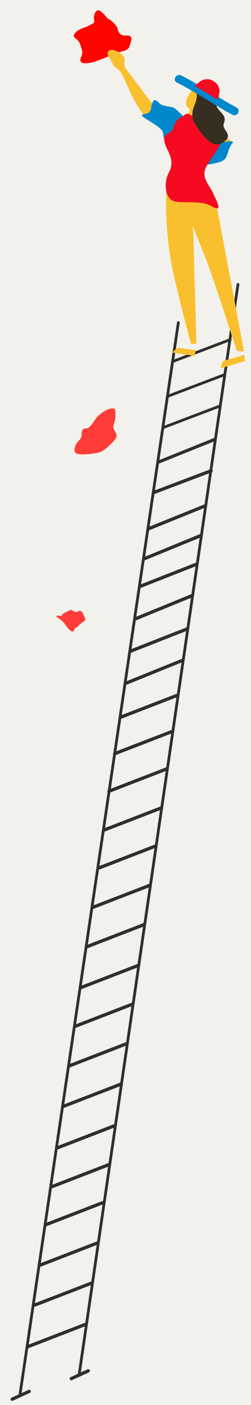
Multiple revenue streams

In addition to uniting Hello Sunshine creatively, the cross-channel strategy serves the company financially by diversifying its revenue so that it's not dependent on a reach-driven display ad model. "The model for these companies is four or five revenue streams," Hardens says. "It's not based on display advertising. There's not a single display advertising dollar in our plan. Premium film and TV revenues. Direct-to-consumer revenues."

Thanks to Witherspoon and Neustadter, Hello Sunshine has shown it can sell shows to the likes of HBO, Apple and Hulu. When pitching shows, it helps to have a built-in audience to sell. That's one reason the company hired Koh last August to build its digital footprint through its site, email newsletter, podcasts and accounts on Facebook, YouTube, Twitter and Instagram.

That digital content takes various forms to meet the audience at different points in the day, whether it's an episode of "How It Is," an episode of "Handmade*Mostly" on YouTube or the future scripted drama on Apple TV starring Witherspoon and Aniston. Later this year, that audience may be more willing to pay to attend a Hello Sunshine-hosted live event as Harden looks to test how well the company has done establishing an audience.

"This is not a rocket science model. If you get the brand right, you get people engaged in content, you get them engaged in real life, you get them to buy things from you," Harden says. "Their biggest currency is their attention."



ESPN VS. THE NARRATIVE

Is ESPN really in trouble -- or have reports of its demise been greatly exaggerated? ***BY SAHIL PATEL***

The ESPN phone -- at a reported cost of $150 million -- was enough of a disaster for no less an authority as Steve Jobs to reportedly call it "the dumbest fucking idea I have ever heard."

But ESPN executives think Jobs had it wrong. Sure, the phone was a commercial bomb -- ESPN scrapped it within a year -- but the ill-fated project got the self-proclaimed Worldwide Leader willing to make bold digital bets and also provided it with the plumbing to deliver content quickly in mobile. (Google recently ranked ESPN first among media and technology companies with fastest mobile websites.)

"I'm not sure people appreciate all that we already do in the digital space -- the audience we have, the scale, the creativity of the content," says Connor Schell, evp of content for ESPN. "There's a lot of stuff we're already doing, even if we don't get the recognition."

When it comes to embracing a digital future, ESPN execs feel a similar lack of recognition. The story is well-known by now: After surpassing 100 million TV subscribers in 2011, ESPN has lost nearly 13 million while being saddled with huge fees for sports rights. ESPN says the average age of people watching its main network is 46. Fast-twitch upstarts like Bleacher Report are winning over millennials. Attempts at digital brands -- hello, Grantland -- have failed. Oh, and ESPN's longtime boss and brand architect, John Skipper, abruptly left the company in December.

The threat

In March, Disney CEO Bob Iger tapped James Pitaro, a veteran of Disney's digital divisions and Yahoo Sports, as the new president of ESPN. The appointment underscored the reality that while ESPN's present is undeniably yoked to TV -- ESPN has a massively lucrative TV business; at $7.21 per subscriber, according to SNL Kagan, ESPN's main network is still the most expensive buy in TV -- ESPN has to master a digital future.

"One of our top priorities at ESPN right now is to expand our audience -- to make sure ESPN is more relevant to more people," says Pitaro. "That, in part, means the younger generation."

ESPN has offset the loss of TV subscribers by charging 54 percent more per subscriber than it did in 2011. It's still on the hook to pay the NFL $1.9 billion a year and the NBA $1.4 billion annually into the next decade. Disney has attributed expensive sports rights as a reason, along with declining TV subscribers, for declining profits at ESPN.

"Their challenge is facing a new world order in which skinny bundles are what the next generation of consumers are going to buy more than traditional cable packages," says Bernard Gershon, a former Disney exec who is now president of GershonMedia.

The challengers

Facebook, Amazon, Twitter and others all want live sports. Broadcast and cable competitors are willing to pay more for those rights.

"Almost without exception, the World Cup is the only thing I can think of as the thing that we desperately wanted and didn't get," says Burke Magnus, evp of programming and scheduling for ESPN. "The rest were decisions that we made, sometimes reluctantly: 'We need to be in the NBA or we need to be in the College Football Playoff, so we can't be in these other things anymore.' Despite what people think, we've made tough decisions."

Digital competitors such as Bleacher Report and Barstool Sports, meanwhile, have attracted the younger sports fans. But ESPN and "SportsCenter" still own the top two accounts, by followers, on both Twitter and Instagram. "SportsCenter" on Snapchat averages 2 million viewers per day and 17 million viewers per month, 75 percent of whom are 25 years old or younger, ESPN says. "They are now cognizant that they can no longer rely on consumers who come just to them," says Josh Spiegelman, managing director of Spotlight, Mindshare North America's sports and entertainment practice. "It's clear that leadership understands that they need to evolve with the consumer landscape and that there's no turning back."

The potential ace in the hole?

In April, ESPN launched ESPN+, a $5 monthly subscription streaming service. "If anything points to what the future of what ESPN looks like, it will be this," Iger said on a recent earnings call.

While a significant bet for ESPN -- the company is paying the UFC $1.5 billion over five years for rights -- ESPN+ is a late entrant in the growing streaming wars among big media companies. HBO launched HBO Now in 2015; CBS went live with CBS All Access in 2014; and other networks ranging from AMC to Showtime have been setting up subscription streaming products over the past few years. One of ESPN's biggest competitors, Turner Sports, launched a pay-per-streaming service, B/R Live, this spring.

ESPN+ plans to broadcast up to 10,000 live sporting events a year, along with more than 1,000 hours of original programming. ESPN's top live sports, from "Monday Night Football" to the College Football Playoff, will still air on linear TV. The subscription service is targeting hardcore sports fans as well as passionate fans of niche sports like cricket and rugby. ESPN+ will also have a deep roster of college sports games, especially from less prominent regional conferences. (ESPN+ also plans to carry 180 MLB and 180 NHL games per season.)

"When we think about the linear networks, we have to think more broadly for all sports fans, especially because it's a ratings-based environment," says Schell. "There are certain sports and shows that we wouldn't program [for TV] because they serve a niche audience. We now have those opportunities within a direct-to-consumer environment."

The audience potential for a sports streaming service targeting niche communities is unclear. ESPN executives argue that the value of the bundled service -- everything from MLS games to Ivy League college sports -- is a lower cost than individual subscription products from various sports leagues. (The Ivy League Network, for instance, used to be available for $15.95 per month before ESPN picked it up.) "If you take 40 of those things, put them end to end, and then you add some more high-profile properties such as UFC, MLB games out of market and the more acquisitions that are still to come, that can all aggregate up," says Magnus.

"Disney is as well-positioned as any legacy media company in the world to take advantage of their IP and learn how to go from basically a wholesaler to direct-to-consumer seller of products and services," says an executive at a top U.S. pro sports league and ESPN partner.

ESPN is no newcomer

TV will continue to be the biggest driver of ESPN's business. ESPN also points out that it's been the top cable network for the last four years, as ranked by Nielsen, for reaching adult and male TV viewers across all key age demographics. Still, company insiders chafe at ESPN being labeled TV-only. Magnus and Schell say the company produces 12,000 livestreamed events for ESPN3 that don't air on linear TV. The infrastructure has also been built to help ESPN produce more live events remotely, says ESPN CTO Aaron LaBerge, and the company has its own fiber network that spans nine countries.

"Look at the number of people that's following us and consuming our content; it's not reflective of a brand that isn't relevant," says LaBerge. "There was a time [eight or nine years ago] when it was all about linear television, and digital was an add-on. Now, there have been times where we have shipped a highlight that has posted and published just as the video has been delivered through a [traditional] distributor."

ESPN's evolution is also evident in its content operation today. One team handles production for "SportsCenter" on TV and Snapchat. ESPN also pared down the number of hours of "SportsCenter" it produces daily for TV -- from roughly 14 hours at the end of 2017 to eight today -- in order to shift some of those resources to the digital offshoots.

"There's no doubt that these are challenging times," says Pitaro. "But when I look at our hand -- the broad array of rights we've secured for many years to come; the reach and engagement we have across our platforms; the production capabilities we have in Bristol and around the world; and the team that I've been fortunate to inherit -- I really like our hand."

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THE MEDIA MAKERS

Over lunch, Refinery29 co-CEO Philippe von Borries, NowThis President Athan Stephanopoulos and Barstool Sports CEO Erika Nardini discussed building a media business that isn't dependent on Facebook, how to succeed on TV and more. ***BY SAHIL PATEL***

SAHIL PATEL: Is Facebook a good partner or bad partner for media companies?

PHILIPPE VON BORRIES: There's a tendency to be black and white about this, which doesn't do anyone any good. Obviously, you want more from them, and it's had its ups and downs, but long term, Facebook's offered tremendous advantages in helping us build our brand and reach audiences.

ERIKA NARDINI: Facebook is a great partner if you're not dependent on Facebook. And the dependency is a publisher problem. I do think they feel a responsibility for creating and growing companies -- and also destroying companies.

ATHAN STEPHANOPOULOS: It's not a one size fits all for all publishers. We're a bad example. Because we grew so quickly alongside them with video, a lot of the video product that exists today is based on the feedback that we gave them.

SP: So we should blame you for the mid-rolls.

AS: Not the mid-rolls. They've been willing to listen. How many times have we all sat down with this frequency with other platforms? If they're not actioning on it as quickly as you want does not mean they're not listening and not trying.

SP: What about Facebook Watch? Can Facebook fundamentally change how people use the platform?

EN: Can they get young users to? That's their biggest challenge. From what we see, Instagram is going to be more valuable for them in terms of video.

AS: It's the first inning. The reality is most of the discovery inside Watch is still the news feed. If you have a lot of scale there, you can drive an audience to Watch.

SP: Does Facebook need to continue paying media companies?

AS: They're going to have to until users accept it as a place where they can find and consume content.

EN: Go90 paid a lot of people a lot of money, but nobody ever used it. Facebook hasn't solved the economic question and the audience question.

PVB: And the rights question. The shows Facebook is paying out big money for, they own the rights. That's not a partner-friendly setup.

AS: It's an [intellectual property] question. NowThis is a brand, not a production company.

PVB: Partners and Facebook need to co-own the IP.

SP: But if Facebook is putting up all the money for a show, isn't it fair for them to demand full ownership?

PVB: If you, as a publisher, give your most important franchises to Facebook, you can't hand over your rights. All of us are doing [Watch] as experiments right now because it's interesting, and you want to be there early. But over the long term, the rights issue needs to change.

SP: What happens if Facebook decides to stop funding Watch? They've done this before.

EN: We're out.

AS: The day they make that decision, I'd like to believe it's because they have enough evidence that there's viable monetization for publishers. There's a scenario where Watch becomes its own product, like what they did with Messenger.

PVB: You can imagine that Facebook at some point will have some live, over-the-top, skinny-bundle type of play.

AS: And this is the tip of the spear for that.

SP: All right, let's pivot away from Facebook. Philippe, Refinery29 underwent layoffs in December. You said Refinery29's future is in becoming a diversified media company instead of just a digital advertising company. Is the digital ad business broken?

PVB: There's no future where any of us are going to have billion-dollar media companies where advertising is 90 percent of the revenue.

AS: If you're ad-dependent, you're screwed.

SP: Athan, will NowThis offer a subscription product?

AS: It's something we would test, but not in the short term. Our audience is younger, and it's not a demographic that's looking to pay for content.

SP: How about Refinery29?

PVB: You should ask Erika this question. Barstool made money from merchandise first, right?

EN: Yes. What we tend to do is create IP out of audio or social and then create multiple lines of business under each of them. We just launched a documentary with [former NHL player] Paul Bissonnette. What if we had a subscription product just for hockey fans?

SP: Barstool has a hardcore but relatively smaller audience. Is there ever a concern that you can only wrangle so much money out of the same person?

EN: You can only go back to the well so many times. But we focus on making sure the products are great and have great value.

PVB [to Nardini]: In your world, with niche businesses, it makes so much sense. For us, I don't see subscription in our immediate future. But we're looking at the ways we would produce things that our community gets value from and pays us for it -- be that a ticket, be that limited merchandise.

SP: Aren't events expensive? How do you ensure that you profit off them? Are they even scalable?

PVB: 29Rooms is profitable. But not everything needs to become a $500 million business in and of itself. Events, for us, is a way to create live programming, to create merchandising; there are a lot of things that get spun out of it. So the scale question is a little too simplistic.

SP: We're talking about consumer revenue. It's often tied to having brands that are meaningful enough. Isn't the cold truth that most digital media brands are just not that important to people?

EN: Those that have a defined point of view and know how to distribute on channels people spend time on are the companies that will win. What's going to be hard for most media companies is that they come from other forms of distribution, and their business model is predicated on that. ESPN is one of the most esteemed brands over the last 50 years, but it was built during a time of a different consumer expectation of access.

PVB: We also often confuse the brand itself with the IP. For all of us, we have to get really good at creating memorable shows. People care about "Seinfeld," not the company that makes "Seinfeld." Where the media brand comes into play is in how good your brand is in attracting great talent. Kristen Stewart, Gabourey Sidibe, all of these other actors have come to us for our Shatterbox film franchise because they believe in our brand.

SP: The next great pivot seems to be toward TV, OTT and, in general, long form. But that's even more expensive and harder to succeed in.

EN: We had a guy come in for a job interview, and one of his first pieces of advice was about how we're going to need to improve the quality of our video if we want to be on TV. My answer was: Why would I ever want to be on TV?

SP: But Barstool was on TV.

EN: In 2016, I said I absolutely want to try television. In 2018, I'm less interested in it. We've had two TV attempts. What we found was that we brought all the IP, the promotion and the audience, and when you look at the money we made, the return just wasn't there.

SP: Philippe, you've said in the past that Refinery29 would be on TV.

PVB: Anyone who has actually committed in a major way to video needs two things: more distribution and funding sources. It can't be just advertising. There are billions of dollars worth of affiliate distribution revenue that is funding traditional television today that's going to shift. For us, it's critical to have a place where when you turn on the screen, our content is there, even in a linear fashion.

SP: In the next 12 months, will Refinery29 have a linear channel on a digital or traditional TV distributor? Will NowThis?

PVB: Yes, definitely.

AS: Yes.

SP: Do you expect to get paid? Just because you want subscriber fees, it doesn't mean you'll get them.

PVB: From the conversations we've had with all of the large [multichannel video programming distributors] as well as the digital distributors, there's an appetite to get cheap alternatives with high-passion communities that can get up and running quickly.

AS: We're not going to do it just to do it. The conversations, the negotiations have to be there.

SP: Cheddar, The Young Turks and a few others that have already started launching such channels are giving them away for free, with the hopes that if they draw a big-enough audience, they can negotiate a subscriber fee at a later date. Will that be your approach?

AS: That's exactly what is going to happen. Eventually, distributors will recognize they're getting high-quality content that's cheaper to produce and has a built-in audience. Those things have value, and distributors will start paying for it.

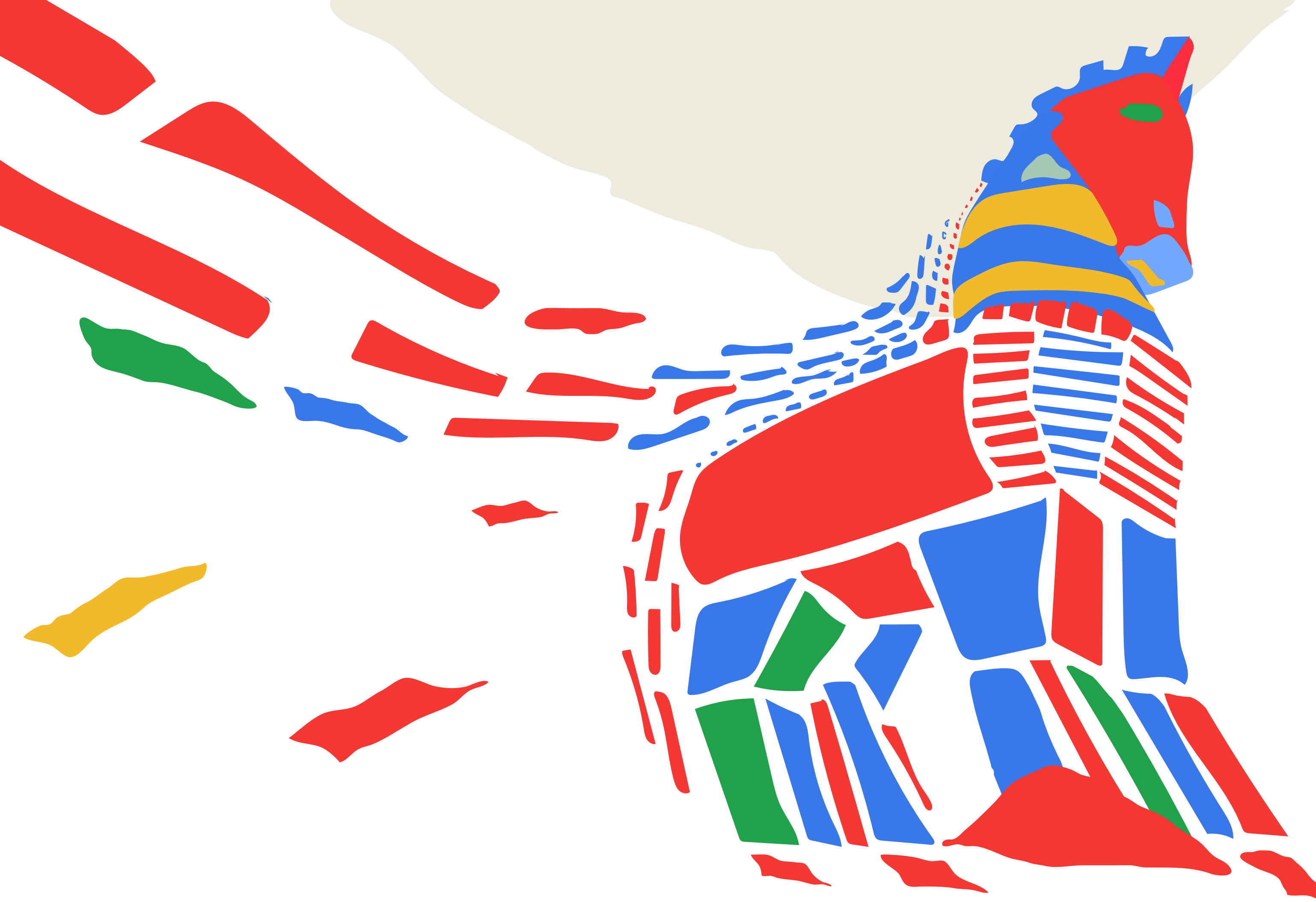
SP: Refinery29 and [NowThis parent company] Group Nine have raised a ton of money. Other well-funded digital publishers have had a rough run as of late. Do you guys regret taking the money?

AS: It's helped us. If you're able to take a large sum of money, that gives you a lot more runway to actually see how the ad industry evolves, how other revenue streams evolve. It just gives you more protection.

SP: A lot more pressure, too.

AS: Venture money is different from strategic money. With strategic money, while there's pressure to deliver, it's equally important for them to learn from digital publishers like us on how to move their traditional businesses into digital. It goes both ways.

PVB: What's this business with no pressure? That's just what you sign up for. There's this whole doom-and-gloom thing right now, and I say, screw that. This is forcing everybody to calibrate their businesses and build stronger brands for the long term. We never went crazy on our valuation, so [the funding] has done nothing but help us. Everyone at this table has signed up to do something transformational -- you do that by setting yourself big freaking goals. Sometimes you'll hit them; sometimes you'll miss them. The track record will speak for itself.



