DIGIDAY

FALL 2018

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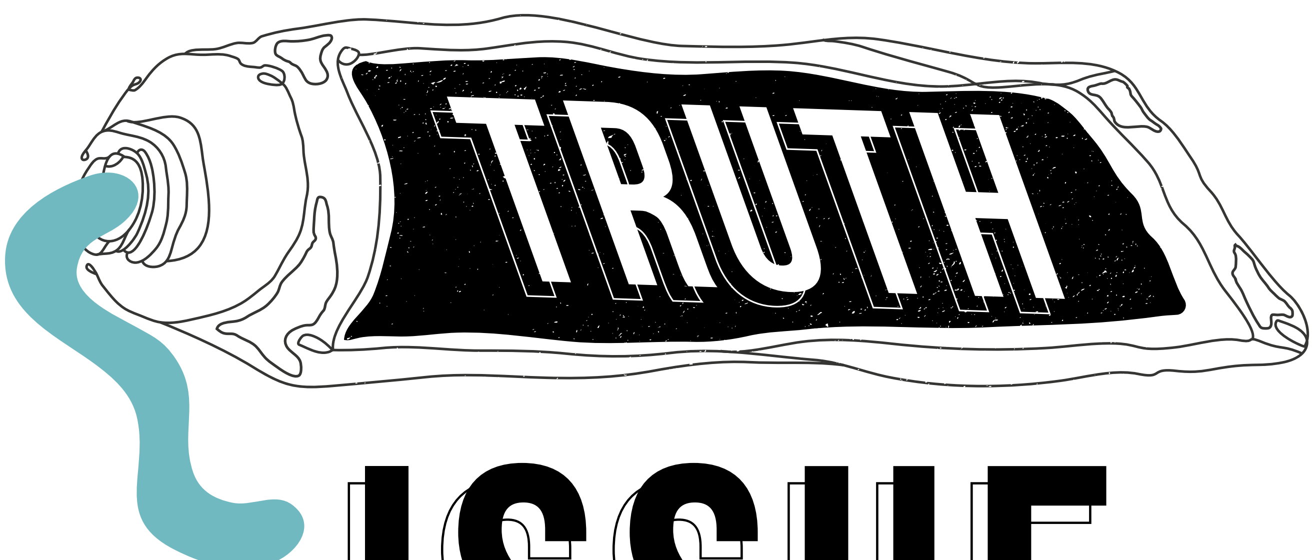

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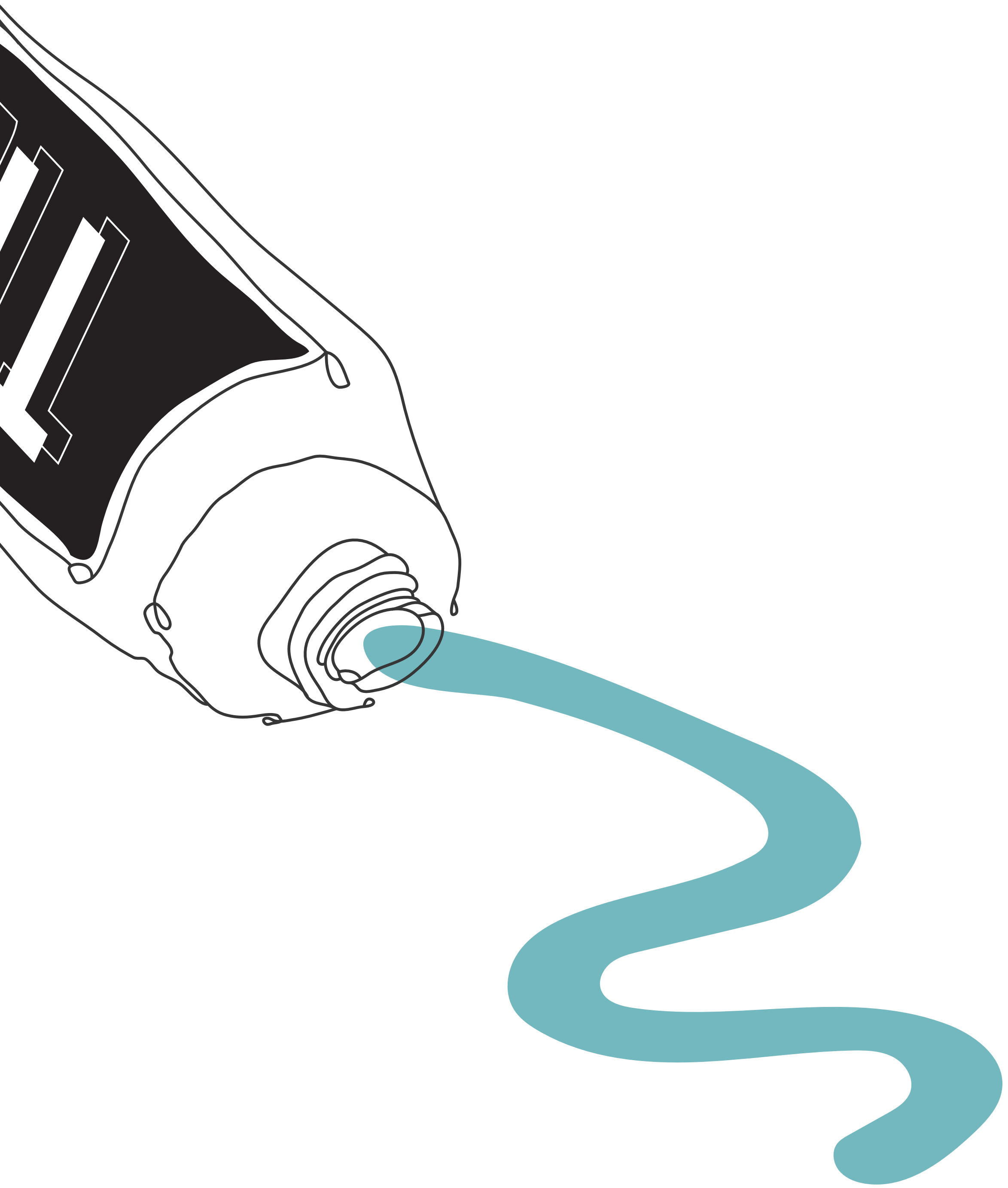

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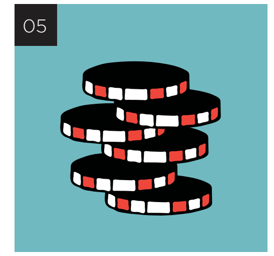

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For all inquiries, please email help@digiday.com

TIME FOR TRUTH

BY LUCIA MOSES

"Brand safety is our top priority." "This isn't a pivot to video." "We put the reader experience first." "Our agencies are valued partners." If you work in media and marketing, you've probably heard these fibs so much, they probably don't even cause you to blink. In industries based on image, people tolerate manipulation and exaggeration. Look no further than the language people use. Marketers have taken to renaming what we used to know as "ads" as "storytelling." And with media and marketing being disrupted on all sides and the flow of ad dollars obscured by the advance of ad tech, there's motivation to hide the truth -- and the means to do it.

The reality is often something different. At Digiday, we've built a brand that's based on calling out the challenges and realities in media and marketing, not pumping up the industries or shying from their problems. One of our most popular franchises is our Confessions series, where we grant people anonymity to shine a light on important issues like ad fraud, workplace abuse and shady billing practices. This issue of Digiday magazine, where we focus on the truth and lies in media and marketing, is an attempt to do more of that.

The theme of truth runs throughout the issue, starting with the true costs of building a native ad or subscription business, where so many publishers are pinning their hopes. In the media and marketing sections, we ask whether the ad tax trope is really as bad as people say and if brands really believe in the purposeful slogans they all seem to be adopting these days (spoiler: they're not).

Ultimately, it takes courageous and innovative people to advance truth and transparency. We spotlighted several people who are trying to bring honesty to media and marketing, like media researcher Jonathan Albright, who has brought new understanding to how fake news spreads on social media. Remember when Jon Mandel, the former Mediacom CEO, created a firestorm three years ago with a bombshell report proclaiming that media agency rebates and kickbacks are real? We caught up with him to see what's changed since then. Mandel says there's a lot more work to be done, saying, "It takes a lot to break an addiction."

On the regulatory front, FTC chair Joseph Simons and U.K. Information Commissioner Elizabeth Denham, both of whom seem eager to use their power to reign in the duopoly, will be key people to watch. No one said fixing big industries is far from easy. But being honest about the issues seems like a good place to start.

THE DIGIDAY DICTIONARY

Meaningless jargon and lazy buzzwords have plagued the media and marketing industries for decades, and the problem only seems to be getting worse. With that in mind, we're releasing the third edition of the Digiday Dictionary. Whether you're trying to baffle someone into buying something they don't need, decipher something your vendor told you, or simply cover up for having no idea what you're talking about*, this guide will have you covered. (*Actual results may vary)

Ad exchange: Cheap ad space

Ads.txt: List of people we think we can trust

Agency of record: Scapegoat

Brand newsroom: Marketers with journalism degrees

Brand safety: Screenshots

Branded content: Native advertising that's more expensive

Consent management platform: Something we say we use so we don't get fined

Consultancies: Agencies with suits

Consumers: People

Data: Email addresses

Digital agency: Website sweatshop

Display: Banners

Engagement: Likes

Facebook Watch: Animal videos

GDPR: We've updated our privacy policy

In-house: Dedicated agency group

Long-form: 15 minutes, tops

Native advertising: Branded content

Pivot: Desperation

Podcast ad measurement: Discount codes

Premium video: Netflix

Privacy: An illusion

Publisher commerce: Amazon links

Social agency: Tweet sweatshop

Sponsored content: Text ad

Subscriptions: Last resort

Transparency: Insertion orders

Video audience measurement: A tax a publisher pays to take meetings with TV ad buyers

View views: Autoplay

Viewability: Bigger ads

DIGITAL MEDIA'S MYTHS

Digital media has its fair share of dubious statistics and myths that are bandied about. But often there's little evidence to back them up. Let's unpack a few.