HEARTS AND MINDS

Google is using Facebook fatigue to woo publishers. ***BY LUCIA MOSES***

On any given day, it's not unlikely for Tom Sly, vp of revenue for national media at The E.W. Scripps Co., to hop on the phone with one of the company's many contacts at Google. It could be someone from the ad side who's helping the local broadcaster improve its programmatic ad yield; comb through its audience to see what its heaviest users are interested in; or making video ads play smoothly on Newsy, Scripps' over-the-top news channel. It's the unsexy work of modern publishing, but Scripps says the level of support Google provides is unmatched by any other company.

"The level of support we get is outstanding," Sly says. "They're always reaching out, always trying to help us."

Through mounds of grants, training and in-house expertise, Google's effect on the publishing business is pervasive, separate from its role as a distributor of content and manager of its digital advertising.

There's the Google News Lab, which provides training to journalists, often in its own technology. The Digital News Initiative committed $170 million to fund European news organizations; it was expanded to the U.S. this year, with another $300 million in funding. It has its invite-only, secretive gathering of digital news leaders, Newsgeist. (Facebook, too, is putting money into journalism, as part of a $14 million News Integrity Initiative started in 2017 to fight fake news.)

All this comes with deep unease. Google and Facebook have become publishers' biggest competitors for digital advertising, having hoovered up two-thirds of the digital ad pie. Publishers are aware of this elephant in the room. But the oft-heard argument is that there's more to gain from embracing Google than not.

"We talk about the duopoly, and no question, they've taken share out of local and national markets," Sly says. "They're saying, 'Yeah we're part of what changed it, but we're here helping as well.'"

Google has done a good job of convincing publishers that it shares their interests. First, it's understood that Google's massive search ad business depends on having a healthy news ecosystem to supply it with content people will search for. Google also strikes an open, collaborative tone. A council that includes industry veterans alongside Google staff reviews the DNI submissions. Newsgeist feels like an industry conference, not a Google showcase; it's also co-hosted with the Knight Foundation. Major projects like Accelerated Mobile Pages and Subscribe with Google grew out of working groups with publishers. The explicit message: We want to work as a team to solve the industry's problems.

"I think they genuinely want a healthy ecosystem," says Andrew Pergam, vp of video and new ventures at newspaper chain McClatchy, which also gets help from Google in many forms. "As long as we're not compromising their own business, we feel comfortable leaning into it. Those relationships are important, and when you look at the way traffic flows around the news ecosystem, you can't ignore that Google is a major player. I'd much rather we build the relationship together than avoid them."

Another criticism is that while Google's largesse makes it one of the biggest supporters of journalism, it's not necessarily fundamentally changing the trajectory of that business. Grants supporting journalism, news and information have hovered around $200 million per year from 2011 to 2015, the most recent year data was available, according to Foundation Center, a nonprofit that tracks philanthropic giving. So far, Google says the DNI has awarded 461 recipients in 29 countries a total of $111 million. If spread equally, that would average out to $240,000 per recipient. Google parent Alphabet recorded $111 billion in revenue in 2017.

The scope of publishing's predicament is huge by comparison, though. Newspapers' share of U.S. advertising revenue, for example, declined 7.1 percent from 2016 to 2017, more than any other type of media, according to PwC and the Interactive Advertising Bureau. Columbia University's Emily Bell has argued that to really help the publishing industry, Google should give them billions of dollars.

"It's not real money for Google," says Tony Haile, former CEO of Chartbeat and founder of ad-blocking startup Scroll, "but it's very real money for publishers to solve some of the key problems that have been created by the fact that publishers are being outcompeted in their main revenue streams, and Google is one of the main players in that."

Google's response is that it sees its role as enabling publishing by providing training and tools to innovate on its own.

"The best way for us to build positive relations is do whatever we can to drive that industry to ongoing success," says Richard Gingras, Google's vp of news. Gingras is a powerful ambassador to the publishing industry, having had a longtime involvement in digital news, including a long association with Salon Media Group, and his ability to influence product at Google gives him credibility with publishers. "And given Google's interest in the open web, that's the only way we achieve that," he says. "And have better relationships with the publishers. In that order." ◘

'I FEEL OPTIMISTIC ABOUT THE FUTURE OF NEWS'

Richard Gingras, vp of news at Google, says the company wants to enable the success of news publishers, but that direct payments come with pitfalls. *BY LUCIA MOSES*

Google News made a series of updates in May. What's their significance in this day and age?
We've always felt news was an important component of what Google does. So it was important to enable sustainable success in the ecosystem, or make sure consumers have all the tools and information they need to understand complex issues. The update was done with very much with that in mind. The key characteristics we were trying to get across were: How do we keep people up to date with current events, give them the ability to go deep and have a diverse set of sources about any given issue? How do we give people the depth of perception so they can be smarter for it? And be able to enjoy and support sources they have an affinity for?

How do you view the state of the open web, after a year of ad-tracking and -blocking moves by Apple and Google, and Google's introduction of Accelerated Mobile Pages?
We've made good strides in improving and enhancing the web experience. The web used to be something you'd slog through, and the proprietary walled gardens did not bode well for the open, compelling nature of the web. Ad blockers -- we always looked to them as a symptom of the larger problem. That's tremendously damaging to what we believe is a vital revenue source for publishers. There's a whole lot more to do.

What you understand about journalism that other platforms don't?
The success and value of Google search is dependent on there being a rich ecosystem of knowledge. Our ad platforms' success depends on the success of the publications. We also recognize this is an area where technology can influence the future.

There's a lot of talk about platforms and their responsibility to the news business. How do you see Google's responsibility there?
To enable a healthy ecosystem for journalistic expression. It can't be done with the leadership of one. With AMP, there were working groups before we started the project. The same is true with Subscribe with Google. I have a background in news, but that's the rare exception. It's important to recognize what we know, but what we don't know.

> **"Our ad platforms' success depends on the success of the publications."**

Google and Facebook both have fast article pages and subscription tools, but publishers express a lot more frustration with Facebook. Why do you think that is?
It's simple. It's about openness. The company is very much a child of the open web. We take an open source approach to things. Let's look at Instant Articles as opposed to AMP. I'm as addicted to Facebook as anyone else. It's a walled garden. I don't say that critically. It's the nature of the beast. The announcement of the shift in the news feed made perfect sense to me. Everything they do is tied to time on their site. So Instant Articles, the number of ads you have, who you can use, is defined by Facebook. From a publisher perspective, that's not terribly appealing. We set technical parameters, but I was all about making sure the publishers could control their own destiny. It's up to the publishers to decide what ad networks they have, how many ads they have. It's not hard to see how a publisher might say, "Yeah, we like the AMP approach better than the IA approach."

Do media companies need to stop complaining about how much Facebook and Google have made it hard for them to succeed?
Yes, I do think that notion that the disruption in the publishing space was the result of companies like Google and Facebook is absolutely incorrect and doesn't bear with how things have evolved. One thing that went wrong early on -- and understandable in context -- was the general sense on the part of publishers that the internet was a new form of distribution. They didn't see it as a dramatically new marketplace for information, which led to Craigslist, Gumtree, Monster.com, Epicurious.com. User behaviors have shifted. I feel optimistic about the future of news, but it's a very different business.

Google may be doing many things to support trusted news, but at YouTube, it's been a bit of a mess. How do you square that?
Susan [Wojcicki, YouTube CEO], and the team recognize the challenges. They're complex. Algorithms recommend woodworking videos to me and can apply to content we find problematic as well. How do we corral inappropriate content without having undue secondary consequences? Advertisers have unwittingly removed ads from content that's beneficial. Fake news, misinformation, it's a societal concern. But there can be dangerous consequences to the constraint of free expression.

To really help publishers, why not cut big checks or pay carriage fees, like News Corp has proposed?
These questions are raised on the unfactual notion that because we have success in search, we should pay for the creation of news. I don't think you want to use artificial means to prop up journalistic activities. Artificial means of support raises all kinds of decisions about who gets funded and who doesn't. Is it subject to bias? My experience tells me to be very cautious. You want to find ways for it to be supported on its own. What we recognized was that the best way to address all those problems was to do the best job we could to enable journalism going forward. This can't just be a charm offensive.

TUNED OUT

Publishers aren't ready for a Spotify for news yet. ***BY MAX WILLENS***

As soon as people had wrapped their minds around the concept of Spotify, media observers started asking when the model would be applied to news.

Interest in the idea has waxed and waned for publishers, and it got another boost this spring when Apple acquired Texture, the joint venture formed by Condé Nast, Time Inc., Hearst, News Corp, Meredith and Rogers Media in 2012. Apple hadn't disclosed its plans for Texture -- which is also called "Netflix for magazines" and "Hulu for magazines" -- as of press time, though publishers have speculated that it will be integrated into Apple News.

But roadblocks stand in the way of a product that lets news junkies pay one price to access multiple titles. First, most people remain uninterested in paying for news. And those that are interested might take a dim view of an all-you-can-eat product that only offers some of what they want.

Second, many publishers, particularly those that are just getting serious about pursuing consumer revenue, are loath to let an intermediary come between them and a paying audience. Others are still figuring out which segments of their audience will pay, and how much, for their product.

"The current state of audience segmentation among publishers is shockingly primitive," says Frank Luby, a consultant who helps media companies price their products. "That needs to improve for something like this to gain any traction."

> "The current state of audience segmentation among publishers is shockingly primitive."

Texture may be the largest example of a product like this, but others have tried their hands at it. Before Jason Kilar launched Vessel, he was in talks with American publishers about a Spotify-for-news type of product. Inkl, an Australian startup that offers pay-as-you-go and unlimited access models starting at $15 per month, is available everywhere from Poland to the Philippines. Then, there's Readly, a Swedish startup that offers unlimited access to 2,500 magazines for $9.99 per month. It raised more than $15 million in a Series B funding round last year, led by U.K. venture capital firms. Each of these products is at least four years old.

But the concept has rarely been a top priority for publishers, which until recently were too busy chasing scale to focus on growing digital consumer revenue. "I cannot tell you how little Time Inc. gave a shit about Texture," says one former Time Inc. executive that worked directly with Texture.

Beyond indifference, all of these companies face structural challenges that Spotify itself never had to face. Even though there are thousands of record labels, the recording industry is effectively an oligopoly, with three major labels -- Universal Music Group, Warner Music Group and Sony -- controlling the vast majority of the market, and a business consortium, Merlin, effectively representing the rest.

The digital media industry, by contrast, is significantly more fragmented and competitive, with few market leaders capable of pulling the rest of their peers in the same direction.

"[In music], once you get Universal, it tends to go that the others will come along," says Zach Fuller, a media analyst at Midia Research, a firm that covers both the music and media industries. "[In media], even if you got a Condé Nast to sign up, for example, I don't think it's a given that every other publisher would immediately offer you access to their content."

In addition, many of these publishers are already pursuing consumer revenue on their own. Record labels, as well as film and TV production companies, have always been dependent on third parties for distribution and promotion, and they can attract an audience on their own. Many already have sophisticated systems in place to turn readers into customers.

The existing Spotify-like services for news understand they have to take a back seat to publishers' subscription efforts. And each has made attempts to appeal to publishers. Readly, for example, sends publishers the name and mailing address of any user that reads content from consecutive issues of a publisher's magazine.

Inkl, recognizing that many publishers' products are targeted at a specific geographic region, lets publishers use geofencing to restrict availability of content. It also lets publishers limit access of their content to mobile phones, knowing that readers who hit a publisher paywall on desktop repeatedly are more likely to become subscribers.

"I say to publishers, 'I guarantee I won't deliver as much value as your own subscriptions. No one will,'" says Gautam Mishra, Inkl's founder and CEO. "But I guarantee I will be the second or third."

The best prospect for a Spotify for news is likely to look more like Scroll, a startup that will deliver an ad-free version of publishers' sites, than it is to look like Spotify. Just like with the original version of Spotify, people may not be ready to pay for content, but many will pay to get rid of ads. "If there's a middle model between entirely free and entirely paid, that's a model that could fit very well," says Michael Silberman, svp of strategy at Piano.

GO DUTCH

Plucky De Correspondent is coming to America with an innovative twist on paid content. ***BY JESSICA DAVIES***

Forget The New York Times, The Washington Post or the Guardian. One of the most interesting experiments in reader-supported news is coming out of the Netherlands.

Dutch publisher De Correspondent has earned widespread respect from media circles for its unique twist on what a digital membership-driven business model can look like. The 5-year-old title is funded solely by 60,000 members who pay €70 ($82) a month to not just access its articles, but actively shape its editorial product. The publisher is on track to reach profitability this year.

The publisher's 21 full-time journalists and freelancers in the Netherlands give members unusual transparency into the editorial process. The process starts with journalists posting what they're working on for the next month on their profile pages; topics have included the security industry, bureaucracy in the health care system and power players in the music industry. Each week, readers get a callout for sources and ideas, plus progress reports on stories that might include interview transcripts or salient quotes. Members, for their part, are encouraged to share information and experiences, and ask questions that are relevant to the editorial coverage, provided they use their real names. Some have even been asked to write guest articles for the site.

The theory is that this transparency will build trust in the publisher, something that's in short supply in the news media. Now, De Correspondent's founders Ernst-Jan Pfauth and Rob Wijnberg want to import the model to the U.S. market.

It's an idealistic mission, considering the size and diversity of the U.S. market compared to De Correspondent's. Breaking into that won't be easy, as illustrated by another overseas import, the Guardian, which ran its U.S. outpost in the red for years until it cut the staff roughly in half to 80 and got contributions from 300,000 readers.

De Correspondent's goal is more modest. It aims to have a staff of five to 10 full-time writers that's entirely reader-funded, so it doesn't need to worry about selling advertising. To test the audience appetite for its model, its founders have relocated to New York and have been working closely with New York University journalism professor Jay Rosen. They're also in initial talks with potential editor-in-chief candidates. They raised $1.8 million in funding and hired Blue State Digital -- the digital agency behind Barack Obama's 2008 and 2012 campaigns -- to promote the member-driven mission to a U.S. audience as well.

"Our goal is to work with our readers to cover global developments. But you can't really do that with just a Dutch perspective on the world," says Pfauth. "From day one, we knew we wanted to publish in English. Aside from being the biggest market, we believe that trust in media and journalism in the U.S. is terrible."

The founders' pitch is to show how they serve readers, rather than pleading the cause of strong journalism. De Correspondent's journalists often take a month to work with readers on an editorial project and publish transcriptions of interviews to keep members in the loop. One well-known investigation in 2017 revealed that Shell knowingly ignored the impact of its operations on climate change. In the period between the initial callout to the Shell staff for information and the final investigative article, journalist Jelmer Mommers interviewed 19 Shell staffers and published some of the transcripts, called the "Shell Dialogues."

The founders acknowledge they will have to adapt the model to suit the U.S. market. "In the Netherlands, it's easier to talk to the Dutch as one group. It's impossible to do that with Americans," says Pfauth. In the Netherlands, the publisher decided ahead of time what topics it would cover; one way the U.S. approach could differ is that it could ask readers upfront to shape how they want to be involved and what topics they want to see covered.

"The model is absolutely transferable to the U.S. media market," says Aron Pilhofer, who teaches journalism at Temple University and is former chief digital officer at Guardian News and Media. "The Correspondent is a pure expression of what a membership-driven news organization can be. It's also beautifully designed, which is something a lot of news organizations tend to deprioritize or not prioritize enough."

One way reader-driven publications can work is when they produce highly specialized journalism that's essential to people's jobs (and hence can be put on a corporate card). De Correspondent is different in that it's for the general-interest reader. It also lets members share an unlimited number of links with others, though.

"Members don't pay to be members because they're getting exclusive access to something the rest of the public is denied. That's not how it works," says Michael Silberman, svp of strategy for paywall provider Piano. "That's how Politico Pro works. That's how The Information works. De Correspondent wants its work to spread freely. It also wants you to become a member. It refuses to grant any contradiction between the two."

It's that distinction that makes observers think De Correspondent could be a model for others. "The growth will likely be a slow burn, rather than the big bang it was in the Netherlands," says Pilhofer. "But they are very different to anything else that exists in the U.S. media market. If they get this right, in five years we could look back at De Correspondent's launch in the U.S. and see dozens of copycat organizations popping up doing the same thing."

TAKING CONTROL

How Kristin Lemkau is turning JPMorgan Chase into a marketing force to be reckoned with

BY SHAREEN PATHAK

KRISTIN LEMKAU

For years, employees at 270 Park Ave., the modernist skyscraper that is the headquarters for JPMorgan Chase & Co., have had a choice in company-provided swag: two kinds of tote bags.

One reads JPMorgan. The other, Chase. The JPMorgan bags have always been more popular -- one longtime employee who preferred not to be named says he's always picked up that one, despite working on both parts of the business. Until this year, when the Chase bags seem to be flying off the shelves.

It's a symbol of how Chase, hitherto the always successful, yet somewhat less cool part of the $24 billion financial services giant, has grown up and turned into a marketing powerhouse of its own -- not just externally, but also internally. And a lot of that is down to 51-year-old Kristin Lemkau, the straight-talking, popular chief marketing officer of the company, who has systematically turned the bank into one of the more risk-taking, disruptive and simply more interesting brands in the industry today.

Lemkau, along with a "dream team" that includes chief brand officer Susan Canavari, head of corporate marketing Laura Rossi, and head of sports and entertainment sponsorships Frank Nakano, is focused on taking back control.

First has been a systematic culling of agencies -- Chase is now down to Droga5, VaynerMedia and its own creative in-house agency, led by Canavari. Dubbed Inner Circle, the agency handles all search and programmatic in-house. And there's more coming: Lemkau believes anything auction-based should be done in-house, and the company is now taking a "hard look" at what other things it could take in-house more efficiently.

Some of that is the way the market is moving: Lots of marketers realize they're better off handling more themselves. But some of this is also JPMC waking up to its strengths. For one, as Lemkau points out, the company has loads of first-party data, unlike, for example, an automotive, entertainment or consumer packaged goods company that has to rely on third-party data for marketing. Secondly, Lemkau doesn't want to be jerked around. "One question I have for agencies -- respectfully -- is that they are all always talking about the rate discount, which is fine," she says. "Then why do I have all these [full-time equivalents] doing media planning for a pre-negotiated rate?"

It's a good question, and one that strikes at the heart of the existential crisis facing agencies and their holding companies. It's also one Lemkau is suited to answer.

Lemkau has been at the company since 1998, climbing the marketing ladder until she became the chief marketing officer in 2014. Before that, she spent time at AlliedSignal and Freeport-McMoRan Copper & Gold in a variety of communications roles. (At Freeport, that included spending time on the Indonesian half of the island of New Guinea, scouting for mines along with engineers, an experience that Lemkau says was transformational, although didn't make much of a difference to her later career path.) As an almost-lifer at JPMC, she's also witnessed the banking mergers that have created the behemoth the company is today. After all, JPMC itself is the result of multiple mergers and acquisitions, including Chase Manhattan Bank, J.P. Morgan & Co., Bear Stearns and, if you go all the way back to 1799, the Bank of the Manhattan Company.

"To me, it feels like the pieces put together have to work better for the customer, and ultimately the shareholder," Lemkau says. "That is their great promise. I have not seen that executed well. At what point do you get dis-synergies from scale?"

One brand

The anti-holding company mindset seems to run strong with Lemkau and her team. Rossi, who heads all corporate marketing at the company, says the biggest change in the past few months has been that JPMC has started viewing itself as its own brand. "It used to be viewed as a holding company, maybe like the old P&G," she says.

Rossi, who heads content creation for J.P. Morgan, JPMorgan Chase and Chase with a newsroom of reporters and editors, says her goal, as part of Lemkau's marketing machine, is to make the company feel like one firm.

That kind of thinking goes across all the marketing functions at Chase. Trish Wexler, the company's longtime chief communications officer, recalls the brand-safety hoopla of last March, when ads for JPMC were appearing on about 400,000 websites a month. Then, the brand limited its display ads onto 5,000 preapproved websites -- and found that performance didn't change. When that happened, there was a lot of attention around the issue -- for industry observers, it was emblematic of how major marketers like Chase, and before it, Procter & Gamble and Unilever, were approaching online advertising with increased skepticism. Bob Liodice, CEO at the Association of National Advertisers, says it's another example of Lemkau as one of the most "courageous" CMOs he's met: She's willing to jump in, take responsibility and fix the problem.

It was somewhat of a coming-out moment for Lemkau. As Wexler recalls it, the hard part became how to tell that story to the press and the public. When Lemkau told Wexler there was an analyst on her team who was charged with checking every website, that struck a chord. "The notion that this earnest young woman sat there was an interesting story," Wexler says. "It helps put a face on who we are."

And that face is a new type of bank brand.

A few months ago, Lemkau and her team were sitting around a conference room table going through reams of customer research to understand who exactly the Chase customer was. A few things kept coming up: They're aspirational. They're optimistic. And they're confident. Lemkau came out and said it: "They're badasses."

It was the turning point for how Chase viewed its customers and itself.

"Other banks are patronizing, parental," says Lemkau. "We don't want to be the parent; we want to be the cool friend."

Perhaps nowhere is that more evident than Lemkau and her team's work on Chase Sapphire Reserve, the credit card for millennials made at a time when most people thought millennials didn't want a card -- and wouldn't pony up $450 a year for it.

Launched in 2016, the card, which focused on experiences and offered as-yet-unheard-of benefits like points for using Uber, was an instant hit, causing ripples across the credit card industry with competitors at American Express and Citi all scrambling to catch up. It was an insight unheard of: Millennials wouldn't just pay for credit cards; owning a Chase Sapphire Reserve was cool and considered a status symbol in a much more human way.

Chase is now the most admired financial services company in the country, according to Fortune. The Chase Sapphire card has grown -- the bank extended it to target Sapphire customers by offering them points if they also closed a mortgage with the bank.

"We're much more purposeful of who we are as a company," says Canavari. "We are acting as a real wingman to our customers. It's not advertising output -- it's the power of the brand, and every senior leader across the organization is realizing that."

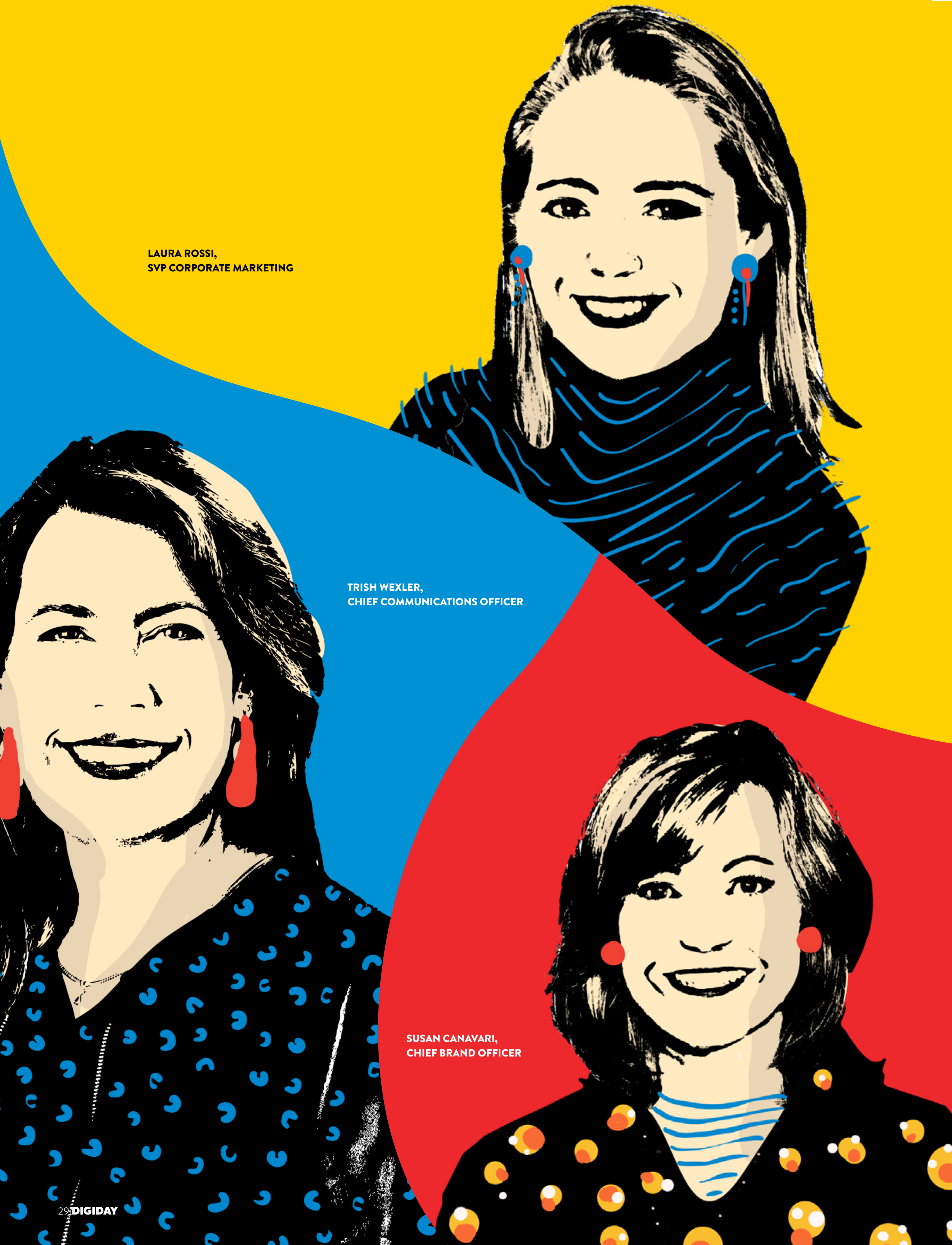
And Lemkau has cemented her place seemingly as part of a new rash of CMOs who don't pontificate, but actually take action. "Kristin is one of my favorite CMOs," says HP CMO Antonio Lucio, who points at Lemkau's willingness to roll up her sleeves and get deep in the weeds. Liodice agrees: "Kristin shows what being a CMO is about," he says. "It is getting your hands dirty."

"Before [Lemkau] came into this role, the brand was marketed very differently," says Howie Edelstein, executive director in Chase's sports and entertainment marketing department. "We're now tied together."

Lemkau is a tribalist. She points to her extended marketing team as a reason for her success, emblematic of how a modern CMO is closer to an evangelizing politician than anything else. The hardest part of what she does, she says, is making sure she's staying ahead of what's going on.

"I have to impose discipline where I spent the time to sit down and learn," she says. "Everyone has their informal board of directors." Lemkau's include her team at the company, but also the current hotshot crop of marketers in the industry: Lucio, Verizon's Diego Scotti, GE's Linda Boff and AT&T's Fiona Carter, whom she says she meets often so they can swap tales.

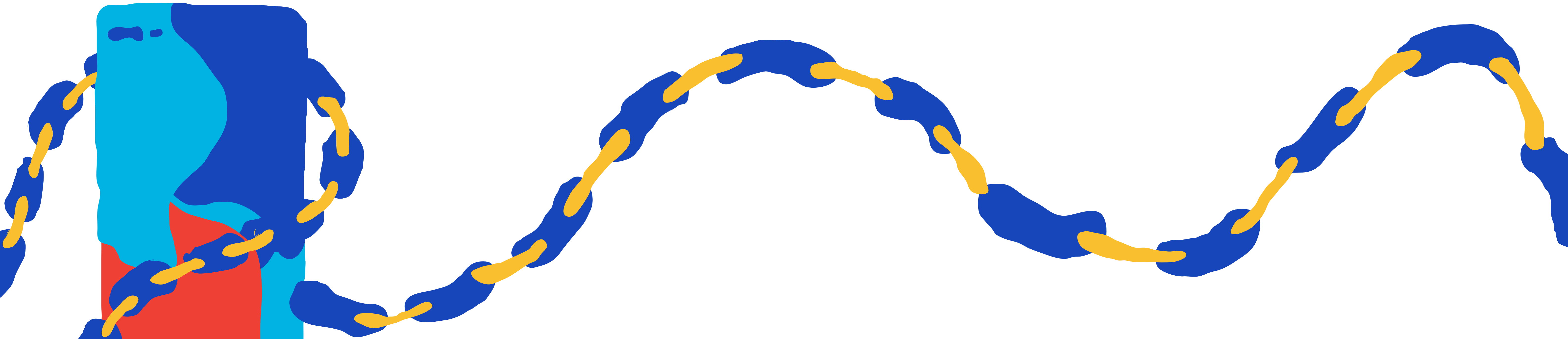
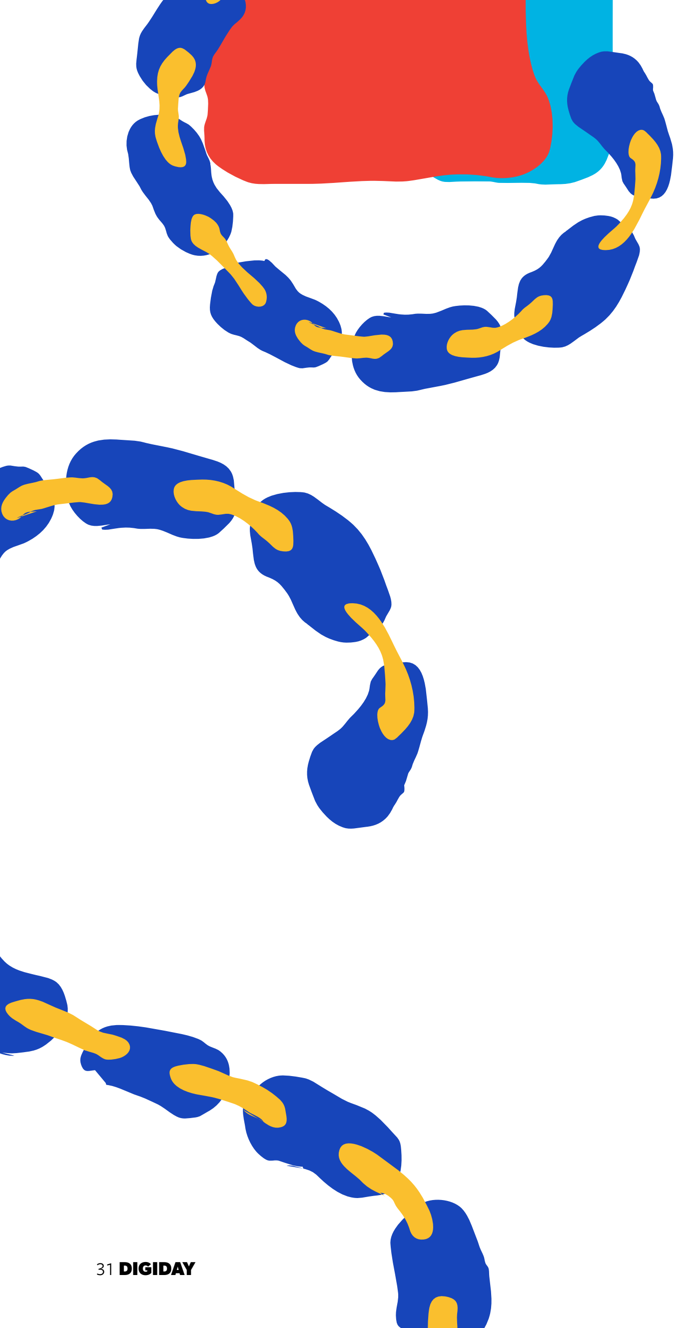
"More CMOs need to talk to each other about stuff and admit the things they don't know, so we can look out for ourselves," Lemkau says. "You have to do it on a personal level. Because in an industry where everyone wants to be my friend right now, the minute I don't have a business card, I don't know how many will be my friends."



LAURA ROSSI,
SVP CORPORATE MARKETING

TRISH WEXLER,
CHIEF COMMUNICATIONS OFFICER

SUSAN CANAVARI,
CHIEF BRAND OFFICER

APPLE'S JUICE

How Apple bet on privacy -- and won

BY JACK MARSHALL

When Apple CEO Tim Cook met with publishers this spring, he made sure to get across one key message: We're nothing like Facebook and Google.

"He couldn't separate Apple from Google and Facebook quickly enough," says one publishing executive, who met with Cook earlier this year to discuss Apple News and the company's relationship with publishers more broadly. "They see it as a massive differentiator that Apple doesn't need to track in the same way."

As the duopoly continues to suck up vast amounts of behavioral data from customers to fuel booming online ad businesses, Apple has actively distanced itself from those companies' practices, both publicly to consumers and behind closed doors to its partners and customers.

Cook, in particular, has capitalized on opportunities to point out the differences between Apple's business model and those of companies that rely on the collection of consumer data. In an interview with CNBC on March 28, he proudly said, "We could make a ton of money if customers were our product. We have elected not to do that."

The tech giant has been vocal about its privacy stance for the past few years, but recent triggers such as Facebook's Cambridge Analytica scandal, the General Data Protection Regulation and renewed questions about online privacy in the mainstream media have led Apple to dial up its rhetoric further.

Apple's influence is becoming increasingly important from a regulatory and political standpoint, too. With GDPR looming, Apple's approach appears far more in line with the thinking of European regulators than that of Google, Facebook and others, for example. And in the U.S., Facebook CEO Mark Zuckerberg's recent congressional hearings suggest tighter regulation of the social network is inevitable.

Apple is firmly in the hardware business. It generates the vast majority of its revenue from purchases of phones and laptops, not by collecting and monetizing the reams of data flowing through those devices. But as regulators, competitors and consumers themselves begin asking more detailed questions about their data, Apple's position is becoming a headache for other tech giants.

"In their shoes, I would be outspoken about it," says another publishing exec. "It's Apple's core affluent and educated audience that will be bothered about privacy more than the mass market, which accepts it in order to keep costs down."

Nowhere is that distinction more clear than between Apple's iOS operating system -- which has slowly ratcheted up privacy features in recent years -- and Google's Android operating system, which typically ships with cheaper devices and is significantly more advertising-friendly.

Jason Kint, CEO of online publishing trade body Digital Content Next, argues Apple's stance has less to do with short-term leverage or opportunism than it does with a more long-term strategy to "build trust" with its customers. "Apple has very little risk here as it doesn't sell advertising," he says. "And they can own consumer trust and privacy as a core human right, which is where the world is going."

But whether Apple intended for it to be or not, privacy is emerging as a key strategic asset for the company, and one that should worry any "downstream" companies whose businesses rely in any way on data collected from Apple devices. That includes Facebook, Google and other online ad specialists, plus internet service providers and network operators that are increasingly investing in online ad and tracking capabilities. Apple ultimately owns the "last mile" between advertisers, and consumers' palms and screens.

As a result, online ad companies flinched in recent years when Apple made it easier to install ad blockers and introduced its Intelligent Tracking Protection feature to limit tracking via its Safari browser. In December, ad network Criteo said it expected the introduction of ITP alone to cut its 2018 revenue by more than 20 percent.

In September, six ad trade groups, including the Interactive Advertising Bureau, the Association of National Advertisers and the 4A's, published an open letter stating Apple's move would "sabotage" online advertising. Apple responded to the letter simply by saying ad-tracking technology has become "so pervasive that it is possible for ad tracking companies to recreate the majority of a person's web browsing history," and argued that data is mostly collected without consumer permission.

In light of that, Pivotal Research analyst Brian Wieser says although he doesn't see a looming direct threat from Apple to Facebook and Google, Apple may instead "choose to push the privacy points in public policy initiatives in an effort to harm" Google and Facebook.

One way or another, Apple has little incentive to change its tune on privacy anytime soon. And as long as it maintains its share of the device market, that'll likely mean more headaches for any companies reliant on online ads. ◘

THE KING OF THE COLLAB

Virgil Abloh can seemingly do no wrong when it comes to brand partnerships. ***BY HILARY MILNES***

X marks the spot for fashion. Collaborations are everywhere. Tommy x Gigi. Adidas x Alexander Wang. Supreme x Louis Vuitton.

Amid the high-low, designer-influencer, streetwear-luxury hybrid designs flooding fashion, no one is a more prolific collaborator than 37-year-old designer Virgil Abloh. In the past seven years, Abloh has risen the industry ranks, from Fendi intern to Kanye West's creative director to brand founder to artistic director for Louis Vuitton's menswear label. Along the way, he's molded luxury fashion to fit his own image, designing streetwear-inspired status symbols for a crowd that would be more likely to scoff at than spend on Chanel.

On the way up, collabs have littered Abloh's journey.

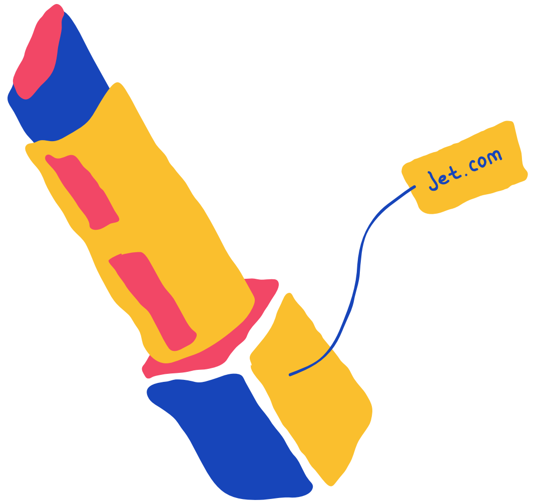
Through his label Off-White, he has collaborated with the likes of Vans, Sunglass Hut, Levi's, Ssense, Kith, Converse, Nike, Moncler, Air Jordan, Jimmy Choo, MatchesFashion, Ikea, Warby Parker, Rimowa, Champion, Dr. Martens, Timberland, Heron Preston, Byredo, Hiroshi Fujiwara, Umbro and more. There's seemingly no brand too big or too small or too unrelated for Abloh to infuse with Off-White's take on fashion, which has taken the streetwear world by storm despite being strikingly mundane and seemingly ironic, like a $2,000 pair of boots that have "FOR WALKING" boldly printed up the side.

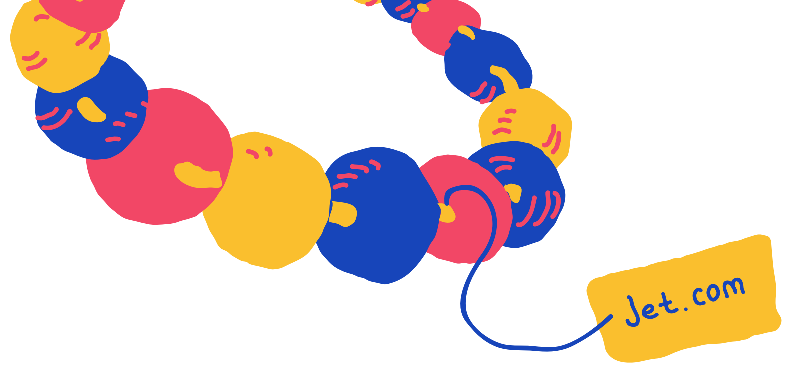
The reception of these collaborations, and the degree to which they fervently sell out, depends on the audience he sells them to. His Nike collaborations are notoriously impossible to get, selling out as they drop. Pieces like denim jackets from the sold-out Levi's collab sell on eBay for several hundreds of dollars more than their original price tags. Head-scratching partnerships, and the pace at which Abloh announces them, don't appear to faze his cult following of rabid streetwear fans: At Stadium Goods, a pair of $190 sneakers from Off-White's collaboration with Air Jordan is selling for $2,750, while shoes from the Abloh's less-hyped Converse collab sell on Grailed for $1,250.

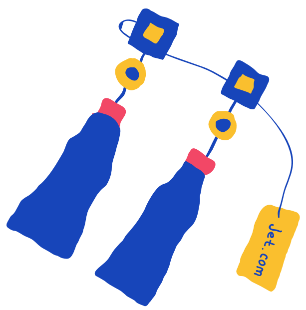
"He's one of a very small handful of creatives that have influence beyond their core craft or business that appears to be untouchable," says Andrew Raisman, the CEO of sneaker and streetwear app Copdate. "He's the Kanye West of fashion if you take the actual Kanye West out of fashion. Off-White is just streetwear that's marketed as luxury product, but there's an aesthetic behind it that's for the young kids' streetwear, and that's not what high fashion classically would be. It opens up doors."

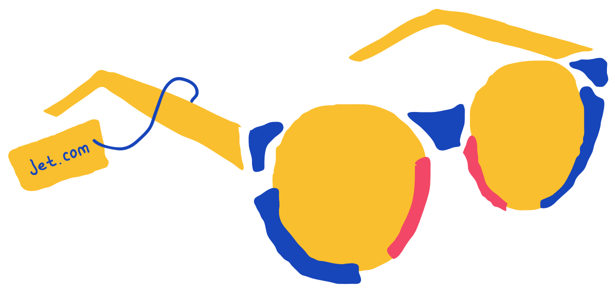
With the announcement of each new Off-White collaboration, it seems like Abloh is testing his followers to see how long they'll stick around before writing him off for selling out. There's no guarantee in fashion that what's cool now will remain cool for much longer, and some of Abloh's collaborators have been head-scratchers: When anyone can buy an Off-White rug at Ikea, the critical exclusivity component vanishes. But when he dots the market with Off-White offspring made in partnership with suburban retailers and mall brands, the Abloh touch allows them to be sold as a subversion of the collaboration, rather than a saturation.