AUDIENCE REACH

Publishers and platforms alike are known to inflate their reach and audience sizes where possible, typically in attempt to impress advertisers, investors and their audience itself. But ad buyers say they're getting wise to their tactics, which often include using tricks to boost their traffic numbers and comScore rankings. Facebook was left with egg on its face last year when it claimed it ad products could reach 100 million 18 to 34 year-olds in the U.S., despite the fact only 76 million exist, according to U.S. census data. And with the rise of fake traffic and bots, ad fraud experts point to tiny sites on ad exchanges supposedly serving billions of ad impressions each month. If it seems too good to be true, it probably is.

THE LONG TAIL

Much of digital media and advertising technology is predicated on the concept of the long tail, which implies that online audiences are highly fragmented and spend their time visiting hundreds of thousands of niche websites that cater to increasingly specific interests. But in reality that premise doesn't seem to be holding true. Research by measurement firms such as comScore suggests people in the U.S. spend most of their time visiting a handful of the same websites, and the pattern is even more pronounced with mobile apps. Other signs also point to a lack of real-life audiences on many long-tail sites -- their viewability rates are typically considerably lower than those for larger sites, for example.

DIGITAL VIDEO RIVALS TV

100 million "views" on YouTube or Facebook isn't the same as 100 million TV viewers, despite what most digital platforms would argue. When reporting "viewers", most digital platforms simply tally up video starts or 3-second views, while TV is held to a much higher standard and measured at average viewers per minute of an entire show. Yes, people are consuming more digital video, whether that's edited content or live sports. But digital video platforms continue to twist the numbers to suit their agendas.

PEOPLE WANT TO ENGAGE WITH BRANDS ON SOCIAL MEDIA

It's no secret that paid ads on social networks have paid dividends for many marketers in recent years, but the rise of bots, paid likes, fake views, Instagram cells and other nefarious practices have cast doubt on the reliability of data suggesting consumers have any interest in proactively "engaging" with brands on social media. The same could be said for sponsored content and influencer campaigns, which are subject to similar measurement distortions. The idea that consumers are clamoring to interact with brands on social media is getting harder to argue.

THE TECH CO-CONSPIRATORS

Under pressure, Facebook, Apple, YouTube and Spotify have cracked down on letting conspiracy theorists spew their crazy ideas on their platforms, but they're not the only tech companies that have helped give these fringe actors a megaphone. Here's a rundown of a few of the biggest ones: (information is current as of Sept. 10)

GOOGLE:

The company has cut off its monetization tools from a number of fake news sites, but remains on Breitbart. QDrops, a 99-cent app that provides updates about the Qanon movement, is available in the Google Play store.

REVCONTENT:

Sarasota, Fla.-based content marketing company fuels Infowars and Breitbart through its ad network.

AMAZON:

Search for "Qanon" on Amazon and you'll find more than 1,000 results, mostly for T-shirts but also other Q-emblazoned accessories like dog tags, onesies and yoga pants. Amazon Prime Video has sold videos that promote the conspiracy theories of Alex Jones and David Icke.

WOOCOMMERCE:

The open-source e-commerce company powers Infowars' big online business selling nutritional supplements, survival gear and protective apparel.

SHOPIFY:

This leading e-commerce tech company powers many online retailers, among them Breitbart.com.

THE JUDGMENTAL MAP OF NEW YORK MEDIA

It's important for any astute media or advertising person to know their way around New York. In a nod to Judgmental Maps, we present a very judgmental map of NYC so you know exactly where to go — and what to steer clear of.

THE SUBSCRIPTION PRODUCT TAX

So you want to be in the subscriptions business? Before you start drafting a press release about this exciting new direction, make sure you've accounted for new costs that crop up when you're chasing consumer revenue instead of advertiser budgets.

While many of these won't be necessary at the very beginning, they start seeming essential pretty quickly, especially if you want to apply any kind of rigor to the work of acquiring and retaining customers. Here's what you'll need:

CUSTOMER DATA PLATFORM

In order to drive people to subscribe, you need to learn as much as you possibly can about what they are engaged with, where they are in your conversion funnel, who wwns what, etc. To do that, you need to use software such as a customer data platform, which allows publishers to better understand and segment their audiences.

COST: These run anywhere from \$50,000 to \$250,000 per year. Fancy enterprise-level implementations will cost over a million dollars per year.

ANALYTICS

Who's going to segment, digest, and pore over all the data that you get about cart abandonment, what kinds of content drives the best conversions, and how best to move traffic around your site? While an audience development team can handle this work at the beginning, this is at least one full-time job you'll need to add to your headcount. And that's after you've ensured your analytics and CDP solutions are implemented correctly.

COST: Data analyst salaries start at \$57,000, plus benefits, according to Glassdoor; data scientists, who are vital for unearthing insights about your audience, can cost more than twice that.

PAYWALL/PAYMENT SOLUTION

Does your content management system allow you to block off content, or take credit card payments, or distinguish your paying visitors from non-paying ones? Well if it doesn't, you'll need something that does.

COST: Though these vary in sophistication and cost, popular solutions can run upwards of \$70,000 per year.

MARKETING BUDGETS

Customer acquisition costs are often the biggest line items on any direct-to-consumer brand's budget. That can mean handing ad inventory on one's own sites over to house ads, or spending money on Facebook ads. And any successful marketing operation has a firm understanding of things like lifetime customer value, of course. But your expensive analytics team probably has that covered.

COST: Depends.

TECH SUPPORT/CUSTOMER SERVICE

The only thing worse than unhappy customers are unhappy customers who have to wait hours, or even days, for responses to their grievances. Media might be different from lots of other industries, but customers are customers, and they expect prompt replies.

Customer service people can sometimes pull double duty as tech support too, but that can require steady, sustained training and support: The path to fixing a bug in one's mobile app could vary from Android phone to Android phone, and the issues in OTT vary depending on the platform.

COST: The median salary for customer service reps is \$35,000.

HEARTS AND MINDS

One of the biggest costs may involve workplace political capital. Shifting priorities toward subscription revenue affects every level of a publisher's organization, and getting a newsroom interested in limiting the size of their audience, or convincing a head of sales that their work is still valuable is just as important as having the right tools. Plus, getting people involved helps save money.

"It helps you avoid cost if you don't have the internal pressure [to grow immediately]," one executive at a large newspaper publisher says.

COST: Priceless.

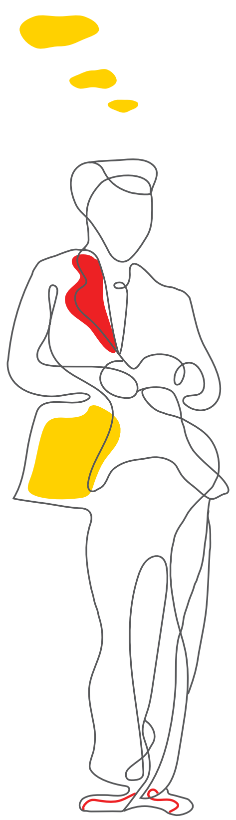
THE FARCE OF THE DEAL

People will say all kinds of things to get what they want, whether it's a kid hoping for a new toy or a company angling to do a deal. During the merger process, acquirer and acquiree make promises they won't keep and claims they hope the other won't try to corroborate. "If it's not in the contract, it's not real," says one media executive who has gone through the M&A wringer. Here are the 10 things buyers and sellers all say -- and what they really mean, according to four veterans of media M&A.

BUYERS

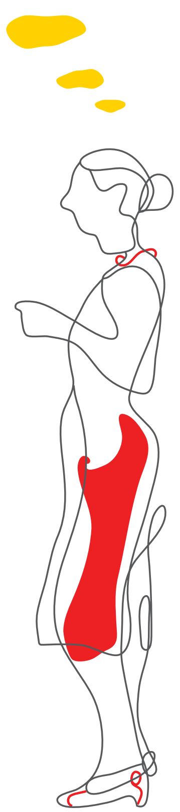
WHAT THEY SAY:
"We love your business and don't want to change a thing. You'll continue to operate the way you always have."

WHAT THEY MEAN:
Either we haven't decided yet how we want to change your business, or we don't want to tell you until after the deal closes.



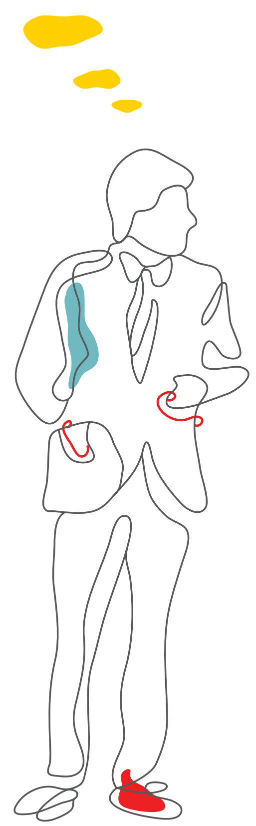
WHAT THEY SAY:
"Don't worry. All your employees will be safe."

WHAT THEY MEAN:
All your employees will be safe -- until they become our employees and we decide that they overlap unnecessarily with our existing employees, especially our HR and finance departments.



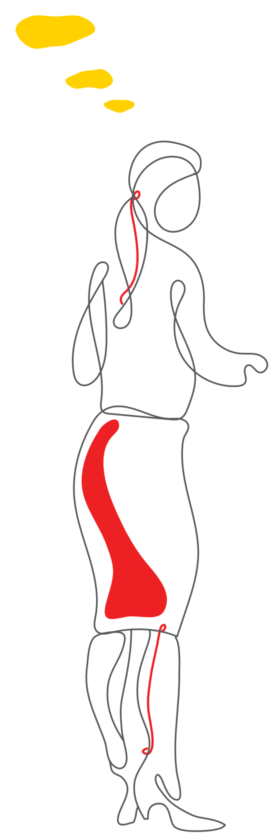
WHAT THEY SAY:
"You will have access to our capital to finance any acquisitions you may make."

WHAT THEY MEAN:
We might help you pay for an acquisition, but then we might decide to make it our acquisition, not yours. And you won't get a finder's fee.



WHAT THEY SAY:
"We want you to have a seat at the table on the corporate level."

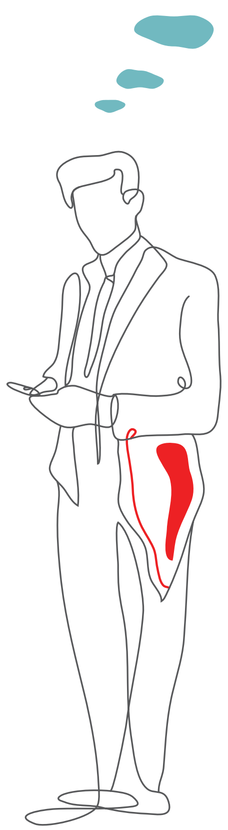
WHAT THEY MEAN:
We would like you to join a corporate-level meeting or two. If we like what you have to contribute, we might put you in charge of an organization that we're not sure what to do with. Worst-case scenario: You fail and we find a way to count it against your earn-out.



SELLERS

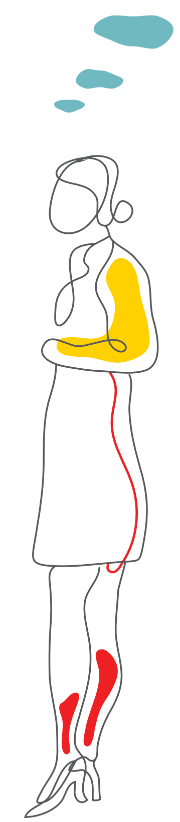
WHAT THEY SAY:
"Our executive team is committed to being here for the long haul."

WHAT THEY MEAN:
The executive team is committed to staying with the company until they hit their earn-out and can retire to a beach for a year to dream up their next company.



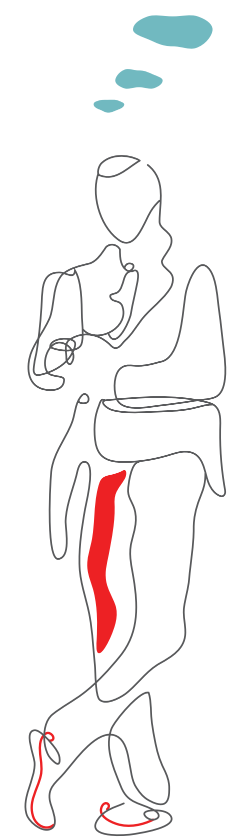
WHAT THEY SAY:
"On average our employees stay with the company for X number of years."

WHAT THEY MEAN:
Some employees have been with the company for X number of years.



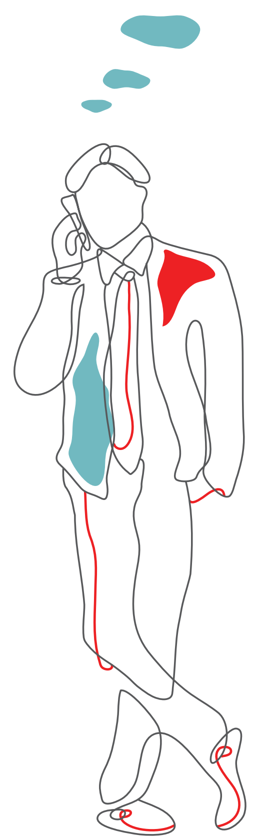
WHAT THEY SAY:
"We have received offers from three other companies."

WHAT THEY MEAN:
Our banker has asked at least one other company if they'd like to buy us. We're scheduled to meet with them next week.



WHAT THEY SAY:
"We have not committed to selling our company but are exploring our options as part of our fiduciary duty to our investors."

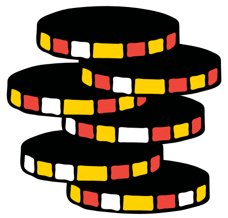
WHAT THEY MEAN:
We hired a banker for a reason. We intend to sell. Do you intend to buy?



THE NATIVE MONEY PIT

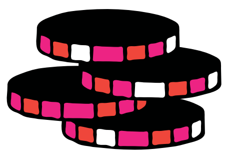
Congratulations, publisher, you've won the pitch for that big native ad campaign. But branded content is notoriously low-margin, leading some publishers to lose money on campaigns if they aren't careful. High-cost, premium content isn't cheap to make. And without experience in honing efficiencies across production and distribution, only shrewd publishers will make content studios profitable. A publisher might win a quarter of the campaigns they pitch for, in some cases spending a few grand on a concept video to explain the vision before they even win the work. The sky's the limit with content production and distribution costs, and that's in addition to salaries and other overheads, of course. Here's how easy it is for that juicy campaign fee to disappear before you know it.

DISTRIBUTION ON FACEBOOK, YOUTUBE, APPLE NEWS: $75,000



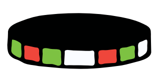
Depending on how much organic reach and onsite traffic a publishers has, over half the budget can easily be spent on distribution. Polar estimates between 20 percent and 50 percent, and Facebook limiting the brand and publisher posts has pushed the cost up. Equally, margin can be made back on distribution if the work is good enough to get the right reach organically.

POST CAMPAIGN ANALYSIS: $32,000



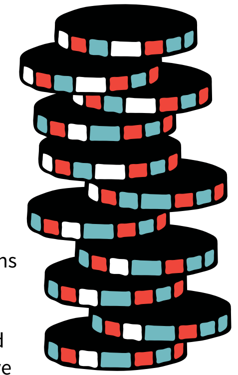
Measuring the return on investment for branded content is a combination of guesswork and expensive post-campaigns quantitative and qualitative research. Standard media metrics like dwell time and pageviews are often packaged up into rolling ongoing costs, or up to 10 percent according to Polar. Judging how a campaign drives purchase intent takes research panels and third-party research firms. A small price to pay if it leads to repeat business and a long-term partnership.

MUSIC AND MOTION GRAPHICS: $25,000



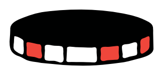
The ad needs some inspirational music to boost brand recall and purchase intent. Royalties cost money, as does rearranging the music and hiring the 38 piece orchestra. A motion graphics specialist can be a few hundred dollars a day, add to that the cost of renting editing suites.

HIRING ADDITIONAL STAFF: ANYWHERE BETWEEN $30,000 AND $65,000



A lean team of in-house "preditors" means hiring professional freelancers to shoot that TV-like ad. According to branded content platform Polar, publishers spend up to 20 percent of the budget on creative and production, and north of this when video is involved. Directors can cost more than $1,000 a day, additional script writers, storyboarders, camera crew, lighting specialists and location hunters all stack up. And freelancers have two costs: themselves and their equipment, because the client wants that Audi ad shot on a Red Epic-X Dragon 6K camera.

LOCATION, PROPS AND TALENT: $25,000



To make the ad really pop the client wants an appearance from that morning TV presenter or that ex-girl band member from the 2000s. Four hours of filming might cost around $20,000 for some top (ish) talent. And you need somewhere to shoot, filming in a pretty average house for a day can cost around $3,000, or over $1,000 on a school soccer pitch (which would usually cost less than $50 to hire). "The minute you want to bring a camera on to it you get a different price for filming," says a newspaper executive. Hair, makeup and props nudge the price up further.

UNBREAKING NEWS

Since the 2016 U.S. presidential election, tech giants Google and Facebook have been pruning their platforms of propaganda and attempting to promote legitimate journalism, arguably with limited success. To be fair, neither Facebook nor Google have positioned themselves as authorities on the matter. Time and again they have opted to pass off the problem to someone else, seemingly anyone else. Independent fact-checkers. Wikipedia. Random user samples. Algorithms. And after all this time, the problem persists. Here's a brief history of the platforms' war on fake news:

2016

DECEMBER 2016

Facebook says it will have independent news organizations fact-check articles and label them as "disputed"

A nice idea: if people are told maybe they shouldn't believe something they're reading, maybe they won't. But it proved ineffective. Facebook decided not to dispute articles that its independent fact-checkers found to be "partly false" or "unproven." A year later, Facebook found that challenging an article's accuracy only reinforced people's belief in its veracity.

JUNE 2017:

Facebook says it will show more links to "informative" articles in people's feeds

Facebook's blog post titled "Showing More Informative Links in News Feed" could have carried a "disputed" label. Instead of taking a new step to identify which articles people find informative and boosting their ranking in people's feeds, Facebook's algorithm would deprioritize links shared by accounts who typically share spam. "Addition by subtraction" didn't work here.

JANUARY 2018

Facebook says it will prioritize articles from "trusted" news sources

A week after Facebook said it would deprioritize posts from news publishers (and other public accounts), the company "well, actually"-ed itself by saying it would instead prioritize news from "trustworthy" publications. But who got to decide if a publication is trustworthy? The platform that believed it didn't had a fake news problem? No, a sample of the people who use the platform that did, in fact, have a fake news problem. A few months later, Fox News became the top publisher on Facebook.

MARCH 2018

Google says it will prioritize authoritative news content in search and on YouTube as part of a $300 million Google News Initiative

Following the 2016 U.S. presidential election, the top Google search result for "final election results" claimed that Donald Trump won the popular election. That was fake news sourced by its search algorithm from a WordPress blog. Sad. So the company said it would begin prioritizing links to authoritative news outlets instead, and allocated $300 million to invest in promoting quality journalism. As of August 2018, the only "success story" on the Google News Initiative's site since its announcement highlights a publisher that used Google Surveys to crowd-source article ideas and inform its ad sales strategy.

JULY 2018

YouTube says it will improve its coverage of breaking news

After YouTube's search results spread conspiracy theories in the aftermath of shootings in Las Vegas, Texas and Florida, the platform said it would add article previews and links to its search results related to breaking news events. These articles would be from authoritative sources to add context to the video content. Earlier this year YouTube decided Wikipedia was authoritative enough to warrant adding information from the crowd-sourced encyclopedia alongside conspiracy-related videos.

2018

LIES, DAMN LIES, UNIQUE VISITOR NUMBERS

Inside the internet's cult of big stats. ***BY JACK MARSHALL***

Each month, like clockwork, CNN issues a press release crowing about its "dominance" in digital news and pointing to its comScore rankings, boasting an audience "larger than any other outlet in multiplatform visitors, mobile visitors, video starts, millennial reach and social following."

One of the core promises of digital media and advertising has always been its measurability. Marketers would finally know "which half of their ad budget was wasted," and publishers who could build engaged, loyal and sizeable online audiences would be rewarded accordingly.

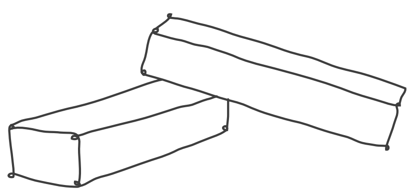
As major audience measurement companies such as comScore -- and big platforms such as Facebook and YouTube -- gained traction, publishers have spent the past 20 years figuring out how to make their audiences look as large and as appealing as possible -- to investors, to advertisers, to business partners and to consumers.