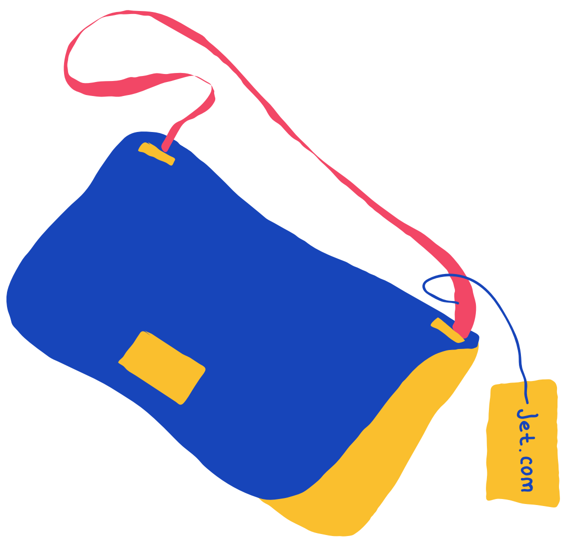
"With someone like Virgil, it's not about what the product is anymore. It's not defined as luxury or streetwear or anything. It's in a field of its own -- definition doesn't matter," says Arby Li, the editor-in-chief of streetwear publication Hypebeast. "That doesn't mean it's limitless, but he's been incredibly smart about it. He's opened up the process so that even if you can't get every piece, you can still be a part of it."











THE ANTI-AMAZON

Jet.com is hoping that putting brands first means the customers will follow. *BY HILARY MILNES*

There was a time when brands lived in fear of Walmart. But now, Walmart-owned Jet.com is using unease with Amazon to position itself as a friend.

Jet.com is fighting an uphill battle for e-commerce market share and continued relevance under the shadow of not only Amazon, but also its own parent company, Walmart. So to differentiate, Jet.com, led by CEO Marc Lore, is building a strategy that puts brands center stage on its platform. The platform spotlights locally made products based on a user's location, selling tiny mom and pop labels. Premium brands get full control over pricing. Customers are encouraged to discover based on aesthetic, not previous search patterns.

While e-commerce, led by Amazon, moves toward maximum efficiency, Jet.com is trying to stay afloat by emphasizing the importance of experience.

"In e-commerce, the experience was built around getting people to check out as fast as possible. It's shopping built only on search optimization and algorithms," says David Echegoyen, who joined Jet.com in 2017 as its first chief customer officer. "We're saying no. We want to bring back the allure of discovering brands and products, even online. On marketplaces like ours, brands so often get lost in the shuffle. So Jet is instead building a house of brands by approaching customers with richer storytelling and creating different ways of connecting with brands that's harder to find today."

It's a romanticized spin on shopping for Pampers and paper towels online, and that's the point: Jet.com wants to be more to its customers than a utilitarian click-and-forget shopping center -- something they already have in Amazon. So in order to take a piece of Amazon's pie and flourish under Walmart's dominance, Jet.com is targeting a specific subset: urban, affluent millennials. This cohort is hardly overlooked by modern retail -- essentially every trendy, digitally native startup since the dawn of Warby Parker has been speaking to this group -- but in Echegoyen's eyes, the young and hip city dweller's sensibility, aesthetic and preferred shopping experience hasn't yet been mastered by mass online retail.

> "We want to send the message that we can build things together."

The approach has already helped Jet reach premium brands that Amazon hasn't. According to Echegoyen, these brands reached out to Jet to sell on the platform. Luxury fashion brands, like Gucci, Celine and Yves Saint Laurent all sell on the marketplace, for instance -- and not just cosmetics or perfumes. Handbags and accessories are all available on the site.

Such brand cachet helps reinforce Jet as a more cosmopolitan e-commerce destination than Walmart, which acquired Jet in 2016 for $3.3 billion. The company plans to concentrate Jet's marketing on urban areas only, a move that will slow the company's growth from its early-days boom, which Walmart CEO Doug McMillon warned investors about during an earnings call in February. Walmart doesn't break out Jet's revenue, but the acquisition has helped spike Walmart's e-commerce revenue by 44 percent. (The company also doesn't break out specific sales figures for e-commerce.) But winning over the wallets of that customer means Jet also has to win over the brands that customer cares about.

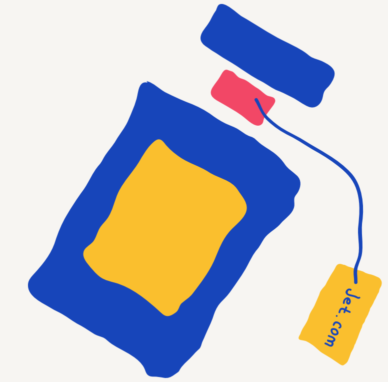
"We have a two-way partnership with brands. We want to send the message that we can build things together," says Echegoyen. "We have an amazing set of data that helps brands in understanding what customers in our set will find most attractive, and we're willing to share that to make the buying process more relevant for everyone. Jet is for helping established brands find that affluent urban customer, and it's also a great platform to launch brands that wouldn't have been able to get on a retailer on that scale."

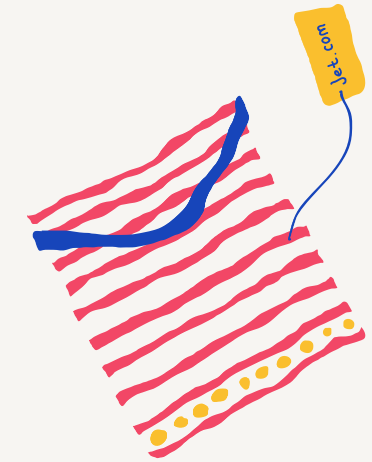
Sharing customer data, prioritizing brand relationships and fostering launches is the anti-Amazon approach to e-commerce. While Jet offers the essentials, including a grocery delivery service, it's also looking to build partnerships with brands that flesh out a more lifestyle-driven marketplace. Products and brands in categories like fashion, home goods, beauty and skin care are localized by market, so shoppers in New York can browse brands born in the city, like The Laundress, Happy Baby and S.W. Basics.

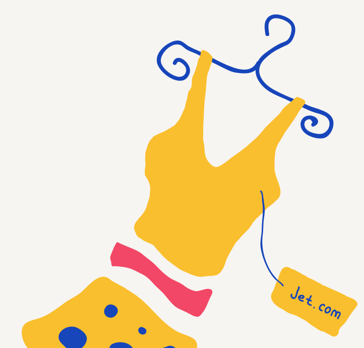
"Amazon has made a reputation on wanting to shift attention away from individual brands and making Amazon-first decisions. It's notorious for not being a great partner to brands," says Cooper Smith, research lead at Gartner L2. "Jet.com wants to take the opposite approach -- by putting brands first as a way to stand out."

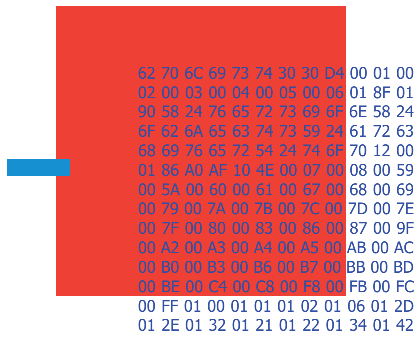
This approach has also informed the decision-making around bringing new brands under the Jet umbrella. When Walmart acquired Bonobos, Bonobos CEO Andy Dunn was brought on as the svp of digital consumer brands for Walmart. The plan is to not just court millennial-geared brands onto Jet's marketplace, but to own a portfolio of them. Bonobos was the second acquisition following ModCloth.

"I'm calling the collection the LVMH for digitally native brands," says Dunn. "It's going to be premium, but not because of price, because of assortment. We're building a consumer cult." ◘





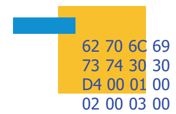




OFF THE BLOCKCHAIN

The distributed ledger is hot, but its use in advertising remains a question mark.

BY SHAREEN PATHAK



Blockchain has a problem: It's long on potential, short on immediate utility. The story is no different in media, where blockchain's boosters preach it will solve everything from consumer privacy issues to viewability problems to cleaning up the media supply chain to even vetting influencer contracts.

"A lot of the solutions we're seeing in ad tech is like taking a mechanical clock and slapping a radio on top of it, and calling it a digital clock," says Adam Helfgott, CEO of the Mad Network, which is attempting to use blockchain to fix ad tech and cut out middlemen.

So far, blockchain's use in advertising has fallen into a few major buckets: monetization for writers or creators, sharing data between multiple advertisers to improve ad targeting, cutting down on ad fraud by "tagging" creative, and in general, using the blockchain to sell and buy ad inventory.

But where blockchain could theoretically shine -- talk blockchain in media and marketing much, and you'll hear "could" quite often -- is if it's used to actually cut out middlemen, eliminating -- at least in theory -- the wastage that occurs between an advertiser and an ad delivery. There are signs of life -- and similar use. When Capital One acquired GE Healthcare, third parties did a lot of the payment reconciliation at the bank. A company called Gem worked to use a blockchain network to eliminate middlemen. Helfgott, who worked on that project, said that's when he saw the potential for blockchain's use. His company, Mad, now works with clients including OMD to get advertisers to sign on to using a blockchain to cut out ad servers, data management platforms or supply-side platforms, so the final ad-decisioning layer is on a user to decide, not in the middleman's data store. Ideally, this means elimination of waste.

A similar undertaking has been in the works at FusionSeven, a finance startup that works with IBM on a digital advertising project to eliminate waste in ad tech: As an impression fires, both brand and agency will know, claims FusionSeven, who saw this.

Blockchain can also be applied to social networks to decentralize them. The idea is to then reward users, at least theoretically, with cryptocurrency tokens. The big question is to what end. One company making an effort in this area is TTC Protocol, where tokens can be distributed to people who "contribute" to a platform -- either for content, interaction with content, or to users who watch ads or complete surveys. Chinese social network tataUFO, which TTC says has about 11 million total users, operates on TTC. But reward systems remain an unproven model.

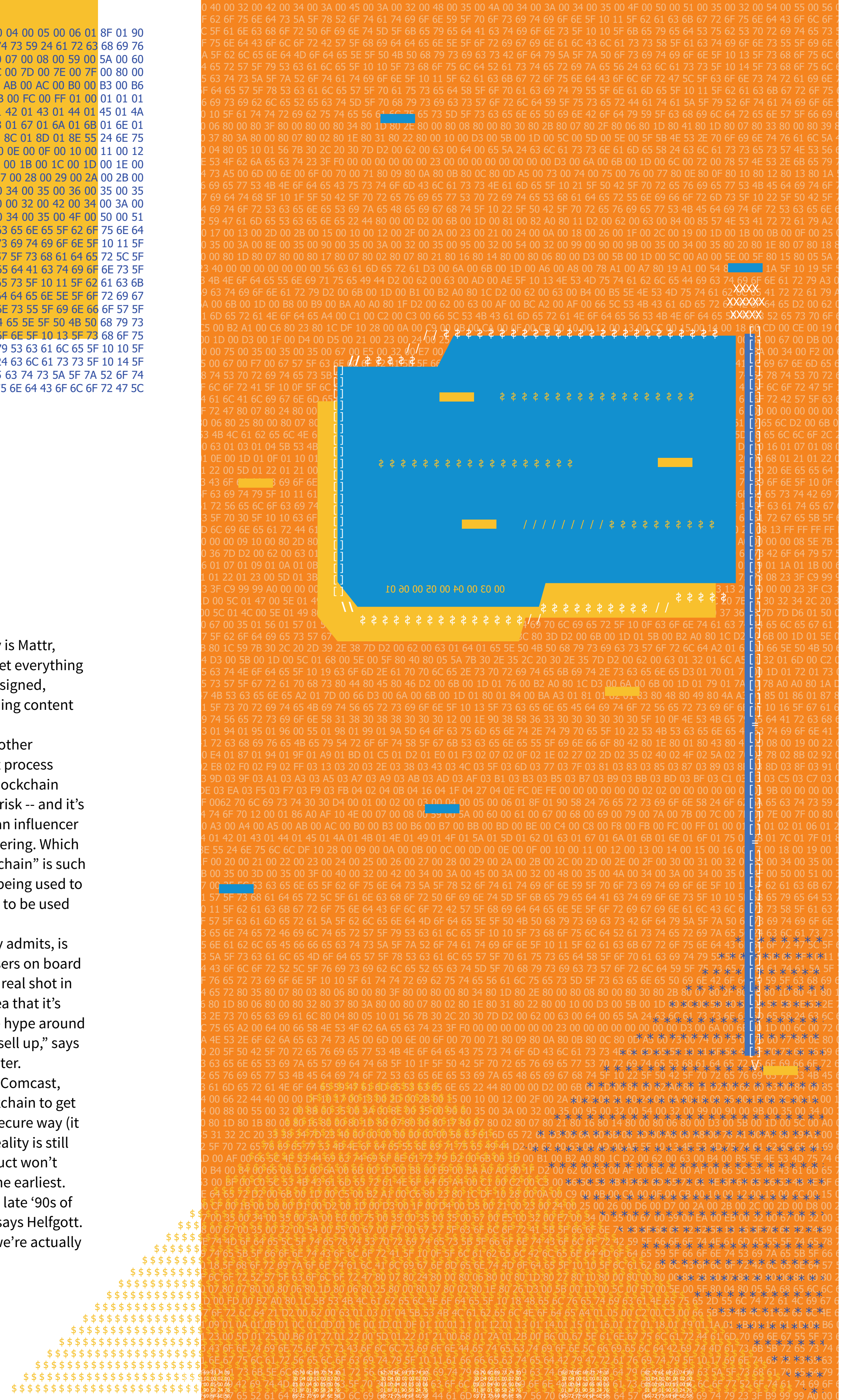
Another application is using blockchain to execute on smart contracts, particularly with influencers. One company is Mattr, which uses the blockchain to get everything related to influencer contracts signed, then posts transactions, including content delivery, onto the blockchain.

But like with many uses of other technology, it's not clear if that process actually needs a blockchain. Blockchain works when there is a security risk -- and it's not yet clear if something like an influencer contract is even at risk of tampering. Which returns to the problem: "Blockchain" is such a buzzword right now that it's being used to solve problems it doesn't need to be used for.

The issue, as Helfgott freely admits, is also adoption. Getting advertisers on board for what could be blockchain's real shot in advertising is difficult. "The idea that it's associated with crypto and the hype around that makes it really difficult to sell up," says one brand manager at a marketer.

Even at big companies like Comcast, which is trying to use the blockchain to get advertisers to share data in a secure way (it won't pool in one place), the reality is still far away -- this particular product won't launch until later this year at the earliest.

"People think we are in the late '90s of the internet with blockchain," says Helfgott. "But I personally believe that we're actually around 1978."



CRYPTO CORNER

A window inside the online gathering spaces for crypto enthusiasts ***BY SUMAN BHATTACHARYYA***

When Amélie Arras signed on to participate in a payments race last fall that involved traveling from Toronto to Las Vegas using only bitcoin to pay for expenses, the cryptocurrency newcomer knew she needed help to pull it off.

For advice, Arras turned to Reddit, then invite-only discussions on Telegram and WhatsApp.

"For example, I once needed someone to pick me up from the airport, bring me to a helicopter center and pay for the trip at the counter [with cash], and I refunded them in bitcoin," she says.

Over the last five years, Reddit has become a hub for discussions on cryptocurrency, with a growing number of subreddits devoted to the topic. The subscriber base of r/Bitcoin, the most prominent of the Reddit crypto discussion groups, has grown more than fourfold in two years and now has over 830,000 subscribers. The range of conversations is broad -- spanning from tips for crypto investing and the evolution of groupthink ("everyone has to promote bitcoin if they want it to succeed") to new applications for the bitcoin blockchain ("bitcoin smart contract to stop smoking"). While Reddit confirmed that crypto ads have been banned on the site since 2016, it avoided the fanfare of the Facebook and Twitter ban announcements. Reddit's leaders also have a soft spot for crypto, with co-founder Alexis Ohanian recently saying cryptocurrencies have the potential to "fuel a new internet."

People were helpful on the forums, says Arras, but it required considerable outreach to determine which ones were useful.

Discussion forums that get too big risk hijacking by the loudest voices, says Andy Halsall, a U.K.-based moderator of Reddit forums on cryptocurrency. "Anything above 5,000 subscribers tends to see spam. Anything above 10,000, and you start to see people pushing an agenda," he says. One post, for example, claimed Nostradamus predicted bitcoin.

On Telegram, invite-only discussions can attract more seasoned crypto traders. Malcolm CasSelle, president of the Worldwide Asset eXchange, the organization behind WAX cryptocurrency tokens, works with a team of moderators to oversee the WAX Telegram group of 5,000-plus members.

"A lot of terms are pretty specific to crypto, and if you don't know them, you may feel lost," says CasSelle. "Things like 'when moon,' or when is your token going to the moon, or hodl, which means don't sell."

"My experience from the last two years was that there was a link between an increasing positive mood overall toward a coin and its development, regarding the price," says one Telegram discussion participant who prefers to remain anonymous.

"This will not apply in 100 percent of cases, but it's another indicator. ... The hive mind has a lot of power."

DIGIDAY
2018 EVENT SCHEDULE

DIGIDAY CONTENT MARKETING SUMMIT
August 6-8
Vail, CO

DIGIDAY HOT TOPIC: SUBSCRIPTIONS & MEMBERSHIPS
August 16
New York, NY

DIGIDAY RETAIL FO-RUM
August 23
New York, NY

DIGIDAY PUBLISHING SUMMIT
September 24-26
Key Biscayne, FL

DIGIDAY HOT TOPIC: THE FUTURE OF ENTERTAINMENT
October 25
Los Angeles, CA

DIGIDAY MEDIA BUYING SUMMIT
October 15-17
Austin, TX

DIGIDAY PUBLISHING SUMMIT EUROPE
October 15-17
Barcelona, Spain

DIGIDAY BRAND SUMMIT EUROPE
November 27-29
Monte Carlo

‘WHAT HAPPENS ON THE TERRACE STAYS ON THE TERRACE’

The definitive oral history of the Carlton terrace

BY SHAREEN PATHAK

Over the years, the terrace at the Carlton hotel, located smack in the middle of the bustling Croisette in Cannes, has become somewhat of a totem pole for the Cannes Lions festival itself. From the early morning to the wee hours, the terrace is the place to schmooze and be schmoozed, hunt and be hunted. The Palais des Festivals might be the hub for creativity, but the Carlton emerged as the nerve center for deal-making. There, over bottles of the ubiquitous rosé, executives schmooze, talk business and recruit. In short, the terrace is the Gutter Bar for grown-ups.

Bob Garfield

Jeremy Miller

Michael Kassan

Rick Boyko

Rob Schwartz

Susan Credle

Origin story

In 1984, the Lions festival permanently moved to Cannes. At the time, it was mostly a regional creative festival for television and cinema advertising. There were a few things missing: seminars, panels -- and Americans.

Rick Boyko, former chief creative officer, Ogilvy & Mather, former managing director of VCU Brandcenter: I started going to Cannes in 1987 and went for about 21 years every year. Back then, the Carlton wasn’t even open in the evening. Only lunch.

Bob Garfield, longtime advertising columnist and ad reviewer: When I first went to Cannes, Polk was president. Basically, it was a long time ago.

Boyko: The big bar wasn’t even there. Everyone went to the Martinez and the Gutter Bar. And if you didn’t like beer or hard liquor, you were out of luck.

Rob Schwartz, CEO, TBWA \Chiat\Day New York: I think it arguably became the place way before us ad people showed up. I mean, the Carlton was Cannes Film Festival. Think of Hollywood, the French New Wave, Grace Kelly.

Boyko: A small band of U.S. candidates and reps started to move to the Carlton. Some people one year, either 1991 or 1992, just went and bought bottles of Champagne and rosé, and sat out there to shoot the shit.

Garfield: The Americans went to the Carlton in those days, not the Majestic. It was the chi-chi place for Americans. It was the first choice. I spent most of my early years there. It reminded me of going to sleepover camp. The senior campers who had been there before were basically dismissive and condescending of junior campers. It was “Mean Girls.”

Boyko: There was a small group who got together after the events of the evening when everyone else was down at the Martinez. You became entertained every night. Terrific Champagne. [Legendary director] Joe Pytka would just put bottles on a table and have glasses delivered, and tell stories. There was no service. It was our place; nobody knew it was open because

Heyday of creatives

By the 1990s, the festival, with the addition of categories like the Cyber and Design Lions, had become much more international. There were also more seminars, and the awards had become much bigger, meaning that everyone who was anyone on the creative side of the ad industry had to show up. The Carlton slowly became more than a bar -- it was a meeting place for anyone in the know.

Jeremy Miller, chief communications officer, McCann: For my first year, it was 1999. Cannes at that point was mainly creatives, and production and press. There weren’t clients, and there weren’t media agencies.

Garfield: There are three spots in Cannes that are the non-invitation default gathering places. Of those, the Carlton terrace is the most gracious. You get to be sitting in a chair. And there’s a 70 percent chance that when you get your €1,200 check [about $1,421] for five beers and a bowl of chips, someone else will pick it up. And it’s full of Americans.

Michael Kassan, CEO, MediaLink: My first trip to the Carlton terrace was two decades ago. The location carried the same allure it does today. I was immediately drawn to the energetic discourse I discovered as the most creative minds in the industry came together, and it inspired me to come to Cannes year after year.

Miller: Basically, there were no tiered passes. So everyone stayed wherever they wanted. Most of the Americans stayed at the Carlton. A lot of the Europeans would stay at the Majestic or Martinez.

Schwartz: You would go over to the Carlton for breakfast so someone would see you there. If you jury a show, you could meet your jury members at the Carlton for breakfast. Then, you could do the Carlton terrace for lunch, 1:30-3 p.m., and it was quiet, and people would leave you alone. 5 p.m. is when people are there who are headhunters.

Miller: At that point, the Carlton was a stopping-off point for the evening. You didn’t hang out there all night long.

Garfield: The early days were filled with Americans. It wasn’t standing room only. There was room for the waiters to move around.

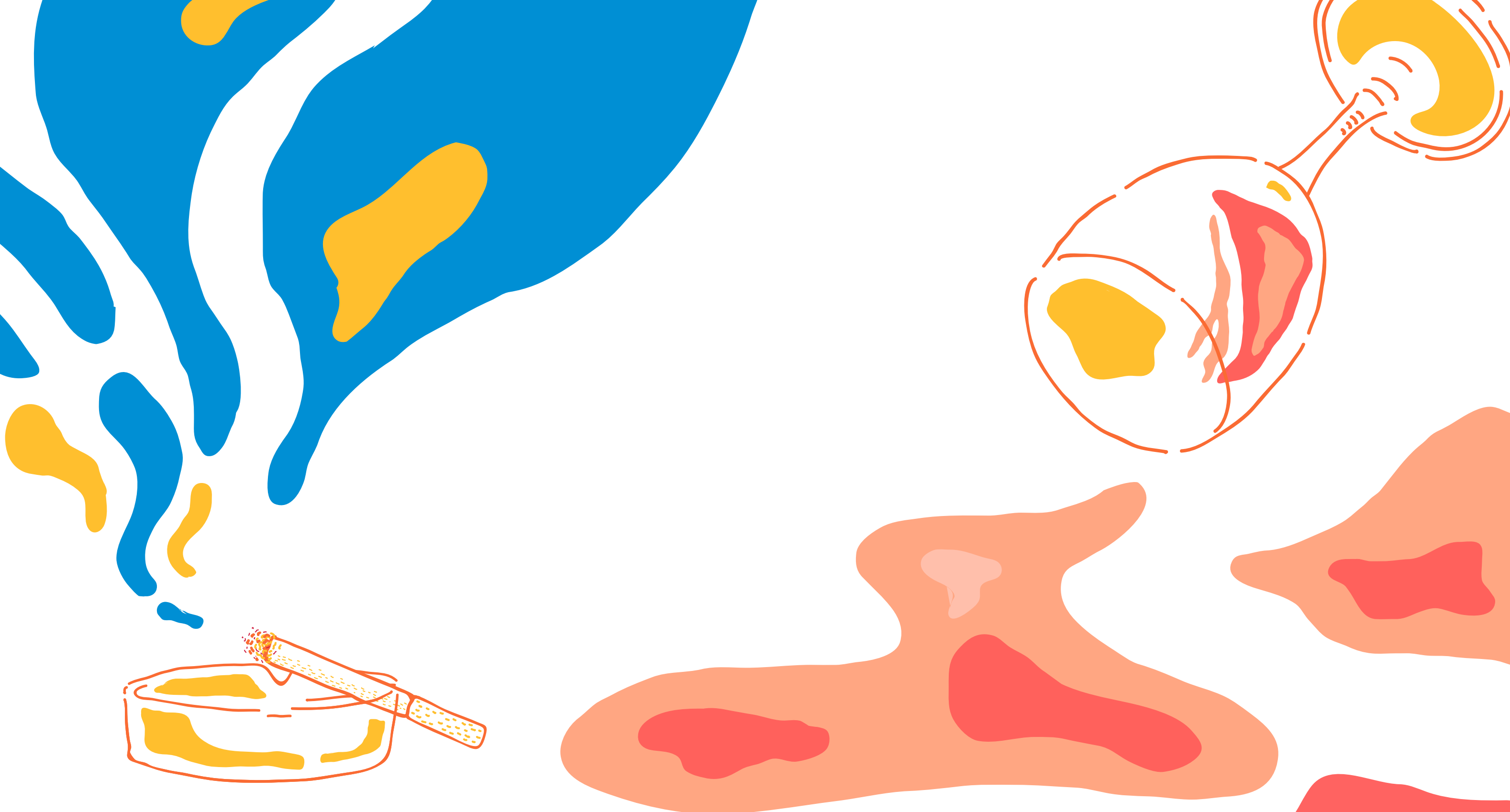
Miller: The Gutter Bar was where everyone let loose.

Garfield: For me, I spent 51 weeks a year staying as far away from ad people as I could get. One week a year I mixed with ad people, and most of it was at the Carlton terrace. It was a surreal experience for me -- a combination of their contempt and their fear and their sucking up.

Miller: I think it’s simpler also that the Majestic was sleepy, and the Martinez didn’t have the patio.

Schwartz: I don’t know anyone who eats dinner at the Carlton. But at 10:48 in the evening, the first gadfly lands. Around 2 a.m., they shut it down, but before that, it just grows and grows until everyone is standing on the street, almost.

Garfield: I had dinner at the Carlton once. It was delicious.



Peak Cannes?

It's unclear when Cannes peaked. Maybe it was around the time that couple was caught having sex on the red carpet. Nevertheless, after 2005, Cannes was about more than the creatives. The technology giants had arrived, bringing with them plenty of cash and cachet to throw big dinners and parties. Creatives were still there, but so were their bosses.

Susan Credle, global chief creative officer, FCB: My first Cannes, I was uncool. It was 2006. I went Sunday to Sunday. And I went to a dinner hosted by Yahoo, and I didn't know anyone. I ended up bumping into Rick [Boyko], and I went with him and his wife, Barbara, and he took me to the Carlton after.

Schwartz: Now, it's shoulder to shoulder, butt to butt, chest to chest. The thing is, nobody pays for anything. I always thought maybe it was [former WPP CEO] Martin Sorrell paying for stuff.

Credle: Until I started running a company, I never paid for anything at Cannes -- except my room, I guess.

Garfield: At one point, one guy came by my dinner table to punch me. He was shitfaced, so he missed. He didn't have a whole lot of hand-eye coordination. It was because I'd given a commercial he did for Pepsi 3 1/2 stars.

Schwartz: I don't drink. So I have an unskewed view of things. I've witnessed things that happen on the terrace. For the most part, what I will say is people are genuinely happy to see other people in the business. They are great moments of camaraderie.

Credle: I think the Carlton is just happening because the Americans get to Cannes, and everyone just stays on East Coast time all week. So everyone's just awake.

Miller: My worst year was where these creatives punked me and said my room number, and I got charged thousands of euros for all their drinking.

Credle: The Carlton can be a magnet if you're staying there. You think, "I just need to get past the entryway without seeing someone. I just need to get to the room."

Kassan: The Carlton terrace is a thing, not a place. There are few single locations where you can find as wide a range of senior marketers, agency heads, media moguls, content creators and technology trailblazers congregating within arm's length of each other, from all over the world. You are going to see bottles and glasses of rosé on the tables, but one never knows from a distance if they are merely props or sustenance.

Boyko: It's now become asinine to the point where you can't move, you can't get a drink. You have to hand piles of money to a waiter to even pretend you're there.

Garfield: It's hard to give you an accurate portrayal of what happened there because I was always drunk.

Credle: There is an understood rule that phones don't come out. And you don't post. There is a code of honor. What happens on the terrace stays on the terrace.

CHANGEMAKERS

One thing that never gets old in media and marketing is the desire to rethink the status quo, challenge conventional wisdom and raise the bar. That impulse is on display in our second Changemakers list, where we spotlight people who are innovating in media or marketing. A few themes dominated this list, including the tech giants' dominance of online advertising, the mystery shrouding where ad dollars are spent and bad workplace culture coming to light. Meet 50 people who are improving publisher-platform relations, taking control of their companies' media spending, evangelizing for diversity in tech and more.

MIKE ALLEN

Co-founder, Axios

Every morning shortly after 4 a.m., Mike Allen rises and gets to work creating the daily Axios AM and PM newsletters he sends to help Beltway readers make sense of the day's news. Allen first made the newsletter indispensable at Politico, where he helped amp up the pace of political coverage with its fast-paced Playbook digest. More than 3,300 editions of Playbook later, he left to co-found Axios in 2016 with fellow Politico expat Jim VandeHei, applying the Playbook model to business, tech and media. Allen and VandeHei rejected the worst of journalistic practices, like chasing scale with clickbait. Axios' newsletters epitomize that approach; they're punchy, tightly written digests, punctuated with signature headings like "Why it matters" and "Be smart." -- *Lucia Moses*

ADAM HANSMANN AND ALEX MATHER

Co-founders, The Athletic

There's a truism that the sports page pays for the front page at a newspaper. Alex Mather and Adam Hansmann, the founders of The Athletic, figured they could make good money if they didn't bother with the front page part. Since its launch in 2016, the subscription site has amassed 100,000 paying customers, each paying about $50 per year, as well as a boatload of venture capital funding, raising about $30 million to date. The company has also been on a hiring spree, scooping up headline sports journalists including Ken Rosenthal and Richard Deitsch. Those hires help The Athletic draw in casual fans, but the die-hards who care a lot about their teams are the secret sauce. "Our model works in any market," Mather says. -- *Max Willens*

OMAR RAJA

Founder, House of Highlights

Omar Raja doesn't watch NBA games like most fans do. He's not focusing on where the ball is -- he's focusing on the fans. Lately, he's noticing players and fans doing funny things in sync, like running in the same direction. If it's something he'd want to watch repeatedly and share with friends, it'll become a House of Highlights post, with one of Raja's emoji-accented quips.

If it's just highlights they want, sports fans have lots of places to go. But it's the 23-year-old Raja's unique way of looking at the game on and off the court that's made House of Highlights into an Instagram sensation. One recent video post made rapper and fervent sports fan Drake a player in an "NBA 2K" game; it's gotten nearly half a million likes and almost 10,000 comments. If anyone has shown it's possible to build an actual media brand on social media, it's Raja.

Raja started House of Highlights almost by accident four years ago as a student at the University of Central Florida while driving around with friends one day. Turner noticed the account's growth and bought it, and Raja had a job by graduation. Now part of Turner's Bleacher Report, the account has grown to 9 million followers, and its posts regularly get 1 million-plus views and thousands of comments. The account is followed by the likes of LeBron James and Drake, and it's known for sparking conversations in the comments section; big-name athletes have been known to appear there.

"They're private conversations, and they're happening on House of Highlights," says Nyerr Parham, director of strategy for House of Highlights. "It's a testament to the sense of community it's built."

House of Highlights isn't just a cultural touchstone -- it's becoming a real business in its own right. Advertisers such as Netflix and Jordan Brand have paid to piggyback on the account's strong connection with its 12- to 24-year-old fans. Seeing the opportunity, Bleacher Report has added staff and is looking to grow it beyond Instagram and the NBA. Soccer is the next logical step, with its NBA-like players who are big personalities and rabid fans. Raja, an avowed NBA fan, has begun immersing himself in soccer and its fans. "I want the feeling they're having because I don't want to fake it," he says.

Raja is still the name and face of the account, and spends his workdays combing through the 500 or so messages the account gets each day, looking for fodder for the 12 or 13 posts he publishes on a daily basis. Other times, he's weighing in on branded content proposals to make sure they fit the House of Highlights sensibility. Since January, colleague Drew Corrigan has joined him in running the account, but Raja still approves virtually every post, if he doesn't create it himself. "This is what I love to do," he says. "Up until [House of Highlights], I had no idea what I was going to do. Every night I go to bed, I think, 'Thank God this worked out.'" Bleacher Report has to hope he never stops thinking that.

-- *LM*

RYAN BROWN

SVP business development, Gizmodo Media Group

Ryan Brown helped build Gizmodo Media Group's commerce operations into a quarter of the publisher's digital revenue, mostly through deals and discounts, and more recently, expanding into a full-fledged commerce brand called The Inventory. Brown's team maintains a catalog of hundreds of product guides, and it's looking to branch out into an events business and leverage the community in the company's Kinja Deals Facebook group. "Deals can be limiting when you're really passionate about products," Brown says. -- *MW*

BRIAN MADDEN

SVP of development, Hearst Digital Media

After serving for years as its head of audience, Brian Madden now oversees Hearst Digital Media's development, meaning he determines how Hearst's brands can live across the internet. He's assembled a team that creates shows for platforms including Snapchat and Musical.ly; integrates commerce into more of Hearst's digital portfolio; and develops content for new devices, including Google's and Amazon's voice assistants. Madden, who reports directly to Hearst Digital president Troy Young, is ultimately figuring out the future of Hearst's brands. -- *MW*

MIKI KING

VP of marketing, The Washington Post

Building a successful subscription business requires more than just signing up new paying readers; the toughest part is keeping them on board. King joined the Post in 2016 from Politico, where she was part of the team that built Politico Pro, one of the industry's most vaunted subscription businesses, rising to evp of operations. The Post passed the 1 million digital subscriptions mark in 2017 by focusing on acquisition and retention, leading to King's promotion to vp of marketing in January. -- *LM*

ALLISON MURPHY

VP of ad innovation, The New York Times

Today's media companies need to move fast and efficiently by getting previously siloed departments to collaborate. For the Times, that's meant using its reader data and editorial products in the service of advertising while preserving editorial independence. Allison Murphy's appointment is the most official step in this direction. She and her team of 50 are developing new ad formats and leveraging Times journalism for the ad side. One task is leading nytDemo, a new team that adapts data science for the business and news sides. It's produced two tools, Project Feels and Readerscope, to help advertisers do precise ad targeting. With the Times aiming to double digital revenue to $800 million by 2020, it's looking to products like these to help it stay a step ahead. -- *LM*

CLAUDIUS SENST

Head of consumer subscriptions, Insider Inc.

Claudius Senst has experience getting customers to pay for something they once got for free. Senst, who serves as Insider Inc.'s first head of consumer subscriptions, came to Insider from its sister site Bild, where he helped launch its first digital paid product, BILDplus. There, he was responsible mostly for working with mobile phone carriers to drive subscriptions. At Insider, where he reports to Business Insider CEO Henry Blodget, Senst helps figure out what to put behind the paywall of BI Prime, which the company says has attracted thousands of subscribers since its launch in November. -- *MW*

BENJAMIN CLYMER

Founder and CEO, Hodinkee

Publishers are increasingly chasing e-commerce revenue as an alternative to the ever-challenging online ad market. But some, including wristwatch enthusiast site Hodinkee, are ahead of the curve.

What began as a simple blog became a legitimate media business when luxury watch companies began knocking on Benjamin Clymer's door, asking to purchase ads in 2010. But fast forward eight years, and Hodinkee's founder and chief executive says advertising is now a relatively small part of the company's business. Over 65 percent of Hodinkee's revenue comes from commerce.

"This is a very different media property," Clymer says. "For a long time, we knew our audience was transactional in a way no other luxury publication can compete with."

Initially, Hodinkee dabbled in commerce with its own line of leather watchbands and a storefront selling vintage pieces. But last fall, it became a fully authorized dealer for various high-end brands, including Tag Heuer and Longines, taking on millions of dollars' worth of inventory and selling it directly to its rabid audience of watch aficionados through technology it built in-house.

Building a commerce business is perhaps easier when your average reader earns more than $200,000 and purchases three $7,000 watches every year, of course. In 2017, Hodinkee sold over $2 million worth of limited-edition Vacheron Constantin watches in just 30 minutes.

With the e-commerce business ticking along nicely, Clymer says he's spending much of his time on Hodinkee's new $27-per-issue print quarterly and mulling plans for the company's first showroom. -- *Jack Marshall*

JON ROBERTS

Chief innovation officer, Dotdash

For years, it seemed the only way for digital publishers to make money was to cram more ads on their sites. Dotdash, formerly About.com, challenged that idea. With support from CEO Neil Vogel and CFO Tim Quinn, Roberts, a newcomer to publishing, made the case that it could work. The company took the plunge in 2016 when it relaunched its verticals. One, The Spruce, cut its ads by 30 percent and grew ad revenue by 40 percent in a year. Most publishers pay lip service to user experience; Dotdash actually delivered on it. -- *LM*

CHRISTY TANNER

EVP and GM of CBS News Digital, CBS Interactive

Four years ago, if someone told you the 90-year-old broadcast giant that's home to TV news institutions such as "60 Minutes" and "Face the Nation" would be one of the biggest players in over-the-top video streaming, you probably would have called that idea crazy. The thing about crazy ideas, though, is they start sounding pretty smart if they work.

At CBS News, Christy Tanner is responsible for the news organization's most high-profile product: CBSN, a 24-hour news network made for internet-connected screens. It's no small operation -- Tanner oversees a team of as many as 250 people across CBS News Digital and CBS Interactive -- and it's already profitable.

But CBSN's success goes beyond profitability; it's already had a lasting impact on CBS News as well as other divisions inside CBS Corp.

Take, for instance, "CBS Evening News," which Jeff Glor anchors and Mosheh Oinounou executive produces -- both are CBSN alumni. Or there's the fact that whenever a big breaking news story hits, CBS News now has the ability to cover it in-depth without having to worry about cutting into scheduled programming. This, along with producing more original documentaries, has allowed CBS News to not only go deeper in its coverage, but also explore new topics such as the changing nature of gender, says Tanner.

A great deal of CBSN's success can be attributed to a decision 2 1/2 years ago to hold a daily "growth engagement" meeting, which brings together representatives from editorial, product, public relations, marketing, analytics, business development and other departments. The idea: To succeed, everyone needs to understand each other and be on the same page.

"We're able to identify glitches and problems quickly, and we're able to ask questions and find answers," says Tanner. "That's been a real key to creating a collaborative culture at CBS News Digital."

Soon, this will extend to how CBS News' digital and broadcast divisions operate.

"We are talking right now about how we can get even further in with broadcast, and create a central newsgathering and breaking news operation," says Tanner. "But it's an evolution. Some processes you can change overnight; others, you have to develop new muscles and ways of thinking."

As a further testament to how much CBS Corp. values CBSN, the ad-supported, free network is now the model by which other CBS Corp. divisions are moving forward with their own streaming products. CBS Sports HQ, which launched this spring, is following CBSN's playbook; an "Entertainment Tonight"-themed streaming channel set to launch later this year will do the same.

"It's not a platitude to say that our culture has driven the successful launches of multiple streaming products," says Tanner. "Our teams talk and get into the nitty-gritty because we're all in the same bunker now." -- *Sahil Patel*

MAGGIE SUNIEWICK

President, NBCUniversal Digital Enterprises

For a company that made $33 billion in 2017 thanks to a robust broadcast and cable network TV business -- not to mention movie studios and theme parks -- NBCUniversal has aggressively invested in digital media over the past couple of years. A total of $900 million has gone toward stakes in Snap, BuzzFeed and Vox Media, as NBCU explores how to find and entertain younger audiences that aren't watching prime-time TV like previous generations did.

Maggie Suniewick, head of NBCU's Digital Enterprises group, oversees these investments as well as other digital content, distribution and revenue partnerships across NBCU's portfolio.