Finding ways to inflate comScore audience numbers has proved perhaps one of the most important and beneficial audience tactics over the past decade, for a variety of reasons. One is that media buyers and advertisers have historically been fixated by comScore rankings, and comScore's top 100 site list in particular. Even today, many media buyers say they're frequently asked by clients or by managers to limit their scope to comScore's top 50 or top 100 list when putting together media plans.

With that in mind, publishers have had every incentive to force their way up comScore's rankings. There's a variety of ways to do this, including purchasing traffic from content recommendation services and social networks or from much less-salubrious vendors for a fraction of the price.

One classic technique has been the comScore roll-up, through which a media company or publisher can have traffic from other sites counted towards their comScore numbers, therefore boosting their overall reach. Publishers such as Complex, and Refinery29, Condé Nast and others have used this technique to better arm themselves in pitch meetings with advertisers.

Vice Media is another well-known practitioner of the roll-up. Recent comScore reports show that Vice Media reached nearly 70 million uniques in July. Vice.com proper, however, attracted just 27 million, but it was bundled along with traffic from



scores of other properties including Salon.com, Banker.com and Snopes.com, among others. Is it technically true that an ad buy with Vice Media could reach 70 million people? Sure, but those people won't all be on Vice.com. Vice declined to comment.

According to comScore, this feature was designed to help media companies and publishers sell advertising across networks of sites and properties. "Due to the dynamic nature of content and advertising partnerships within the digital space, comScore had to find a solution that enabled publishers to aggregate together their reach across all of these entities such that they could represent their full reach in ad planning scenarios and pitches," a company spokeswoman says.

Some ad buyers question how those numbers are presented by publishers and interpreted by the market. "Experienced digital planners should know the difference, but without digging deep it's easy to mistake a large 'property' with a particular site having high traffic," says Marcus Pratt, vp of insights and technology at media buying agency Mediasmith. "Vice can come in and say in their pitch deck that they reach almost 70 million monthly uniques."

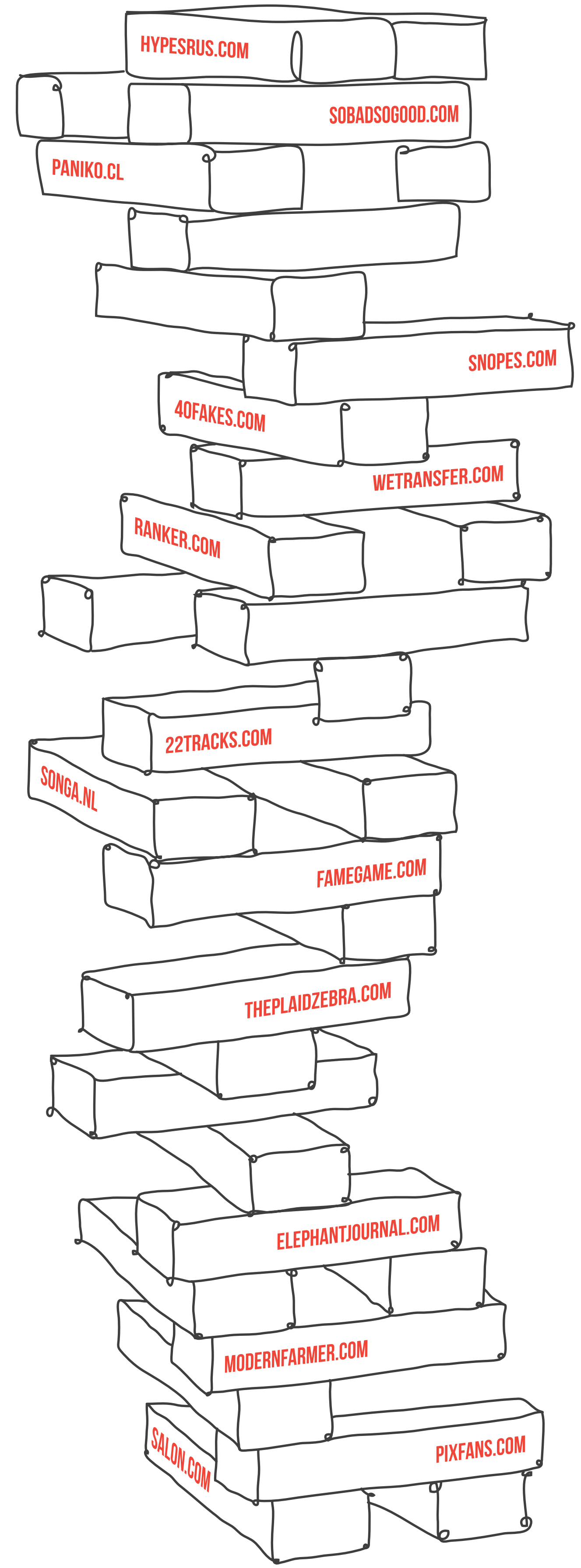
Media buying agency The Media Kitchen says it no longer subscribes to comScore, partly because of the tactics publishers employ to force themselves up its rankings.

"The way we approach it now is just working with publishers to test and learn. It's far more effective than trying to go to someone on the outside, such as a comScore or Similar Web," says Jonathan Kim, the agency's digital engineering director.

It's not just advertisers that are swayed by big numbers. During the digital media investment boom at the middle of the decade, scale was all the rage. Facebook was aiming firehoses of traffic at publishers' sites, and seemingly the only metric that mattered was who could amass the largest audience, regardless of its quality or loyalty. Investors bought in, at least partly, on the notion that bigger audiences equalled better businesses.

But the world is moving on. Investors and advertisers now realize there's more to an audience than drive-by traffic, and Facebook, Google and other platforms have decided they'd rather keep their users inside their own walls than lead them off to publisher sites anyway.

Publishers are still welcome to fill the platforms with their content, of course, but only in the form of video that lives natively on those platforms themselves. And as publishers and platforms lean more heavily into video, they're looking for new ways to boost viewer numbers. Let the games begin. ◘



THE REGULATOR

Elizabeth Denham takes on the duopoly in the UK. ***BY JESSICA DAVIES***

The stakes for data protection have grown under the General Data Protection Regulation, and the face of that enforcement in the U.K. is Information Commissioner Elizabeth Denham.

In her two years in the role, Denham has led high-profile investigations into how transparent companies like Yahoo, Camelot, WhatsApp and Facebook have been with the public about how their personal data is used. Now she is leading a fresh assault on Facebook for its role in the Cambridge Analytica data breach. She gave Facebook the maximum fine possible -- £500,000 ($643,000) but stressed the fact that had GDPR been enforced sooner, the fine would have been closer to €20 million ($23 million), or 4 percent of Facebook's annual revenue. When she's not taking tough stances against privacy violators, she's publishing blogs to debunk misinformation about how the law will be enforced.

And Denham has signaled that she's just getting started. Asked by BBC Radio 4 if she had the necessary power to take platforms like Facebook to task, she says: "My powers are about to get stronger: inspection powers, compulsory audits -- that's the ability to knock on the door and inspect, mandatory data breach reporting, and more significant fines and sanctions."

Any attempt to stand up to the big tech platforms is welcome among the publisher community. "Data ownership and exploitation is key to success in the digital age so a clear and enforceable legal framework is essential," says Angela Mills Wade, executive director of the European Publishers Council. "She understands this and seems to want there to be a balance between the interests of legitimate business use and of the citizens."

G L O S S Y

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DIGIDAY
EVENTS

Upcoming Events

DIGIDAY PUBLISHING SUMMIT EUROPE
October 15-17, 2018
Barcelona, Spain

DIGIDAY MEDIA BUYING SUMMIT
October 15-17, 2018
Austin, TX

DIGIDAY HOT TOPIC: THE FUTURE OF ENTERTAINMENT
October 25, 2018
Los Angeles, CA

DIGIDAY PROGRAMMATIC MEDIA SUMMIT
November 14-16, 2018
Scottsdale, AZ

DIGIDAY BRAND SUMMIT EUROPE
November 27-29, 2018
Monte Carlo

DIGIDAY VIDEO MARKETING SUMMIT
November 28-30, 2018
Nashville, TN

DIGIDAY BRAND SUMMIT
December 10-12, 2018
Palm Springs, CA

DIGIDAY PUBLISHING SUMMIT EUROPE
February 5-7, 2019
Milan, Italy

'EVERY COMPANY NEEDS DIVERSE BUSINESS MODELS'

BuzzFeed News editor in chief Ben Smith welcomes Facebook's blunt message to publishers as it shifts away from news. ***BY LUCIA MOSES***

> We've always balanced the fact that we're associated with this huge, beloved brand. The red brand doesn't ask you to trust it; it's relatable, it's funny.

We're in a time when the news cycle is incredible and distributors like Netflix are putting money into news shows, but Facebook is also going away as a distribution source and people are turning against journalists. How do you see it?
I think this is an incredibly good time to be in news. I do think it's become much clearer over past year that news is a great business. You have a vastly larger audience who really appreciates what you do and what journalists do in a way that genuinely feels new to me. A political crisis is an exciting part of journalism. There's an opportunity to do original reporting that cuts through a noisy ecosystem. And opportunities around new kinds of broadcast. So on the news and distribution side, it's been an amazing year. We've been very focused on broadening the ways we make money. It's incredibly heartening that people are starting to pay for news. We're certainly going to start experimenting with that as well.

BuzzFeed grew up on Facebook; has that ultimately been better or worse for BuzzFeed News?
Certainly these new digital tools open the door for new outlets and voices and challenges to the journalism establishment, but also the litany of challenges is extremely long. There's a really long-running conservative and Fox News-driven process that positions conservative commentators as the right and mainstream news as the left. That's not reality. It's healthy for outlets like ours that are rigid in the reporting, not the ideology.

Is Facebook falling for that trick by catering to far-right publishers?
I don't know. I think a lot of the platforms' leadership is new to this kind of dynamic. I don't envy their jobs. I think there are incredibly difficult decisions to make. On one hand, they clearly need to create spaces that aren't toxic. On the other hand, it's true when you create powerful tools for limiting speech, it will inevitably end up in the hands of the federal government. I don't think the Alex Jones case was a hard problem but some of these are genuinely hard problems. I think they're authentically aware -- they see they're opening these very complicated doors.