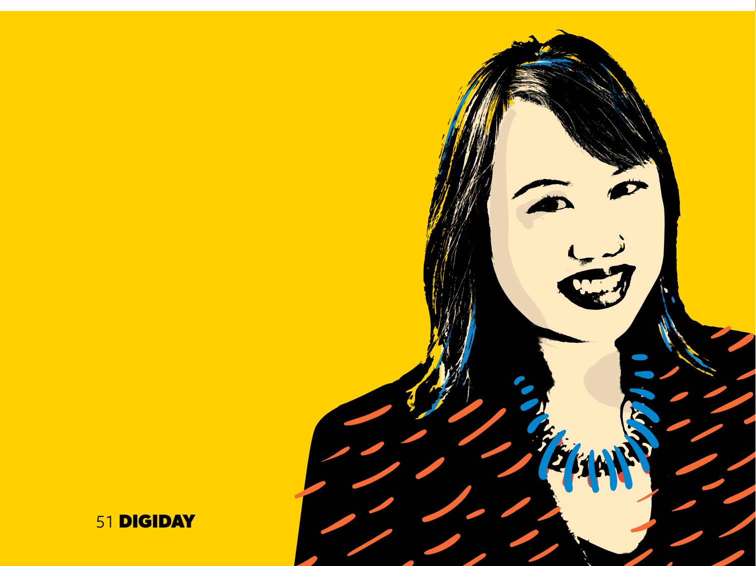
It's a big initiative for NBCU, says Suniewick. "We've been making great progress on digital, but because the revenue is smaller [on digital] than our core business, it was not necessarily the core focus of various groups across the company," she says. "For my group, it's the core focus."

Suniewick's team has groomed partnerships for NBCU, including Snapchat Discover shows and a partnership with BuzzFeed to produce Olympics content. The group also formed the NBCU Digital Content Lab, which develops original shows as well as extensions of existing TV shows for Snap and other digital and social platforms.

"We could have created 20 different teams, but instead went the route of putting a group of people together who can scale the development of content across the portfolio," says Suniewick. "A year in, we now have a portfolio of hit shows on Snap."

Suniewick's goal is to market NBCU's intellectual property by extending it to new platforms and audiences, but business objectives also tie to these efforts. E!'s Snapchat show "The Rundown" has made more than a million dollars; NBCU's Olympics content for Snapchat brought in tens of millions, NBCU previously said.

"There's certainly a marketing aspect to what we do, but there's a business element, too," Suniewick says. "We are absolutely turning these things into businesses on their own." *-- Sahil Patel*



SHARON CHAN

VP of innovation, product and development, The Seattle Times

At The Seattle Times, Sharon Chan spearheads efforts to get the newsroom invested in driving subscriptions. A leaderboard that shows which stories are driving the most subscriptions is available to all the reporters, and editors regularly meet with product teams to figure out how they can grow consumer revenue. "Newsrooms have seen what is happening with the business," Chan says. "There's a business realization that we need to play a role in saving it." *-- MW*

ANNA ARVIDSSON

Head of brand studio, Bonnier News

Historically, the divide between editorial and commercial departments in newsrooms has been tough to scale. Since October 2017, Anna Arvidsson has led collaboration between Swedish publisher Bonnier Group's content studio and its popular news brand Expressen. By having content studio staffers attend news meetings and giving them access to audience data, a growing number of brands have run real-time native ad campaigns across Expressen relating to the news cycle. As with most things, success comes down to communication. "We have to talk the right language and be more like a partner [to the news desk]," says Arvidsson, who has hired ex-journalists for the content studio to improve workflows. As a result, 12 percent of Bonnier News' digital revenue comes from native, up from 10 percent last year. -- *Lucinda Southern*

CAROLYN KYLSTRA

Editor-in-chief, Self

The Condé Nast fitness magazine could have been all but forgotten after it folded in print in December 2016. Instead, it's had a revival as a channel in Snapchat's Discover section, finding new (and younger) audiences under Kylstra. That wasn't a foregone conclusion: Self was better known to women in their 30s than Snapchat's teen and college-age audience. Kylstra and her team translated Self's editorial mission for Snapchat (less parenting advice and more makeup tips, for example). Self launched in May 2017 on Discover and reaches 8 million unique users a month on Snapchat, more than it does on its own site, with more than half that audience returning to the channel at least three times a week, which is high in Snapchat terms. *-- LM*

ADAM MOSSERI

VP of product management, Facebook

For the past year, Facebook has wreaked havoc on publishers' audience strategies (and blood pressures) with various tweaks to its news feed algorithm. Those changes were made largely to attempt to reignite interaction between users on the platform, and they inevitably meant a reduction in the volume of short-form video and click-friendly posts that would appear in users' feeds.

But through the changes -- some of which have already had major repercussions for smaller publishers -- Facebook's Adam Mosseri emerged as a something of an ally to media companies. Many appreciated his willingness to explain Facebook's moves and thought processes in interviews and on public platforms such as Twitter, feeling that the approach was somewhat refreshing given Facebook's penchant for opacity.

"[Mosseri is] the only Facebook exec anybody can stand talking to because he seems not to lie all the time," one publishing exec told Digiday in January.

Mosseri, 35, has spent 10 years at Facebook, serving as product vp for the past two and overseeing the various teams responsible for Facebook's news feed. But after a recent executive shake-up at Facebook, Mosseri will begin a new role as vp of product for Instagram this summer.

For many publishers, that leaves two major questions. First, will Mosseri's attitude and candor with publishers extend to his work at Instagram, and what will that mean for publishers looking to make the most of Facebook's sister platform?

But second, who will take over news feed responsibilities in Mosseri's place? After a turbulent few months of algorithm changes, many publishers hope things will quiet down so they can concentrate on recalibrating their audience strategies and, in some cases, business models. But one way or another, they'll hope whoever replaces Mosseri will follow his lead when it comes to transparency and availability.
-- *Jack Marshall*

LAUREN KERN

Editor-in-chief, Apple News

Last year marked a tipping point for Apple News becoming a real business for the iPhone maker, publishers say. Apple's hiring of Lauren Kern as the news app's editor-in-chief last summer is a major reason why. The former executive editor of New York magazine and deputy editor of The New York Times Magazine, Kern confers clout on Apple News. She's edited pull-no-punches stories by journalists such as Gabriel Sherman and Rebecca Traister. That hard-news background makes publishers more willing to trust the feedback from Kern and her team about what articles, and more recently, videos, they seek. That trust matters even more when contrasted with a platform like Facebook, which has been less than reliable in its commitment to publishers. -- *Tim Peterson*

MIKE MCCUE

CEO, Flipboard

Flipboard could have folded, like all the other news apps that launched riding the iPad's coattails. But it didn't. Now, Mike McCue's company has met its moment. While Facebook has reduced the reach of news on its platform, Flipboard has spent the past year removing barriers for publishers to reach its claimed audience of 100 million monthly users, enabling sites to syndicate their RSS feeds into its app and supporting non-native article formats. That work helped Flipboard overtake Google News to become publishers' fourth-largest referral source, per Parse.ly. More recently, McCue has turned his attention to boosting Flipboard's -- and publishers' -- business, hiring a head of sales and recruiting Spotify, Google and AOL vet Kal Amin to be chief operating officer. -- *TP*

TILL FAIDA

CEO, Eyeo

As CEO of the company behind popular online ad-blocking software Adblock Plus, Till Faida isn't particularly popular with many in the media and advertising world. Randall Rothenberg, CEO of the Interactive Advertising Bureau, once labeled Adblock Plus as an "old-fashioned extortion racket" and said ad-blocking firms are "pissants" run by people with "silly titles and funny walks."

But whether or not they agree with his tactics and business model, publishers and online ad companies can't deny the impact Faida's company, Eyeo, has had on the online ad ecosystem in recent years. And the name-calling doesn't bother Faida one bit -- with Adblock Plus' 150 million monthly users, he holds a lot of cards.

"We still have a lot of publishers that don't want to be part of the dialogue and would rather take us to court," he says. "But on the other hand, more and more publishers in general now choose to work with us instead. The initial controversy has dialed down."

The controversy Faida alludes to is largely around Eyeo and Adblock Plus' revenue model, which involves letting some companies' "acceptable ads" pass through its blocker by default in exchange for payment. Eyeo customers have included Google, Microsoft, Taboola and others.

While some liken that strategy to extorsion or "highway robbery," Faida argues Adblock Plus simply solves a problem for consumers, one that publishers and online advertising companies have created by ignoring mounting quality problems in online advertising for years.

Demand for such tools also appears to be growing as consumers become more wary of online tracking and data collection. That's evidenced by recent moves by Google and other browser manufacturers to introduce ad-filtering tools to their products, Faida says.

"To some extent, I'd say they're copying our playbook to figure out what is a healthy balance between the interest of consumers and the legitimate interest of publishers to protect themselves," he says. -- *Jack Marshall*

RAHUL ROY-CHOWDHURY

VP of product management, Google Chrome and Chrome OS

Panic ensued for some publishers last year when it emerged that Google would introduce an ad "filter" to its popular Chrome browser. Some of publishers' most lucrative -- yet irritating -- ad formats would now be blocked by default, Google said, in an attempt to improve the web experience for Chrome users.

There's irony in a company generating billions in online ad revenue every month getting into the ad-blocking game. Some argued the feature was a defensive one designed to quell the adoption of the third-party ad blockers that threaten to limit Google's ad business. Others considered it a strategic move designed to afford Google yet more control over the online ad market and the web more generally.

But Rahul Roy-Chowdhury, vp of product management for Google Chrome, says his team concerns itself with one thing when developing products: user experience.

"We have a relentless focus on the user, and everything else flows from that," he says. "When we have reason to believe the user is not having a good experience, we see it as our role to intervene."

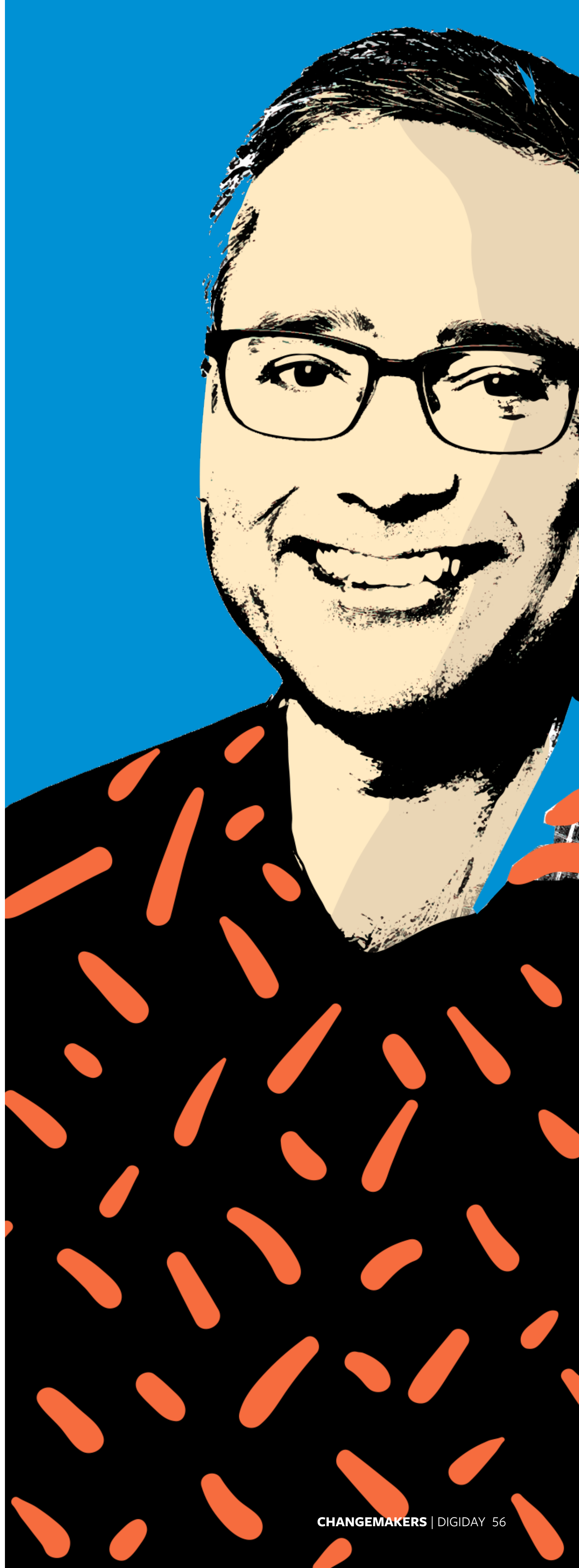
That ethos resulted in Chrome pinpointing 12 of the most intrusive and annoying ad formats across the web -- as identified by the Coalition for Better Ads -- and blocking all ads from appearing on sites that employ them beginning last February.

The Chrome team stopped short of blocking all ads, however. That decision had less to do with Google than it did with protecting the business models that help power the web, Roy-Chowdhury says.

"It's easy to be draconian and to say we will just not show ads, and some people have adopted that solution," he says. "On the Chrome team, our approach has been to recognize that ad-supported business models are prevalent on web and that many are trying to do the right thing. It's about punishing those trying to abuse the system."

The filter has also affected Google's own ads -- and other Chrome features -- which has led to conversations with those in other parts of the company hoping to understand how their own products and technologies might be affected. The YouTube team, for example, has had questions about recent plans to limit audio for autoplay videos in Chrome.

"There's a constant dialogue that goes on where we publicly announce things, and people in the company are affected by them, and come and ask for more information," Roy-Chowdhury says. "Typically, we treat first-party service providers the way we treat entire ecosystem. ... Google doesn't get a pass." -- *Jack Marshall*



RICHARD AU

Director, Amazon Channels U.S.

Going "direct to consumer" has become a hot new phrase for many TV networks that dream of subscription dollars, especially as they see legacy revenue from linear TV continue to decline. But building an app is one thing -- getting people to pay for the app is a whole different matter. This is where Richard Au, head of the Amazon Channels program in the U.S., comes in. Au's role is to get TV companies -- and digital publishers -- to launch their streaming apps through Amazon, providing back-end support and entrance into the coveted Amazon Prime ecosystem in return. How successful has it been? Networks on the program have said Amazon Channels can account for as much as half of their app subscribers. That's a ton of dough. -- *Sahil Patel*

JULIE DETRAGLIA

Head of research, Hulu

Hulu occupies a unique role among the streaming giants: It has both advertising and subscriptions baked into its business model -- and it's a major tech platform owned by legacy media giants. In big media's war against tech, this makes Hulu vital. As head of research at Hulu, Julie DeTraglia oversees a team of 35 people, who have the job of researching consumer trends that help formulate how Hulu acquires new subscribers as well as getting existing subscribers to spend more time on its streaming service. With 20 million subscribers in the U.S., Hulu still has plenty of room to grow, and DeTraglia and her team will shape the company's approach. -- *Sahil Patel*

SETH DALLAIRE

VP of global ad sales, Amazon Media Group

With the rate at which Amazon's ad business is growing, it's hard to believe that two years ago, Amazon was still explaining why it had an advertising business. Today, it's even giving the duopoly a run for its money. In its first-quarter earnings of 2018, Amazon saw its advertising revenue bring in $2 billion, a 132 percent growth year over year. The man responsible is Seth Dallaire, vp of global ad sales at Amazon Media Group, whose sole focus is cultivating the e-commerce giant's ad business, working with brands and agencies to understand how they can take advantage of the platform's data and search capabilities. The ultimate challenge will be to ensure Amazon lives up to Citi analysts' prediction that its ad sales revenue will reach $50.6 billion by 2028. -- *Ilyse Liffreing*

DANNY SPEARS

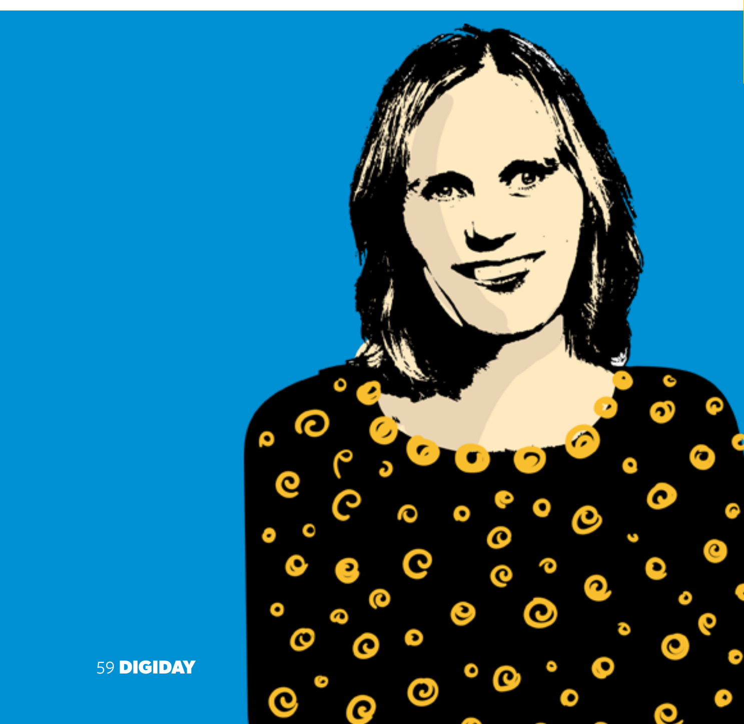
Programmatic director, Guardian News and Media

The Guardian has taken a tough line on ad tech, stamping out hidden vendor fees and tightening up a digital ad supply chain that had become bloated with ad tech middlemen. Danny Spears has played an integral role in the changes, openly campaigning for every business within the digital ad supply chain to take accountability for its own part in the proliferation of ad fraud. He has also steered the transformation of the publisher's programmatic setup to ensure it has more control over digital ad transactions. Spears helped create a system in which the Guardian has the control over decision-making and its media, data and transactions via the technology it uses and the partners it picks. As a result, the Guardian has had triple-digit programmatic ad growth in the last three years.
-- *Jessica Davies*

STEFAN BETZOLD

Managing director of digital, Bild

It's not easy to make demands of the Facebook-Google duopoly, but Stefan Betzold has played the long game. He helped convince Facebook to release features that would help publishers better monetize Instant Articles with subscriptions and ads, and he has been equally vocal about how the combined strength of publishers can compete against the duopoly. He founded the International Paid Content Summit and Distributed Content Summit for publishers from five countries to collaborate and share ideas on how to reduce platform dependency. -- *JD*



ALEXIS MARCOMBE

Managing director, Le Figaro

Le Figaro took a cleaver to its ad tech supply chain this year, unplugging every vendor to regain control over its programmatic revenue. The result: The French daily newspaper saw video ad revenue jump 50 percent. Marcombe played an integral role in that decision. He also launched Le Figaro's audience insights and activation service for advertisers, which involves mining the publisher's database of 28 million logged-in readers and 300 million cookies to better target ads. -- *JD*

HELJE SOLBERG

CEO, VGTV

According to Helje Solberg, the key to keeping Verdens Gang, Norway's largest online news site, in its No. 1 position is figuring out video. The site established a separate company in 2013, VGTV, to focus solely on digital video, which in time will merge back into the legacy publisher. "Focus is essential to establish a learning culture and adjust to change," says Solberg, who has led the charge in driving experimentation with video across breaking news, entertainment and documentaries. -- *LS*

JONATHAN LEWIS

Head of digital and partnership innovation, Channel 4

It's no longer just publishers searching for ways to rival the Facebook-Google duopoly -- broadcasters are joining the fight. Channel 4 has led the way in the U.K., thanks to Jonathan Lewis. Lewis led the implementation of C4's joint venture with Germany's ProSieben, France's TF1 and Italy's Mediaset, creating the first pan-European broadcaster exchange. Its sole remit: combating the duopoly. Lewis also exploited a gap in the broadcaster video-on-demand market to develop a premium digital video-on-demand sales house, in order to compete with the digital giants. He injected £35 million ($47 million) in revenue into C4 within two years of setting up the U.K.'s first programmatic broadcaster video exchange. Since he joined C4 three years ago, digital revenue has become the fastest growth area of the business, rising 300 percent to £100 million ($134 million) a year. -- *JD*

ROBERT BRIDGE

Chief customer officer, The Telegraph

Contrary to the belief that young people don't pay for news, the fastest-growing age group for The Telegraph's Premium subscription is 18-34, at 20 percent of overall subscribers. To keep members coming in, Robert Bridge and his team collect data to figure out where the news brand's 200 daily articles -- distributed online and in two apps, Snapchat and Apple News -- fit into the customer journey. Growth appears healthy: In the last year, retention and acquisition rates for subscriptions have had double-digit growth. This is partly due to the cross-functional customer team Bridge recruited, incorporating people from marketing, communications, insights and analytics, design, and subscriptions. "From data scientists to designers, there's a full spectrum of left- to right-brain thinking inclusive of everything in between," he says. -- *LS*

DIET MADISON AVENUE

Catalyst of change

Since October, anonymous Instagram account Diet Madison Avenue has collected stories about sexual harassment, acting as whistleblower to call out men it says should be fired for abuse. Followed by more than 25,000 people, the account has acted as a voice for women going through experiences similar to those that sparked the #MeToo movement. The platform has not only been a voice in a social media echo chamber -- it has led to change: Droga5's Ted Royer, The Martin Agency's Joe Alexander and Wieden+Kennedy's Paul Colman left their positions after becoming subjects of internal investigations when the account named them. But the account now faces what may be the first of many tests: This summer, former CP+B staffer Ralph Watson filed a civil case accusing the account and those who run it of defamation. For its part, DMA says it's a free speech issue, setting up for what could be a legal battle with major ramifications. -- *IL*

SIMON PEEL

Global media director, Adidas

Between overhauling how Adidas tracks online ad spend in 2017 and managing the company's $300 million media review in 2018, Simon Peel is no stranger to making big changes. As Adidas' global media director, Peel's role has grown in scope amid an industrywide cleanup of advertising, to the point where he feels it is now "more technical from an activation point of view." Those skills will be put to use during a year in which he will attempt to bring branding and e-commerce activations together, building on last year's efforts to scrap last-click attribution. Progress will be predicated, however, on changes at Adidas' media agencies. Peel is looking to build a sustainable model that rewards his account teams directly and also takes a long-term interest in their development. -- *SJ*

UKONWA OJO

SVP, CoverGirl

Rebranding a popular global cosmetics brand isn't for the faint of heart, but it's a challenge CoverGirl svp Ukonwa Ojo eagerly accepted. Ojo, a former Unilever executive, has played a significant role in modernizing CoverGirl, which Coty recently acquired. Under Ojo, CoverGirl has moved away from marketing makeup as a beautification tool, instead embracing its ability to forge confidence through self-expression. As part of this effort, CoverGirl revamped its products to be more inclusive of racially diverse skin tones, and it appointed its first male brand ambassador, James Charles. Ojo talks about overseeing CoverGirl's transformation.