Facebook's news partnerships head Campbell Brown was recently quoted as telling Australian news execs that Facebook doesn't care about publishers. How did that go over with you?
I wasn't there but in general I think it's healthy she's speaking bluntly. Rather than having someone whose job it is to keep us happy.

As Facebook has deprioritized news, how has BuzzFeed News shifted its platform approach?
We were very dependent on Facebook in 2013. We've become steadily less dependent on them. Our strategy is to figure out quality news on every platform. I don't think that's necessarily changed much. Netflix is a really important platform for us at the moment. We've shifted away from social video and more premium video.

You joined BuzzFeed News in 2011 and the outlet is still described in terms of its parent brand, with its less serious content. Does it bother you that people still make that association?
The thing about reporting is, it's not about abstract brand measures but does it hit? Does it get people out of jail? Ultimately, the way you do that is because the stories are compelling. So that's never kept me up at night. We've always balanced the fact that we're associated with this huge, beloved brand. The red brand doesn't ask you to trust it; it's relatable, it's funny. Fundamentally, what news says is, I trust it. It's the ongoing progress.

What would surprise people about your audience?
Obviously, our audience is primarily millennials. It turns out millennials care a lot about wars and abuse in the Catholic church. Every generation has this idea that the younger generation has no attention span. That is never true. But we also reach lots of older people and young conservatives. The stories, when you write about politics and Donald Trump, most people look for [speak to] "does this support the ideas I already have." When you get outside that like with this story about deaths in a Catholic orphanage [posted by BuzzFeed News Aug. 27], that polarization falls away.

First everyone was doing social video, and then publishers shifted gears and started doing longer-form video. How do you know you won't be shifting tactics again in a year?
The new shows we're doing -- three at the moment -- is stuff that's a megaphone for our journalism and brings a larger audience. I feel incredibly proud of the shows we're doing. It's not only what the platforms want but what the people who view them want. How sure am I things won't change? If you look at mature media companies and hybrid media/technology companies like ours, it's not like there's one silver bullet. Every company needs diverse business models.

THE GATEKEEPER

If Trump goes to war against tech, FTC head Joseph Simons will play a critical role. ***BY MAX WILLENS***

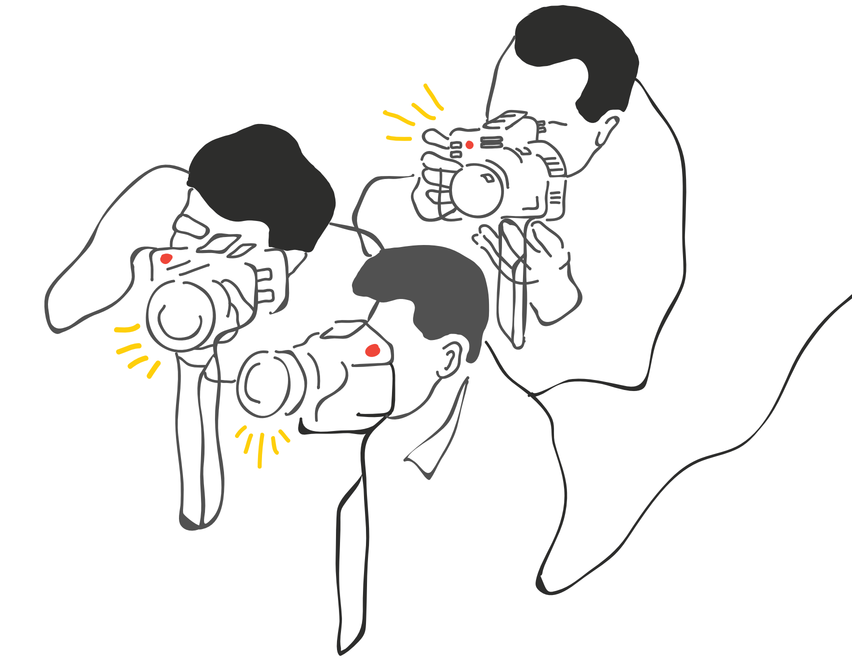
Conservative leaders think Google and Facebook should be regulated like public utilities. On Aug. 28, advisers to President Donald Trump vowed to address what Trump says is an anti-conservative bias in Google's search results.

But the federal government opinion that matters most belongs to Joseph Simons, the Trump-nominated chair of the Federal Trade Commission. Simons told a House of Representatives subcommittee in July that he is "very interested" in the record fines that the European Commission levied against Google this summer, and says the question of whether Google, Facebook and Amazon are undermining competition was a priority of his office. He says he'd also like to expand the FTC's ability to rein in companies that overstep their bounds in using consumer data, telling a panel he is "very nervous that we really do not have the remedial authority that we need."

Antitrust experts see Simons as a "serious, mainstream antitrust advocate" who has argued cases both for and against large tech companies in the past.

They also expect that he will pursue his agenda with a great deal of transparency, pointing to months' worth of scheduled hearings about the implications of algorithms.

Simons' record suggests he'll be an active regulator. Before he co-chaired the antitrust practice at law firm Paul, Weiss, Rifkind, Wharton & Garrison, he headed the FTC's enforcement division from 2001 to 2003. During that FTC stint, he claimed, he had launched more investigations in one year than any in the previous two decades.



TAMING THE GIANTS

Those who are wishing for a big tech breakup shouldn't hold their breath.
BY ADITI SANGAL

Back in April, Mark Zuckerberg traded his customary T-shirt for a suit and faced the Senate's Commerce and Judiciary committees to testify about how Facebook became breeding grounds for Russian disinformation and interference with the 2016 presidential election. He faced a phalanx of cameras, and more importantly, 46 Senate members.

The hearings descended into farce at times, with senators glowing in the presence of the tech titan, telling corny jokes and asking for favors.

A February poll by Axios-SurveyMonkey showed that 55 percent of Americans want big tech regulation, and Congress has produced a flurry of bills. People from across the ideological spectrum from tech investor Roger McNamee to NYU's Scott Galloway to conservative writer Selwyn Duke, have called for the tech giants to be broken up. But they all seem bound to be disappointed. As the April hearings foreshadowed, regulatory overhaul is far off.

It's not to say the law has kept pace with technology. The law regulating the internet has its roots in the Communications Act of 1934 -- the same act that established the Federal Communications Commission -- and which barely mentioned the still-new internet when it was last revised in 1996. The internet has come a long way since that era of dial-ups.

"We're still at internet 1.0," says Nicol Turner-Lee, a Brookings Institute fellow in governance studies at the center for Technology Innovation. "We have not talked about tech and platforms in the last five to 10 years. We need new vocabulary."

Many lawmakers are ill-equipped to rein in tech companies, though. As seen during Zuckerberg's testimony before Congress, many seemed out of their depth when it came to understanding how far the technology platforms have advanced. It's harder to take on an issue when you understand it so little.

So far, the solutions being proposed are directed at the specific issues of safeguarding user data and bringing transparency to online ads. There's one that would require opt-in consent for the sharing of sensitive user information. Another would require explicit consent to use people's online information. Still another would regulate online campaign ads by companies such as Facebook and Google. Such piecemeal efforts overlook the fact that Google, Facebook and other big tech companies operate across industries. With that huge market power, they also are big lobbyists. Google's parent company Alphabet has already spent over $11 million on lobbying in 2018 through July; Facebook has racked up $6.7 million lobbying spend in the same time period.

Breaking up the tech companies would also be complicated by the fact that each has integrated business divisions. There is no clear mechanism to use or government authority to oversee such a breakup. The FTC has limited authority beyond enforcing regulations. The Department of Justice could take the lead given the privacy violations, but such action is seen as unlikely under the Trump administration, which has taken a hands-off approach to regulation.

That's the view of Sen. Cory Booker. He's been a vocal opponent of tech companies increasing market power and consolidation and has advocated for government intervention, but isn't holding out hope for any massive change.

FLATTER AND FAIRER

Marketers and publishers hack away at ad tech fees. ***BY TIM PETERSON***

Publisher and advertisers bemoan the proverbial ad tech tax that skims off one-fifth of ad spending, by a GroupM estimate. But transparency has given advertisers and publishers a clearer view into how the programmatic supply chain works, allowing them to hack away at hidden fees and more clearly assess ad tech's value.

"The ad tech tax has gotten a bad rap. Our responsibility is to figure out where the ad tech tax, or incremental fee, is warranted," says Liane Nadeau, vp and director of programmatic media at Digitas.

Once ad buyers started using demand-side platforms' self-service tools to buy ads programmatically, they could see all the fees that DSPs charge. Armed with that knowledge, advertisers and their agencies have been able to get DSPs to lower their fees from the typical 20 percent for an open marketplace buy to under 10 percent, says one agency exec. The discounted DSP fees free up money to make it past the automated ad-buying platforms.

Other levies are being tackled, too. In the past year, major supply-side platforms have disclosed and reduced the fees they charge publishers for selling their inventory. Rubicon Project cut its publisher fee from roughly 25 percent in 2016 to between 10 percent and 15 percent, eliminating the fee it charges DSPs. And Adobe's Advertising Cloud and AppNexus agreed to reveal all the fees that are levied from the DSP through to the publisher.

Advertisers and publishers aren't relying solely on the ad tech intermediaries to shine a light on where the money is going. Publishers have adopted ads.txt files that list all the companies that are authorized to sell the publishers' inventory. Ad buyers can use those files to ask the publisher what percentage of an advertiser's bid each SSP listed in the file takes for themselves. The ad buyer can then factor that fee into which SSP they use or how high they bid. "I may be willing to go up on a CPM for once instead of trying to beat down the marketplace because I now don't have to buy as many impressions to hit my [goals]," says Oleg Korenfeld, global chief platforms officer at Wavemaker. In some cases, the advertiser doesn't even have to ask. Publishers like Insider are "more than happy to share our SSP fees," says Jana Meron, svp of programmatic and data strategy at Insider.

The increased transparency has helped publishers negotiate lower fees from SSPs when the publisher is the one responsible for the sale. Similarly to advertisers, publishers see lower SSP fees for private marketplace deals, typically 20 percent to 50 percent less than their open marketplace fees, says Chip Schenck, vp of data and programmatic solutions at Meredith.