What was the most challenging part of rebranding CoverGirl?

CoverGirl is the most beloved and iconic brand in beauty. As a result, the hardest part was the sheer magnitude and multifaceted nature of relaunching a brand this size. We had to refresh and modernize, while staying true to what people love about us.

How did you do that?

Listening to our CoverGirl community, we learned that makeup was so much more than a cosmetic. It was a powerful tool of self-expression and personal transformation, and there was an untapped opportunity to celebrate that. We revamped the entire way our consumers experience CoverGirl -- not only through the messaging, but through our products, packaging, online and in stores.

Why has it been important to move away from makeup as purely cosmetic?

We learned that every day, customers armed with their makeup bag, a mirror and endless creativity were literally creating whatever version of themselves they wanted to express to the world. The insight that people use makeup as a tool for self-expression and transformation is at the core of our "I am what I make up" philosophy and part of the CoverGirl DNA. -- *Bethany Biron*

TOM CORBETT

Group head of sponsorship and media, Barclays

Many marketers talk a good game about new ways of working with agencies, but typically default to the usual models. Tom Corbett has spent 18 months establishing a new model, through which Barclays essentially pays Omnicom more to know exactly what media it buys and for how much. From the contract to the remuneration model, which has performance-related bonuses that add to a base annual fee, Corbett hit the reset button on the bank's media strategy. -- *SJ*

GERD MANZ

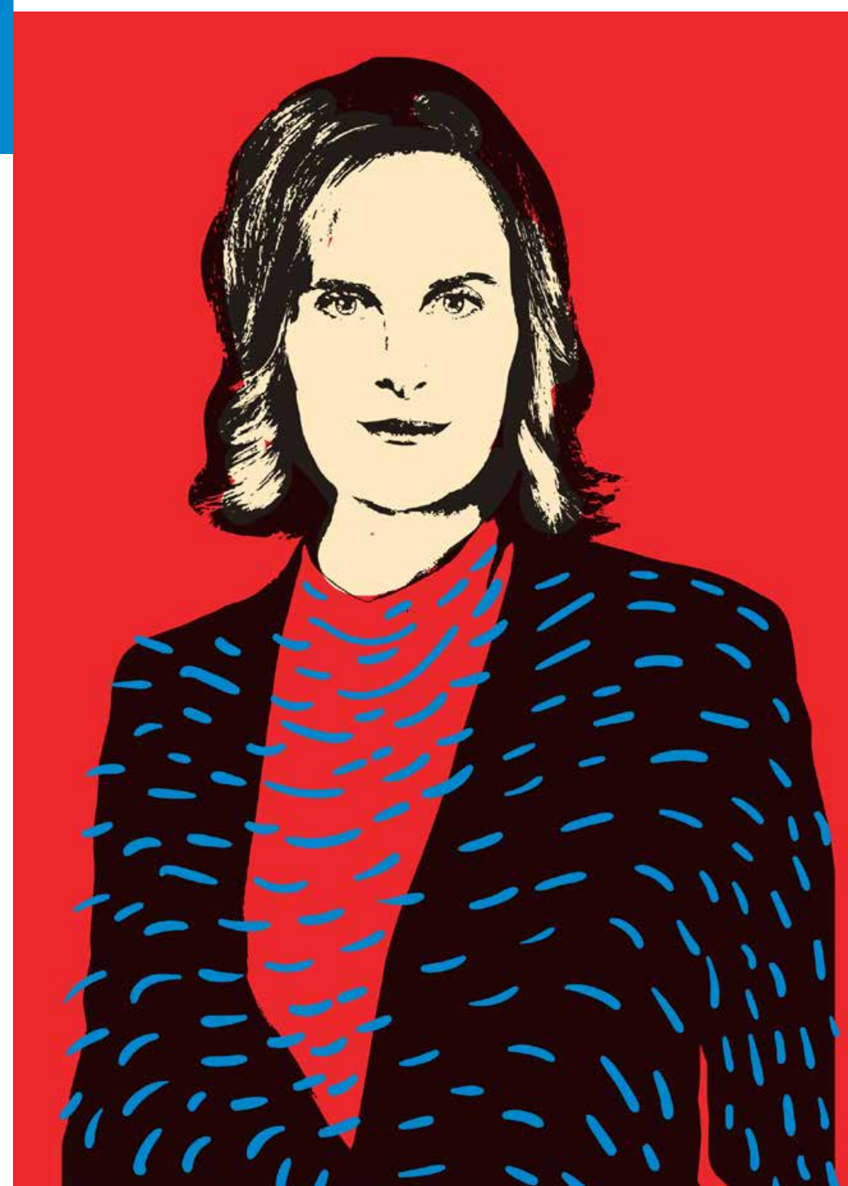
VP of technology innovation, Adidas

If you ask Gerd Manz, the future of footwear is robots -- specifically, speedy robots capable of crafting on-demand, customized sneakers. As vp of technology innovation at Adidas, Manz oversees Speedfactory, a manufacturing plant opened in Ansbach, Germany, in late 2015 that produces sneakers using 3D printing technology and computerized knitting. Three years later, Manz, who has worked on tech programs for Adidas since 1997, is watching Speedfactory evolve, including the recent opening of its second location, in Atlanta, in April. Speedfactory helps Manz simultaneously drive personalization capabilities, by allowing consumers to design and produce sneakers in a day, and bolster innovative marketing campaigns. Among them include AM4, also known as Adidas Made For, which are exclusive collections for specific cities that are designed by famous runners and influencers hailing from the respective locales. -- *BB*

LUBOMIRA ROCHET

Chief digital officer, L'Oréal

Lubomira Rochet is devoted to making sure L'Oréal represents the future of beauty. As chief digital officer, Rochet is in the midst of overseeing a multitiered approach to try to make L'Oréal the most innovative beauty company on the market. After overhauling the company's e-commerce and marketing strategies, she turned her focus to collaborations with tech companies like Google and Alibaba, intended to help get a leg up on L'Oréal's peers. This year, Rochet propelled L'Oréal even further with the acquisition of buzzy augmented reality platform ModiFace, which allows users to virtually try on products and experiment with color palettes from their mobile phone screens. Scooping up ModiFace, a beauty industry darling since it launched in 2001, provides L'Oréal with a significant advantage, giving its brands exclusive access to the coveted platform. -- *BB*



DONNA VIEIRA

Chief marketing officer, Chase Consumer Banking

Being a modern bank CMO is about more than advertising and media distribution; it's about delivering the look and feel of the customer banking experience in both the digital and physical worlds. Both are changing rapidly. For Chase, they're also expanding. Last fall, Chase launched Finn, a digital-only bank for customers living outside Chase's 5,130-branch network; Donna Vieira was central to the creation of its identity and experience. At a time when almost every bank is closing branches, Chase has an aggressive strategy to build 400 across 20 new U.S. markets in the next five years, which it began in Washington, D.C., this spring. Vieira delivered channel growth of 5 percent with a return on investment 8 percent above goals for 2017. Her challenge now is to continue developing new relationship growth models, enhanced pricing and stronger field integration in "old" and new apps and branches. -- *Tanaya Macheel*

NISHMA ROBB

Marketing director, Google

A lot of lip service is paid to solving the lack of diversity in the ad industry. But Nishma Robb has been a tireless, charismatic driving force, encouraging a wide range of talent to venture into the industry. She has taken a leading role in urging young girls to pursue careers in technology, speaking at numerous corporate businesses and schools along the way. On top of her day job at Google, Robb spends a lot of her time mentoring and coaching young people, as well as supporting external, diversity-led initiatives, sometimes finding them space at Google to host events. Her mentees include Roshni Goyate and Leyya Sattar, the two founders of The Other Box, an award-winning platform for increasing diversity in the creative industries. -- *JD*

ALINE SANTOS

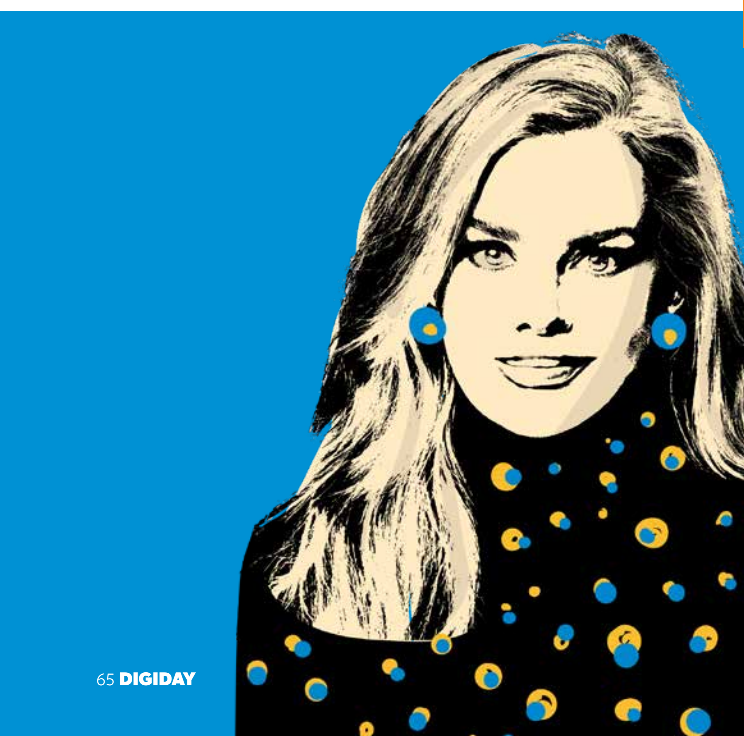
Global EVP of marketing,
head of diversity and inclusion, Unilever

It's been almost 30 years since Aline Santos joined Unilever as a marketing trainee, but it's her most recent role that has made the most impact. In the past year, she's managed to extend the Unilever maternity leave policy to 16 weeks globally and to bring "Unstereotype" -- the movement that has resulted in Dove campaigns like "My Beauty My Say" -- in-house. Santos led "Unstereotype" across Unilever offices globally to train employees and managers on unconscious bias as well as creating inclusive environments.
-- *Shareen Pathak*

BRIAN WHIPPLE

Senior marketing director, Accenture

The threat of consultancies overtaking agencies is real. As head of Accenture Interactive, the agency inside of consulting giant Accenture, Brian Whipple is the source of many ad executives' headaches. He's working to show that a consultancy can provide everything an agency can, plus more. In 2017, he led Accenture in opening a digital hub in Singapore, added industrial design capabilities to Accenture's offerings and acquired agencies SinnerSchrader, The Monkeys and Wire Stone. -- *IL*



CHRISTINE BEAUCHAMP

President, Amazon Fashion

When Amazon decided to be a fashion powerhouse, it needed someone fit for the challenge. Amazon turned to Christine Beauchamp, former CEO of Victoria's Secret Beauty and former president of Ann Taylor Stores. Within months of joining Amazon in May 2017, Beauchamp proved she had the acumen to transform a destination for toiletries and electronics into a place of style: Amazon closed the year with a total of 16 private-label fashion brands, raking in a collective $21 million. -- *BB*

STEPH KOREY AND JEN RUBIO

Co-founders, Away

Despite cutting their teeth as early employees at Warby Parker and Casper, two companies that have come to define the modern direct-to-consumer brand landscape, Away founders Steph Korey and Jen Rubio are using a different blueprint to build their business.

They don't want to be unicorns. They don't want to reach an Uber-sized valuation. And they don't want to be labeled as industry disruptors.

"We're a digitally native brand that's very aware we need to still play in a traditional retail world," says Rubio. "It's nice to play in VC land and raise tons of money to recklessly grow your business. But at the end of the day, we're not an advertising company, and we're not a tech company. We're a retail brand."

Away sold its first suitcase in February 2016 and to date has sold more than 300,000, priced between $225 and $495. In 2017, the brand made $48 million in sales, according to the company. It's opened four retail stores in the U.S. to date and launched its second product at the beginning of 2018: a shoulder bag with hidden straps that slide over and affix to the suitcase's handle for easy toting. In April, Away announced it would start shipping to Europe.

The growth engine behind all of this includes $31 million from three rounds of venture capital funding as well as paid marketing on Facebook, Instagram and Google -- typical markings of a modern, digitally native brand grasping for quick growth. But Rubio says organic growth drives the majority of sales, through word-of-mouth, recommendations and customer retention. The company isn't actively seeking more funding, having raised its last round at the beginning of 2017.

"This is how Steph and I want to run our company: by financially sustaining ourselves as a business, while being able to stand by a long-term brand vision, because we're not constantly thinking about the exit plan that will pay back VCs," says Rubio.

Starting with the signature Away suitcase, the brand has expanded through small product variations driven internally as well as by strategic partnerships, including most recently a collaboration with model Karlie Kloss. Alongside the products, Away is investing in an editorial platform through a travel podcast, online site and print magazine, called "Here."

The goal is that the Away brand will eventually be tied to all points of travel, including destination inspiration, city recommendations, tips and guides, bookings, and lodging, as well as the luggage carried on the way. To do that, Rubio says, Away is laser-focused on establishing customer trust. The brand considers customer service to be one of its biggest investments, so it can continue to get feedback to the right people and react accordingly, even at scale.

That's the master plan. For now, Korey and Rubio just want to build the go-to luggage brand for people who never considered their luggage purchases, like those using hand-me-downs from their parents. The next step is tackling customers loyal to legacy brands.

"We have a big vision based on a product-by-product strategy," Rubio says. "What bag can we create today that could lead to people staying at an Away hotel in the future?"
-- *Hilary Milnes*

FROUKE BRUINSMA

Director of corporate responsibility, G-Star Raw

In February, Dutch denim brand G-Star Raw launched what were widely publicized as the most sustainable jeans ever. For the accomplishment, the brand can thank 14-year G-Star veteran Frouke Bruinsma, who made strides in their development over the past 10 years. “I call them our masterpiece,” she says of the style, named the Elwood RFTPi. “They combine everything we’ve been doing up to now.” The jeans, which are made of organic cotton and free of nonrecyclable elements like zippers, are produced using an indigo technology that necessitates no salt and minimal chemicals. Frouke’s goal is to raise G-Star’s entire product range to the same standard and help other brands follow suit. “You could keep them to yourself,” she says of G-Star’s production processes, “but then nothing will change.” -- *Jill Manoff*

TONY LIU AND LINDSEY SCHUYLER

Co-founders, Diet Prada

The brainchild of designers Tony Liu and Lindsey Schuyler, Diet Prada began as an anonymous watchdog blog and Instagram account to track fashion copycats. Started in 2014, it now has close to half a million followers, an audience comprising fashion enthusiasts eager for the latest no-holds-barred post that keeps even the most high-end designers and popular celebrities on their toes. To date, Liu and Schuyler have ruffled the feathers of everyone from Stefano Gabbana to Kim Kardashian West, and they’ve gained the following and support of Alessandro Michele and Rihanna. -- *BB*

STEPHANIE HORTON

Chief strategy officer, Alexander Wang

In October, when fashion designer Alexander Wang stepped down as his namesake brand’s CEO, Stephanie Horton, former chief marketing officer at Farfetch, was named Wang’s chief strategy officer -- a new role created to aid expansion to new categories and territories. Wang then revealed plans to move off the traditional fashion calendar, which concentrates runway shows in February and September, to a schedule of showing collections in June and December. The move was widely regarded as a blow to New York Fashion Week, as Wang’s show and after-party were among the week’s biggest draws. Wang’s new setup has since been weighed as a viable solution to the event’s dwindling relevance. With it comes a move to two annual collections, versus four, plus the flexibility to deliver more drops of a wider range of product. -- *Jill Manoff*

CHIEH HUANG

CEO, Boxed

It wasn’t easy for Chieh Huang to launch an e-commerce site selling groceries and home products from the garage of his parents’ house. Neither is it easy for his company, Boxed, to compete against juggernauts Amazon and Walmart, yet business is thriving. In three years, Boxed has gone from $40,000 to $100 million in revenue. Among the company’s strategies: using artificial intelligence to predict when customers have run out of products and employing robots in fulfillment centers to save on overhead. -- *IL*

JERRY DAYKIN

Head of digital media partnerships, Diageo

Jerry Daykin’s first 14 months as Diageo’s first head of digital media partnerships are best encapsulated by the advertiser’s Trusted Marketplace of media owners, which allows it to continually assess and review whether ads on the likes of Google and Facebook are working in the way they should. He has also forged close relationships between Spotify and Diageo’s Smirnoff and Captain Morgan brands. -- *SJ*

ALMA HAR'EL

Director and Free The Bid founder

Alma Har'el was on a phone call discussing an upcoming commercial shoot for Stella Artois when she heard it. "You're the first female director we have shooting a commercial for us."

"It's like something clicked for me in that moment," says Har'el, who at the time had worked in commercial and music video making for just over six years.

It wasn't like she didn't know the statistics: About 10 percent of creative directors at agencies are women, and fewer than 7 percent of directors are female, according to The 3% Movement, an organization that supports creative female talent and leadership. That number is in line with the 9 percent of the top films in 2015 that were directed by women. So the fact that one of the biggest companies in the world, which is known for creative, "filmy" commercials that are any director's dream, had never worked with a woman in its 20-year history of advertising should have been unsurprising.

"It became real for me," says Har'el, whom Mashable then interviewed for a piece about how women were systematically being shut out of the filmmaking process.

It would have been easy to end it there -- the piece went viral, creating a loud-enough shout that maybe something would have changed. But Har'el wanted to change the system. She and PJ Pereira, the co-founder of Pereira & O'Dell, thought of an idea to use the common triple bid process for scouting directors to mandate there be at least one woman director bid on every pitch.

That idea took a life of its own -- Har'el formally launched an initiative, called Free The Bid, getting support from a plethora of major agencies.

But it's brands that matter, and Har'el's idea was so simple and so doable as a "fix" that even advertisers known for stodgy, bureaucratic processes got an easy solution to the problem. HP was the first, with its own diversity initiative dovetailing the pledge. Companies like Visa, Nestle and Coca-Cola followed.

Today, Free The Bid has 450 directors in its database, another stroke of genius meant to make it even easier for companies to source the female directors they need. "There are certain structures of power in corporate," Har'el says. "The key is to work within them to break them."
-- Shareen Pathak

THIBAUT PORTAL

Global media hub leader, Pernod Ricard

It's telling that it was Pernod Ricard's CEO Alexandre Ricard who first drew attention to the advertiser's programmatic efforts last year, rather than the marketer behind them. Thibaut Portal doesn't like the spotlight, but his impact on Pernod Ricard's programmatic strategy is hard to ignore. Since he took charge of the company's media team in 2015, it has struck more direct deals with ad tech companies; now, around a quarter of the advertiser's digital media is bought by its own marketers. Over the last year, Portal has pushed the company to ditch video views as a key performance indicator and instead prioritize completion rates. Looking ahead, Portal wants greater transparency not just on the inventory that Pernod Ricard buys, but the data it feeds into its demand-side platforms. *-- SJ*

CHRISTIAN HAHN

VP of marketing, communications, strategy and media, Deutsche Telekom

More than a few agency executives were anxious when Christian Hahn, Deutsche Telekom's vp of marketing, communications, strategy and media, said he wanted to take back control of the company's media budgets in 2017. Hahn spread the tasks one media agency was paid to do across several specialists in areas like media analytics services and programmatic operations, but still found a role for agency GroupM. GroupM handles media buying for Deutsche Telekom's traditional media, while the telecommunications firm's media team takes more responsibility for ads bought online. Rather than in-house all media buying, Hahn found a way to exert more control over the most important parts. *-- SJ*

RICHARD NOCKLES

VR creative director, Sky

When trying to define a new genre, getting inspiration from existing forms is key. For Richard Nockles and his team, that's shooting 360-degree video and virtual reality as if it's a theater production. Nockles has worked on integrating VR into regular broadcasts across news, sports and drama at Sky since February 2016, drawing parallels from his 10-year career as an architect. His aim is to merge the boldness and brashness of football matches from the vantage point of the goal post with the intimacy of being beside players waiting in the tunnel. For this, Nockles has to get close to his subjects, a level of trust that many wouldn't have offered a few years ago. "Teams listen to us," he says. "That means a lot." *-- LS*

OFFICE HOURS WITH ELLE EDITOR-IN-CHIEF NINA GARCIA

BY JILL MANOFF

Photos: Amanda Suarez

Since taking the reins as Elle's editor-in-chief in September, Nina Garcia has settled into her 24th-floor office in Hearst Tower, surrounding herself with her favorite books and career mementos, and replacing furniture with pieces better suited to her style.

"I got rid of the big, clunky wooden desk and brought in something lighter, brighter and more inviting," says Garcia, referencing a large white oval table hugging the far wall of the sunlit space. "I encourage all my editors to just walk in, and I wanted a collaboration space. This is really where everything happens."

With designer accoutrements and nods to industry collaborators thoughtfully arranged throughout, the room reflects Garcia's positioning as an arbiter of taste. In addition to her day jobs in fashion publishing, she's served as a judge on "Project Runway" since its premiere season and written four books on the art of style.

Atop a handful of shelves behind her desk are fashion and art books by friends, including stylist Carlos Mota and photographer Mariano Vivanco, who shot Garcia's second Elle cover, for the April 2018 issue featuring Kim Kardashian West. The top shelf houses gifted photos by fashion photographer Gilles Bensimon, including a self-portrait and a shot of street art featuring Che Guevara. Propped on a window divider is a giant pair of red lacquered lips sent to her by Yves Saint Laurent at the time of designer Stefano Pilati's first collection for the house in 2004.

"Everywhere I've gone, those lips have come with me," says Garcia, who served as fashion director at Elle from 2000 to 2008, then creative director at Marie Claire, until she returned to Elle last year.

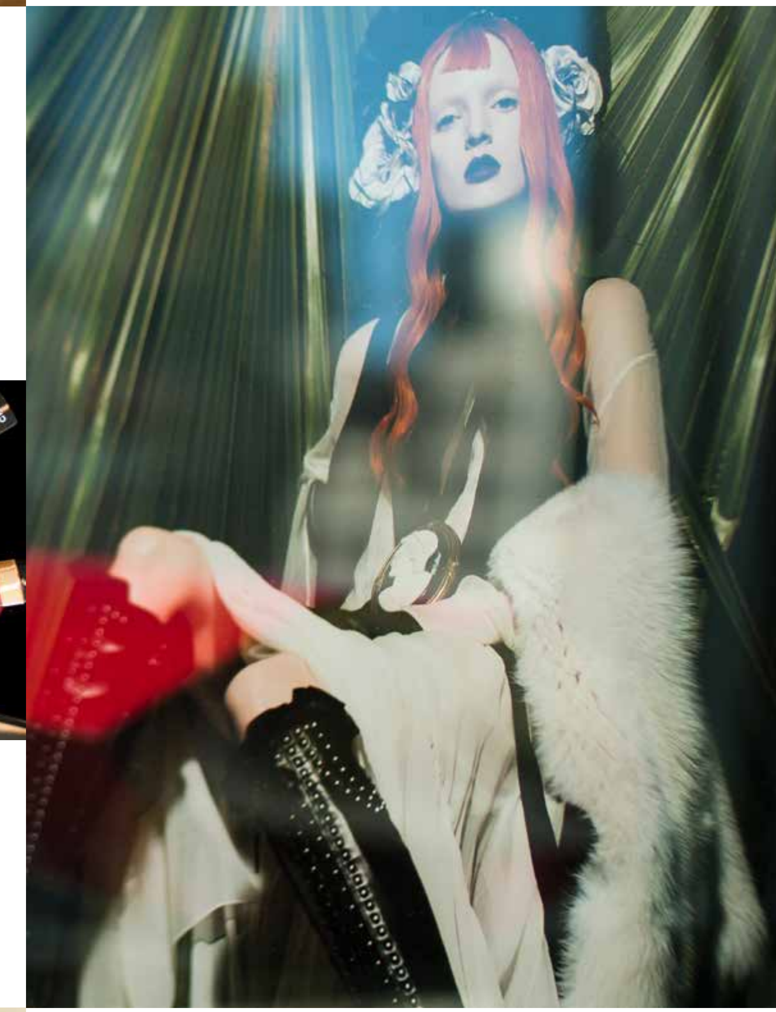
Leaning against a wall is the first inspiration board she created for Elle since her return -- one image features a woman on the beach; another shows a woman sailing. "I want to bring in a little bit of the past and look toward the future," she says. "The Elle woman is bold, dynamic, colorful, full of energy -- plus she's interested in all parts of the world and how it's changing. It's time for us to deliver that."

She acknowledges that digital and social media have "changed the game" since the start of her career, but says print will continue to be important. "It's print's role to set the tone for all of the brand's many extensions, and to be Instagrammable and coffee-table book worthy," she says.

Indeed, along with an orchid and some Venus et Fleur boxed roses, one of the few items on her clean desktop is the latest Elle issue, featuring model and Instagram star Kendall Jenner.

"I like to keep my office organized. When this is organized and clean and streamlined, my thoughts are organized, and everything kind of falls into place. Other people might like a lot of layering, but for me, this works." *- left*

"Chanel sent me this unbelievable set. I'm usually very low-maintenance when it comes to beauty; if I have bronzer and a little lip gloss, then I'm happy. But if I am ever in need of more, I have it all here." *- below*



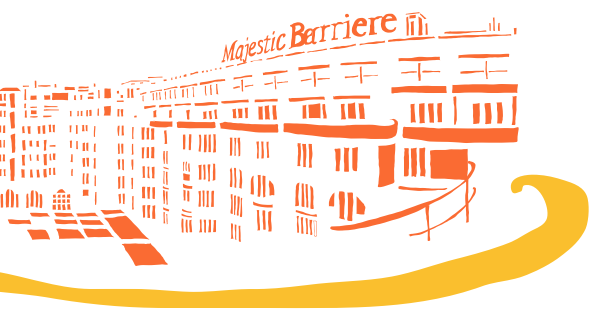
"I got these at the [Museum of Modern Art's] gift shop, which I really love. They're like my worry beads. When I'm thinking or worrying or waiting for a call, I'll stack them or play with them. I just love the simplicity of them." *- below*

"This is a photograph by my really good friends and collaborators François Nars and Patti Wilson, who worked on this incredible shoot we did together overseas. I have a great admiration for their work. Afterward, François gave me this picture. It's makeup, and it's fashion -- it was for Marie Claire, but I just couldn't part with it." *- above*

"My guilty pleasure. At around 4 o'clock, I'm always like, 'Does anybody have some chocolate hiding?' So, [my assistant] Ali got me these Hershey's Kisses. I love them. You only need one. Or two." *- right*

HIDDEN CANNES

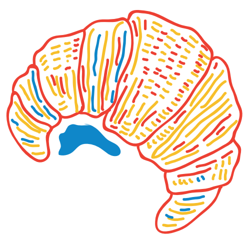
Cannes newcomers cling to the Croisette (the main drag along the sea) like a lifeline. But Cannes isn't just about the Palais, the Carlton terrace and the Gutter Bar. Every savvy Cannes veteran has their own deep cuts around town -- and outside its confines. ***BY SHAREEN PATHAK***



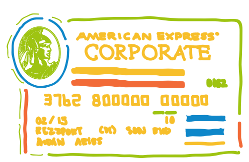
La Colombe d'Or in Saint-Paul de Vence
"For the getaway when Cannes gets too loud or you need to feel that you're actually in one of the most beautiful parts of France. Picasso and Sartre both stayed here, and you know why when you enter the gate. Well worth the drive." -- Per Pedersen, global creative chairman, Grey

Volupté on Rue Hoche
"For coffee, it's got to be cafe Volupté."
-- Sarah Owen, founder and CEO, Pumpkin

Da Laura,
7 Rue Du Vingt-Quatre Août, Cannes
"The best Italian food in Cannes. They have a meat slicer right in the middle of the restaurant, and when you sit down, you get fresh Salome and cheese slices on wax paper." -- Isabelle Gauvry, director of PR, OMD

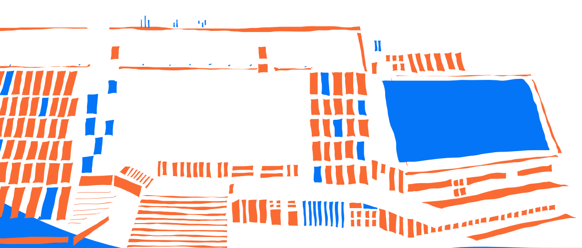


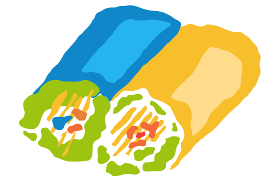
Factory Cafe, 17 Boulevard de la Croisette
"A breakfast or daytime favorite to grab a ridiculously expensive small casual bite with a tea or coffee hit, or something stronger. There's a tiny terrace (if you are lucky!) where you can waste time and survey the Cannes circus unfold. Its position is what makes this place great." -- Wayne Deakin, executive creative director, Huge



Le Voilier, 61 Boulevard de la Croisette
"A Mediterranean-style menu and open early to late. A favorite with the CEO and power types, so expect to rub shoulders with them." -- Deakin

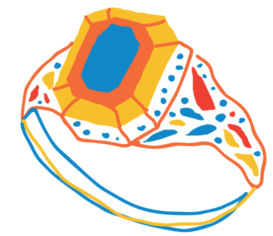
Cannelle, 32 Rue des Serbes
"Their food is good, and it's usually pretty quiet, but still close to everything." -- Harley Saftler, worldwide creative manager, Ogilvy & Mather



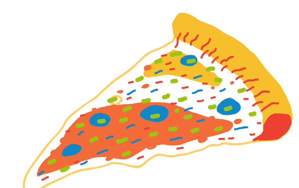


Le Jade, 24 Rue Pasteur
"This humble Vietnamese eatery has been a hangout among Cannes regulars since as long as I can remember. The food is OK. The ambience is authentic." -- Pedersen

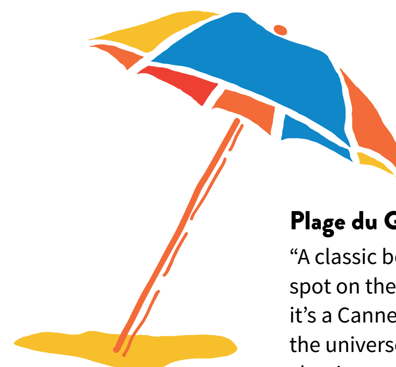
Hotel Restaurant Alain Llorca, Saint-Paul de Vence
"For about 15 years, I have taken a small group of female execs for a Sunday supper in Saint-Paul de Vence. It is always a wonderful way to set the tone for the week and determine what we want to focus on; our conversations are always fearless and inspiring. Before supper, we take an hour or two to shop in Saint-Paul, especially at La Balance, my favorite antique jewelry store." -- Wenda Harris Millard, vice chairman, MediaLink



Le Tube, 10 Rue Florian
"More Shoreditch than French chic." -- Deakin



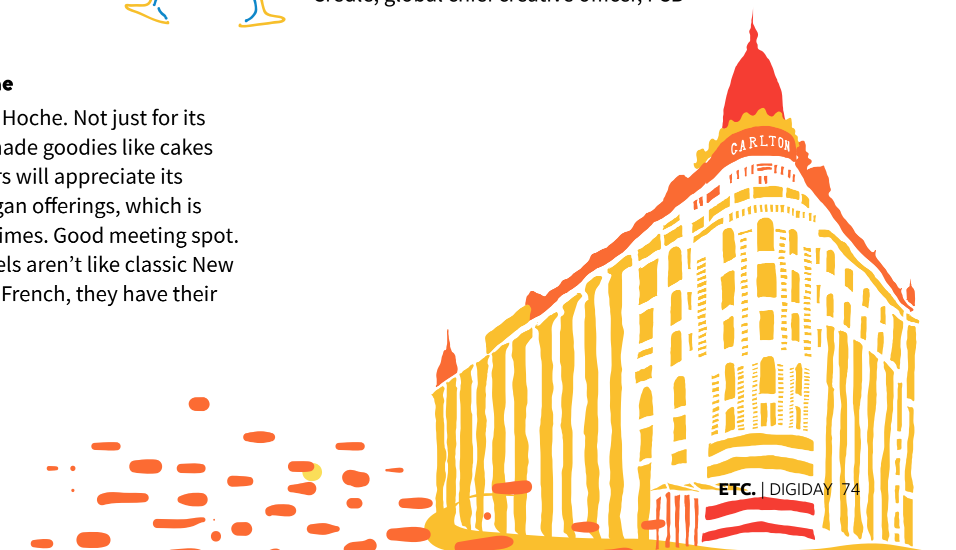
La Pizza Cresci, 3 Quai Saint-Pierre
"You have to. You just have to." -- Chris Beresford-Hill, chief creative officer, TBWA\Chiat\Day



Plage du Goeland, Boulevard de la Croisette
"A classic beachside French brasserie in a great spot on the Croisette. Located on a private beach, it's a Cannes hot spot for bigwigs. Contemplate life, the universe and schedule out your day from this classic spot, or head here later in the day to rub shoulders with industry legends. You can hire a sun lounger here to chill out and soak it up -- if you are early or lucky." -- Deakin

Mantel, 22 Rue Saint-Antoine-Le-Suquet
"A tiny restaurant in old town good for nice drinks and tasty food with work friends and clients." -- Susan Credle, global chief creative officer, FCB

Bagel Cafe 10 Rue Hoche
"A cozy, casual spot in Rue Hoche. Not just for its bagels, but also its homemade goodies like cakes and cookies. Young hipsters will appreciate its low-key vibe, Wi-Fi and vegan offerings, which is problematic in Cannes at times. Good meeting spot. A note of caution: The bagels aren't like classic New York bagels. Like all things French, they have their own slant." -- Deakin



The New York Times

ORAL HISTORY: 'SNOW FALL'

BY MAX WILLENS

It's easy to remember when "Snow Fall" was going to change the world of journalism. The 15,000-word opus about a deadly avalanche in Washington state piled up over 3.5 million views within weeks of its publication on Dec. 20, 2012, temporarily setting the paper off on a drastic new course: In a memo sent to staffers weeks after the publication of "Snow Fall," executive editor Jill Abramson had announced that Sam Sifton, then the national editor, was in charge of a new unit tasked with creating a new "immersive digital magazine experience."

That unit didn't last, but the impact of "Snow Fall" is still regularly visible on the Times' sites. The Gray Lady produced over two dozen large-scale interactive journalism packages in 2017 and more than 60 projects that tied interactive elements.

We got Steve Duenes, the Times' graphics editor, to reminisce about the only Times story ever to be turned, however briefly, into a verb.

[Reporter] John [Branch] had already done a lot of reporting by the time we got involved, but there was no concept for what we would do. [Sports editor] Joe Sexton put me and a couple visual editors in a room with John, and then we got started.

Prior to that story, we really had not contextually placed a lot of images, graphics, photographs in stories.

Previously, you'd have a written article, and you'd have a link to a slideshow.

We started to report information as the basis for visuals. There was a cartographer who started to build a visual elevation model of the mountain. We thought we might create a visualization of the avalanche, using data. Ano as we made some progress, we got to a point where we said, "We've got some compelling stuff here." We could do this the way we've always done it, and build them out. … We could do that again, or we could try something new: Shape the visuals so they were part of that narrative, and so the words might have to change to accommodate the visuals. Where essentially you're talking about editing all of this at once.

Joe said, "I'm not going to do that." Frankly, he said it more colorfully than that.

In the end, I don't think we wound up changing a single word. It played out in ways that were good and bad.

It became a thing in the newsroom. People talked about "Snowfalling" stories. Jill did have an interest in thinking about how we could produce more of these kinds of stories more frequently. She wanted to think about that form as something to kind of double down on.

One of the things that was not great about "Snow Fall" is it was not very disciplined.

To assume everybody would consume that in one session was kind of an insane assumption.

The expectation that we'd cram images into a lot of long stories was not a great result.

But we have become more disciplined over time. If you look at the Times report, it is a lot more visual.

When we came out with the 2020 report and we said we want the report to be more visual, I'm not saying that was only because of "Snow Fall," but people paid attention. ◘

THE CANNES PIVOT TO REALITY

BY BRIAN MORRISSEY

Last year, Cannes Lions jumped the shark. Martin Sorrell, then still lording over WPP and the wider ad industry, declared flatly that it had "lost the plot." And amid bacchanal villa parties with celebrity musical acts, the over-the-top Snapchat Ferris wheel and a cash grab by organizers to make people pay up to have their meetings in choice hotels, it was hard for many to disagree.

This year, the festival is set to mimic the industry's overall retrenchment. Tech triumphalism is decidedly out, considering the bruising year Facebook has endured in the spotlight for Russian trolls, election meddling, data leaks and crushing the media business. Google is not unscathed. The company's YouTube platform has spent the year trying to explain to its customers why it cannot stop showing their ads next to videos of jihadis, child abuse, beastiality and who knows what else. As for Snapchat, the Ferris wheel days and no-photos-allowed private parties now seem more of a cautionary tale than an example of a hot new player in town. In the year since 2017's festival, Snap's market cap has halved.

Of course, the news is no better for agencies, publishers and ad tech. Sorrell himself is out at WPP, although he'll still be a main attraction on the Cannes stage. Publicis execs, meanwhile, might need to enter town under the cover of darkness, in disguise, as they are barred by corporate diktat from even setting foot in Cannes -- client meetings be damned. One agency CEO told me that last year 15 people went from his agency; this year, three will attend. Overall, the agency business has been bruised by transparency concerns, a polite way to describe "double dealings." Clients are more alert than ever and taking back control across the board. Publishers are at least used to difficult years, as they continue to fight mostly fruitlessly against the domination of the duopoly. And the ad tech marina will be quieter this year, as the much-predicted industry shakeout is well underway and is bound to be pushed along faster by the imposition of new data regulations in Europe and beyond.

Marketers, too, have been knocked around. The #MeToo movement caught many flat-footed. While some brands have found their voice on their ad dollars supporting all manner of incivility and hateful discourse, many have thrown up their hands. They, too, were seduced by the siren calls of efficiency by allowing their ads to be sprayed far and wide, with the idea that marketers would pay less and waste less. The hidden price turned out to be steep.

2018 is shaping up to be a year of self-correction. The pivot to reality is well underway in media, as more publishers rush to diversify their revenue streams and establish direct ties with their audiences. The reality part is in the realization that their real audiences are quite a bit smaller than the ones they were renting from Facebook. Marketers, too, are starting to question the value they're getting from platforms like Facebook, whose ad prices keep rising.

Rosé will still flow on the Croisette this year, as will the yacht parties and celebrity sightings. But circumspection will be the theme of the week, as Cannes and the overall industry tones down the excess in favor of getting down to brass tacks.

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