The rise of header bidding has also put downward pressure on the ad tech tax. By giving everyone simultaneous access to the same inventory, you no longer have to buy from an SSP if you're not happy with the lack of transparency or high fees, says Nadeau.

Yet, as DSPs' and SSPs' fees go down, other ad tech taxes have popped up. "The take rates have dropped among those companies. But if you're a marketer or publisher, all these other players -- viewability, verification, whatever it may be -- are sucking those dollars right back up," says Jeremy Hlavacek, head of revenue at IBM Watson Advertising, the new moniker of IBM-owned The Weather Company's ad sales organization.

THE FRAUD BUSTER

Augustine Fou wants you to know that media's still got a fraud problem. ***BY TIM PETERSON***

Augustine Fou didn't set out to become a warrior in the fight against ad fraud. But as a consultant to advertisers on their digital marketing strategies, he's made a name for himself in cybersecurity research and fraud detection.

Fou, who was a consultant for McKinsey and Omnicom's Healthcare Consultancy Group, went independent in 2012 and developed his own code to detect ad fraud. His advertiser and publisher clients -- such as class-action settlement firm Heffler Claims Group's in-house agency -- attach his code to their digital ads and sites alongside the fraud detection companies' code.

Lately, the ANA and fraud detection companies have been declaring wins in the war on ad fraud, but Fou says his code shows otherwise. "Instead of that being reflective of ad fraud going down, it's more accurate to say they are seeing less of it," says Fou, who holds a doctorate from Massachusetts Institute of Technology. Based on his own data, "ad fraud is at an all-time high."

With ad tech players having a vested interest in discovering the ad fraud problem and then peddling the cure, independent researchers such as Fou serve as an important counterweight. Fou notes that he charges clients the same regardless of how much fraud he helps them detect, so he's not directly financially incentivized to find fraud.

"Having somebody that in particular is not an ad tech vendor who can speak to the marketplace is definitely helpful," says Jason Kint, CEO of publisher trade group Digital Content Next.

NO ESCAPE

Like it or not, publishers are stuck with the platform giants.

BY LUCIA MOSES

Dotdash is a dot-com survivor, the rebranded About.com that waited out the Facebook craze and stuck to its search-optimization roots, while adding old-school tools like email newsletters to keep passersby around longer. Dotdash made its sites load super fast to keep visitors longer and see more ads, and it's started selling products so it doesn't have to rely as much on advertising. The site, the 40th largest on the Internet, per comScore, wants to forge its own path.

"We want to control as many of the things we can so we don't have to cede control to the duopoly," Dotdash chief executive Neil Vogel says. Still, fully 65 percent of its traffic comes from search, effectively Google. The company relies on the Google ad stack. It broke up the site from one into five and broke some of those further into verticals, the better to capitalize on Google search rankings.

The impulse to control their destiny is the modern dilemma for scale-based, ad-dependent consumer publishers. After years of seeing Google and Facebook eat more web traffic and advertising while ad tech intermediaries help themselves to a slice of the ad spend, many publishers have been saying enough's enough.

That means publishers hunting for traffic from places outside Facebook and Google, like Apple News, Flipboard, and Pinterest. Beyond traffic, they're looking to direct payments from readers, e-commerce and events to make money from places outside of advertising and reduce their dependency on the duopoly. Some startups, like those in the Civil Media Company network, are even looking to cryptocurrency as their savior.

Tom McGeveran, a former Politico editor and now partner at Old Town Media, a digital strategy agency, says there are news startups being started by people who have been through the VC-funded digital media startup boom-and-bust cycle and are wary of repeating it. "There's a real chill on anything that's not bootstrapped," he says. "There's just aversion to growing on Facebook or Google or being dependent on venture funding. They're looking at sustainability in a bigger way."

The most dramatic moves by publishers to distance themselves from the duopoly have been in the E.U., where companies including Germany's Axel Springer and Nordic media groups Sanoma and Schibsted pledged to stop using Google's ad server, DoubleClick for Publishers. Publishers are also putting traditional rivalries aside to explore ad sales alliances like programmatic network Pangaea and data-sharing cooperatives to compete with Facebook and Google.

Traffic jam

But going it alone can only go so far. Take referral traffic. For the past couple of years, Google and Facebook have supplied about 35 percent of publishers' external traffic, according to Parsely. Even while publishers' Facebook traffic declined 25 percent over most of 2017 (which was the biggest problem for most publishers, most of which aren't getting paid by the platforms for their content anyway), Google has been replacing it. Traffic from Google grew 17 percent in that period to surpass Facebook as a traffic source for publishers. Like it or not, the duopoly is going to be publishers' most significant audience driver for the foreseeable future, at least in the aggregate.

Facebook is a crucial way for publishers to introduce themselves to new audiences if they want to get those audiences to eventually come directly to their sites, register and eventually become a direct customer of the publisher. Even The New York Times, with its vaunted digital subscription business, acknowledged that its subscription growth recently slowed because it cut marketing spending on Facebook over its opposition to a Facebook ad policy -- which goes to show how even a diversified revenue model counts on Facebook to sustain it. Facebook and Google are both testing tools for publishers to sell subscriptions through their platforms. Those tests are still in the early stages, but they represent yet another way the duopoly are becoming integral to publishers' business.

Then there's Google, which presents a friendlier alternative to Facebook, even as it updated its algorithm in August, sending some publishers' traffic to plummet. Google's Accelerated Mobile Pages format, intended to speed up the mobile web, has had mixed for publishers' traffic and revenue. It's voluntary for publishers to use, and in theory, publishers can replicate AMP page speed on their own, assuming they have the technical know-how.

But Google has lots of leverage to get publishers to use AMP. Regular Google traffic is flat; it's AMP that's driving all the growth. And many don't have that expertise; a Google AMP page loads in a median time of 1.4 seconds, compared to 5.3 seconds for standard mobile web pages, Chartbeat research found. Google is the arbiter of page speed, which makes many publishers feel like they're better off with AMP, even if they have the expertise to match AMP page load speeds on their own. That may be why the number of publishers on board with AMP has stayed relatively constant even though the evidence of a traffic and revenue benefit is mixed.

Google owns the ad tech stack

Google's pervasiveness extends to the ad tech stack. It bought DoubleClick a decade ago and with that, created the infrastructure most publishers use to manage their advertising. They have a monopoly on online advertising, and while publishers may be critical of it, they don't see plugging into the Google ad ecosystem as a choice. Even Axel Springer, one of the most aggressive publishers in cutting its Google ties, continued to plug into Google's ad exchange.

As one publisher bemoaned, Google's DoubleClick isn't necessarily the best at serving ads, but it's the biggest and most entrenched. "It's like a lot of Google products. They don't have to be the best. But it's good enough and they do it at scale and it's cost effective." Importantly, it's also low-risk because Google and publishers' interests are intertwined. "Google makes a lot of money from DoubleClick. And we're paying them for every ad impression. On the other hand, they make money when we do."

"This is really more of a bind for news publishers that need to operate at scale," McGeveran says. "Low-touch, scaled advertising is always going to require relationships with the two big gatekeepers."

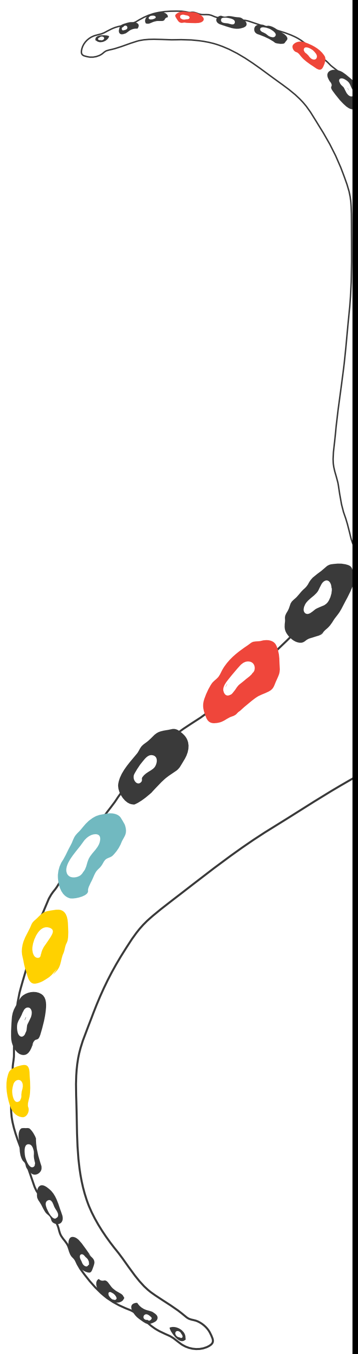
Still, publishers and industry experts agree that publishers can take steps to insulate themselves from overdependence on the duopoly and forge a more sustainable business model.

Publishers need to get traffic from other places, get people to come directly to their sites and pay them directly for products and services. Facebook and Google can be effective channels for that, with subscription, content testing tools and technical assistance they provide.

But to do so, publishers need to give people a user experience and customer service worth returning to and paying for. Obsessing over platforms' moves is a big distraction when many publishers' pages don't load properly, their search and recommendations are wanting and they make it hard to subscribe and unsubscribe, says Monday Note author Frederic Filloux. "If they can allocate less resources from Google and Facebook and be closer to their customers, that would be much better," he says. "Every effort should be spent on editorial, talent, marketing, and what could be done for cheap by platforms should be left to them."

Publishers also need to pick their battles. Pivotal Research estimates Google and Facebook consumed 73 percent of the U.S. digital ad market in 2017 and 83 percent of all growth, which doesn't leave less for publishers. Publishers that are competing on RFPs with Facebook and Google are fighting a losing battle, says Alanna Gombert, CRO of MetaX, a blockchain tech company. Publishers should use the easiest-possible solution for serving ads and devote their resources to making the best possible content. "Focusing on their secret sauce is what they should do," she says. "Publishers can't try to be somebody else. If they do that they'll be at least part of the way there because they'll have an identity."

Facebook stands as a lesson for publishers that scaled a business by optimizing to Facebook, only to see it crumble when Facebook decided to prioritize users' posts over publishers and brands. Dotdash is dependent on search, but the belief is that by creating the best content and the fastest sites, the traffic will take care of itself, without playing search optimization tricks. Still, Vogel isn't under any illusions that the publisher can exist without Facebook and Google. "In our business where we're scaled, we cover so many topics, we're not subscription-based, we have no choice but to deal with the duopoly. Trying to not participate with Google and Facebook is totally unrealistic." D



CONFESSIONS

Confessions of a publishing executive on the love-hate relationship with platforms As told to Jessica Davies

It's a perpetual state of frustration. In terms of relationships with publishers they all have the same operating structures, but we have better relationships with some than others. They always seem to be publicly partnering with publishers, but in reality it's more of a customer relationship they have with us. It's not just Facebook and Google; Snap is notoriously hard to work with. All of them are the ringmaster in control of the tent. If you come in as a trapeze artist one day, they'll tell you the next day they no longer want trapeze artists -- you have to find a new act fast or do it alone, and there isn't much demand for solo trapeze artists. They manage the supply chain, and as a publisher you have to be part of that supply chain to sell products.

There is a lack of communication individually with publishers. You rely on bulletin updates to figure out what is happening. That's heightened in Europe. European publishers only get a chance to get under the hood when they go to San Francisco. It's also difficult because they launch their products here much later. When Facebook turned off the tap at the end of last year, we had to wait over six months for the next monetization product. A company can go out of business in that time if they haven't diversified enough. There will be casualties of Facebook's product strategy. The charm offensives happen when they need something.

MAKING AN IMPRESSION

NBCU's Kavita Vazirani is getting to the true value of an ad view.

BY LUCIA MOSES

Kavita Vazirani was working on the marketing side for Comcast, where she like many marketers struggled to know if their ads were performing as intended, much less if they were running at all. She and Linda Yaccarino, the head of ad sales for NBCUniversal, were on opposite sides of the negotiating table, but the two saw eye to eye on the need to improve media measurement across platforms.

What does an impression even mean, with people consuming media across a proliferating number of platforms and screens? What's the value of a three-second ad versus a 30-second TV commercial? "Linda was more and more in meetings with clients like Comcast saying, 'I don't know if [your inventory] is driving sales for me, how do I get a full view of what my message is to our customers?' It was always a pain point," Vazirani says.

Yaccarino, for her part, had made stumping on the need to fix media measurement, and saw an ally in Vazirani. One day she mentioned to Yaccarino that after 20 years at Comcast, where she had risen to svp of media strategy and media sciences, she was thinking about making a career change. "She said, 'Why don't you come over here?'"

In September 2017, Vazirani joined NBCU as evp of insights and measurement. Broadcasters had traditionally treated data and research as a support function, but NBCU wanted to elevate it to make it a selling point with advertisers, and saw the value of bringing in people like Vazirani with nontraditional backgrounds.

"Kavita represents the media side -- she builds a very sophisticated media mix model," says Krishan Bhatia, evp of business operations and strategy at NBCU, who knew Vazirani from having worked in digital at Comcast and is now her boss. "Who better than to take someone who understands what a marketer needs? Bringing someone in from the other side made a lot more sense."

Vazirani and her 70-person team quickly started working on what would become CFlight, the fulfillment of Yaccarino's vision for a new cross-platform measurement system. Vazirani was part of a larger group that took CFlight on the road to ad buyers and rival TV networks.

Looking to the future, not the past

Yaccarino has long criticized Nielsen's TV measurement methodology for not giving NBCU credit for the full range of its viewership across screens. NBCU takes in more than $10 billion in annual ad revenue but it's at risk when as much as 50 percent of NBCU's shows are now being watched on screens other than the living room TV and the currency for ad buying hasn't kept up. Meanwhile, ad dollars are fleeing to the social and tech platforms, which are winning the lion's share of digital advertising despite their own measurement limitations and mistakes (see: Facebook).

"I think Linda felt extra pressure to differentiate between Facebook and herself," says Harry Kargman, founder and CEO of mobile ad company Kargo. "CFlight is more of an OTT true video solution where they're trying to get credit for all the viewing that's happening outside traditional TV. It also reflects, unfortunately, that TV buying is still in the stone ages, even though consumer habits are changing."

With CFlight, NBCU counts completed ad views on full episodes of its shows, not just partial ad views as the social platforms do. It also accounts for co-viewing, the idea that there's more than one person in the room when an NBC show is streaming on Hulu or Roku on the living room TV. NBCU designed CFlight to be open source, lest it be seen by agencies as grading its own homework. (It's also a dig at the platforms like Facebook that for years measured their ads in-house and expected agencies to trust them.) CFlight deliberately wasn't NBCU-branded, in hopes rival networks would adopt it. NBCU tested CFlight during the winter Olympics and publicly unveiled it in March. Heavyweights Omnicom, GroupM and Magna gave positive testimonials.

"There are issues with it and I can quibble, but I applaud the desire to measure holistically and the approach, which uses the best available commercial data," says Jonathan Steuer, Omnicom Media Group's chief research officer. "Anybody who makes a significant move to make cross-platform measurement a real thing is helping. Even if their way of doing it is not perfect, we're having a conversations about the future instead of the past."

Getting in the weeds

Vazirani, 51, grew up in India and Hong Kong before coming to the U.S. for college. She studied communications at Columbia College in Chicago and got a master's from La Salle in Philadelphia. She started her media career in radio but quickly was drawn to the less-flashy part of the business. "I just wanted to get into the weeds. I was just always curious about how people do what they do." Along the way, she earned a reputation as "analytical," "thoughtful" and "a quick study."

Rob Gregory, president of sales and marketing at Whosay, an influencer marketing firm, says Vazirani made an impression on him when he pitched his company to her while she was svp of media at Comcast. Despite Comcast Ventures being an investor in Whosay, he says, "she looked at us with a very objective and critical eye, and we had to earn their media dollars (which we did). She's a total pro, smart and fair-minded."

Someone with Vazirani's analytical chops was crucial to making CFlight work. "Before they announce CFlight, they have to get the numbers right and make as much as they did in the past," Kargman says. "They lose a ton of inventory if they have to keep over-delivering to meet the viewability guarantee. They need the business mind that runs the numbers."

Bhatia says NBCU has passed the first hurdle, which was getting the holding companies to agree to buy its inventory based on CFlight during the recently ended upfront season. The bigger challenge ahead is operationalizing CFlight and applying it beyond full episodes to all NBCU's media, wherever it appears. It's already a big ask for agencies that are being asked to pay more for views that previously weren't counted. NBCU says that when you account for co-viewing, its viewership increases by 30 percent, which assumes advertisers will have to pay commensurately. Bhatia concedes that advertisers that used to get something for free "will have to swallow at least once." And any new measurement approach requires agencies (and rival networks, if they adopt CFlight) to change deeply engrained buying and selling processes.

Steuer of Omnicom says clients agree that co-viewing is taking place, but the question is how to measure it. There's no co-viewing panel data for Roku and Hulu like Nielsen has for traditional TV, so CFlight frankensteined a model using a bundle of data sources. "That's the biggest point of contention for our clients," he says. "That viewing definitely exists. Whether we're measuring it accurately is a different conversation. They're using several data sources. But I don't have a better data set."

And NBCU's work doesn't end there. CFlight is just designed to count ad views, not impact; Vazirani is focusing on that, creating a media mix model similar to one she created while at Comcast. The plan is for "Demonstrate the power of TV," as this effort is loosely called internally, to be rolled out in the 2019 upfronts. And it's another chance to take a shot at Facebook and Google, of course.

"All this six-second ads, two-second ads -- I didn't see them working [at Comcast]," Vazirani says. "Marketers are starting to see just six-second ads alone aren't going to drive consideration. My challenge with the way Facebook and Google saying three-second ads work is, capturing share of mind with a consumer takes longer. It is a journey."

> "I just wanted to get into the weeds. I was just always curious about how people do what they do."

THE ACTIVISTS

Freedom from Facebook takes on Goliath. ***BY KERRY FLYNN***

During Facebook's 2018 shareholders meeting, a plane flew over its Menlo Park headquarters with a banner reading, "YOU BROKE DEMOCRACY." At a congressional hearing, campaigners held up pictures of Mark Zuckerberg and Sheryl Sandberg as a two-headed octopus. The messages came from Freedom from Facebook, an activist group launched in early April. The goal: Federal Trade Commission to break up Facebook.

"The root of the problem is, Facebook controls access to information with 2 billion people and a lot of political power in Washington, D.C. That's dangerous to democracy," says Sarah Miller, deputy director of independent nonprofit Open Markets Institute and a Freedom from Facebook leader.

Freedom from Facebook is a coalition of 12 groups including RootsAction.org and Democracy for America that, all told, represent more than 11 million members. Beyond the plane stunt, the coalition created the website imnotyourproduct.com, which provided a step-by-step guide to turning off Facebook's targeted advertising; ran an ad in MIT's student newspaper when Sheryl Sandberg gave a speech; and blasts out emails to draw attention to the latest Facebook scandals. It's planning more public-facing stunts in September, timed with the FTC's hearings with executives like Sandberg.

"We've had everyone from Bernie Sanders, Ted Cruz, Lindsey Graham talking about Facebook's lack of competition and needing to talk about breaking it up. We're talking about this solution. We have the tools. Our democracy is set up to enable this," Miller says.

MENTAL BLOCK

Blockchain is put forth as the elixir for all manner of media ailments. ***BY MAX WILLENS***

In October 2017, Julien Genestoux decided that his boss at Medium, Ev Williams, wasn't thinking big enough.

Genestoux, a software engineer, had been working at the blogging platform since it acquired his startup, Superfeedr, in 2016, and thought a lot about how blockchain could be integrated into his new company, either to facilitate payments, preserve the site's archives, or even help with the curation and article recommendations.

When Williams didn't bite, Genestoux left Medium to start Unlock, a blockchain protocol. In late July, Unlock closed a $1.7 million pre-seed round and announced its first hires, the first steps in what Genestoux hopes is a radical reinvention of a flawed media ecosystem.

"Ev Williams would never do the crazy things I think he should have done," Genestoux says. "We were not making crazy bets. We were just marginally improving things."

Genestoux is among media professionals including Poet founder Jarrod Dicker and Civil Media Foundation CEO Vivian Schiller who are pursuing a blockchain-backed media utopia.

Most admit this glorious future they imagine is years, maybe even decades away. They are willing to put up with skepticism. They are even willing to put up with the frauds, fast-talkers and con men who have begun piling into the space, making it harder to build credibility or secure funding.

They put up with all of these things because they also see blockchain as the cure-all to eroded trust in media and the perverse incentives of today's platform-dominated digital advertising ecosystem. Storing an article's facts in an immutable blockchain ledger could help combat fake news, for example, while a ledger that tallies content consumption could obviate the need to rely on third-party measurement; blockchain has been described as an ad tech savior too, capable of adding a much-needed dose of transparency.

They just have to figure out how to explain themselves and their products first -- and get around the inconvenient truth that blockchains are notoriously slow and often quite expensive to use compared to old-school alternatives.

"The trouble with a lot of business applications for blockchain is they just cannot scale," said David Gerard, author of the book "Attack of the 50-foot Blockchain." "They're always aspirational."

Right now, most blockchain media startups are focused on re-creating businesses that already exist. There is a blockchain-powered YouTube (D.Tube), and a blockchain powered Wikipedia (Everipedia); there are companies using blockchain to fix branded content distribution (Codec) and replace the pipes of ad tech (MetaX). "Anyone who says they truly understand this and see where it's going is a charlatan," says Paul Ford, who is the founder of digital design firm Postlight and has hosted meetups around the intersection of media and blockchain.

That creates a bit of a paradox: The first movers know what they are building may not fit into the future, but they feel compelled to build it anyway, if only to start dragging the industry in the right direction.

"Blockchain is a participatory technology," says Jarrod Dicker, who left his post as vp of product and commercial innovation at The Washington Post in February 2018 to found the blockchain startup Poet. "The more people that engage and the more smart minds are on it, the faster we'll start to uncover the values of it as it pertains to different aspects of the business."

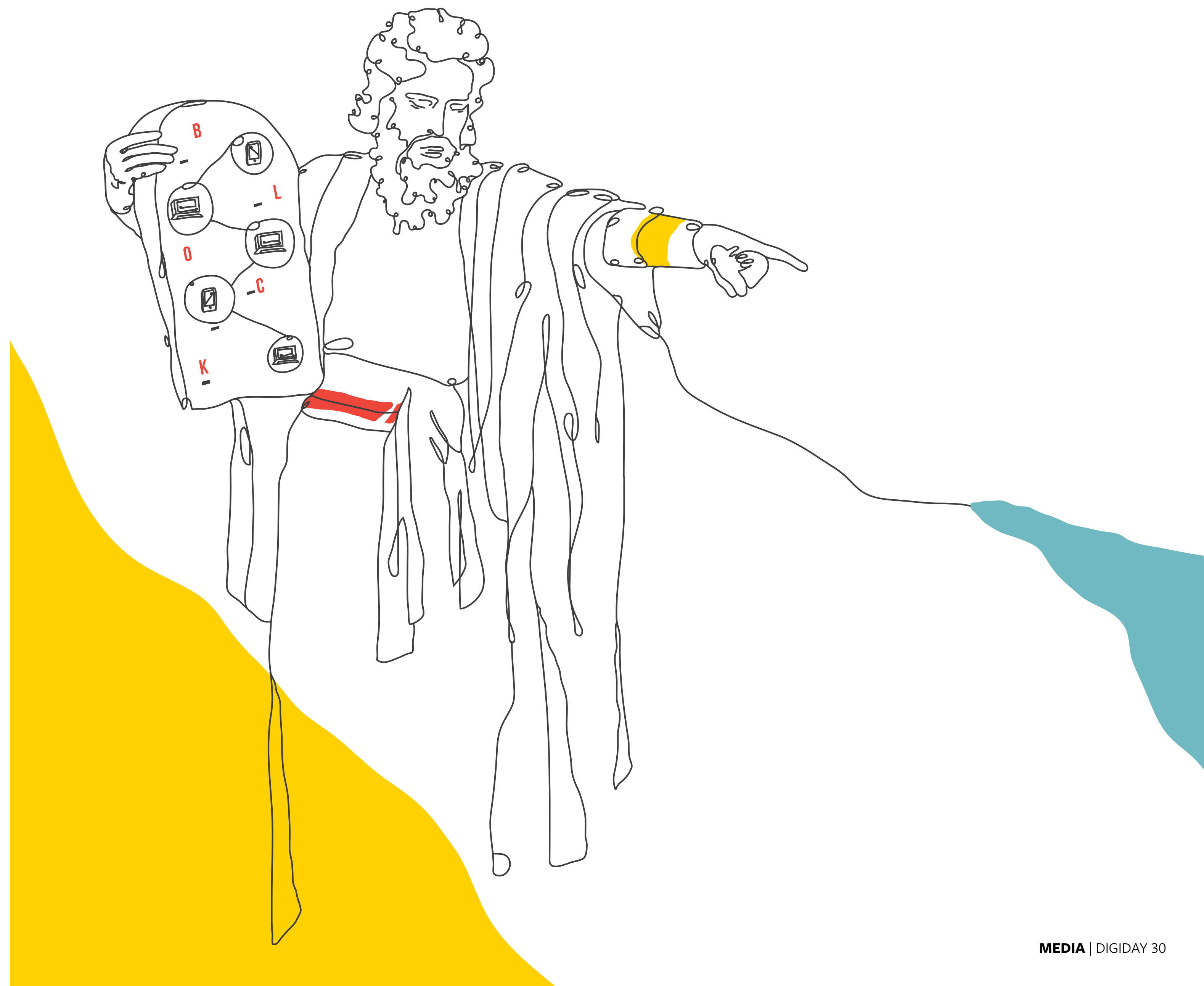
But that requires explaining to people what, exactly, blockchain is and how it works. And by their own admission, blockchain's earliest champions suck at that.

Some are trying to solve the problem through content marketing. Alpha Networks, which calls itself an "IBM Watson-powered blockchain entertainment platform" has been producing YouTube videos to explain how artificial intelligence, blockchain, OTT and IBM fit together.

"Most of the information around this stuff is really poor," says Alpha Networks founder Seth Shapiro. "If you don't know someone who really understands this stuff, it's really easy to get defrauded."

Others are trying to build support through events and thought leadership. A group of people from Codec.ai, a blockchain startup designed to distribute branded content, run the Digital Future Council, an invite-only group whose membership includes executives from Burger King, Diageo and eBay.

James Tabor, one of the council's founders, says that the council has helped get people comfortable with the technology. Plus, the typical media and blockchain meetup in London attracts twice the crowd it did a year ago. But it also hasn't convinced the big fish to put more of their products or resources on the emerging technology. "B2B spots for processes that are broken aren't sexy enough," one council member shrugs.

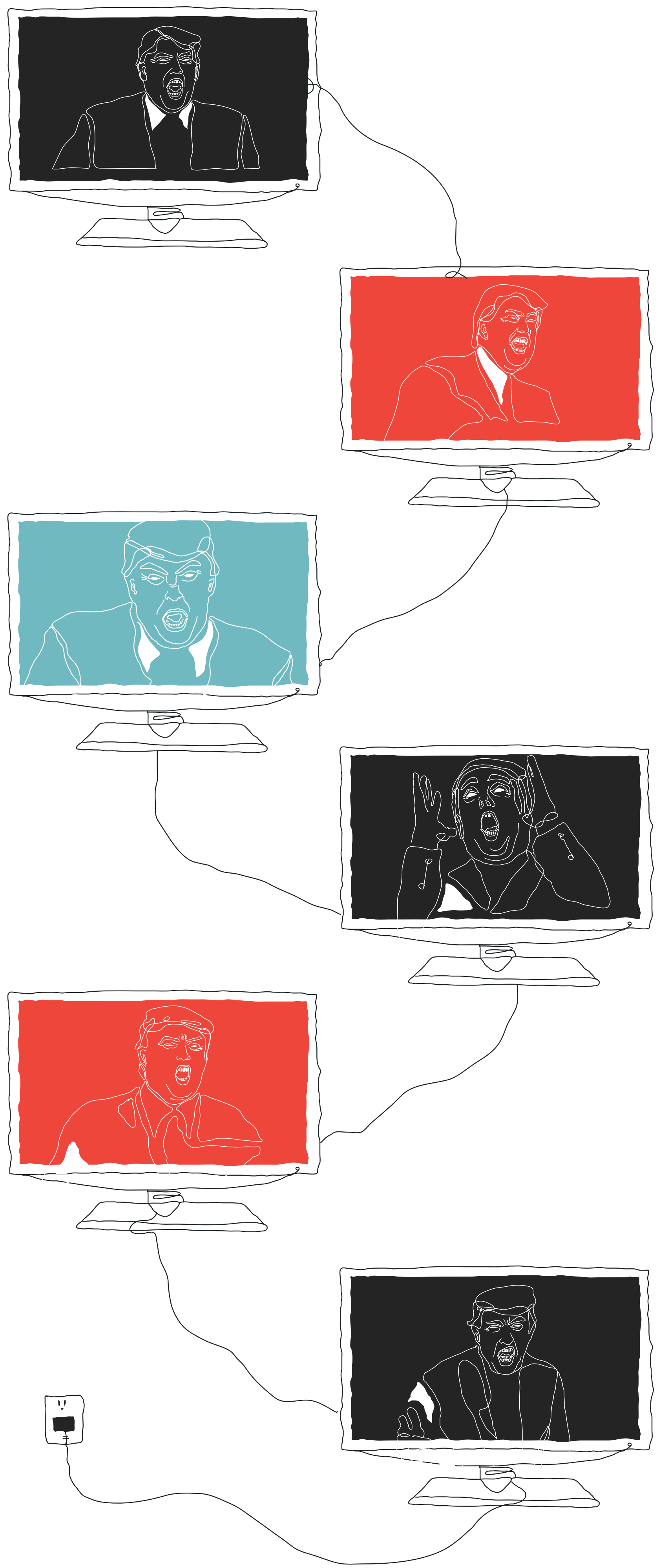


CONFESSIONS

Confessions of a publisher on the state of transparency in digital advertising As told to Jessica Davies

The digital advertising supply chain will never be 100 percent transparent. Publishers as a whole have educated ourselves about what's happening with ad tech vendors, and we're pretty pissed off with the way we've been treated. There are these cash cows -- the exchanges -- that sit in the middle between the buy and the sell side, and have built their own algorithms. We don't know how those algorithms work. Even when we walk out of a meeting with our own ad tech partners we trust to a certain degree, we're cynical about what they tell us. They send their sales people in to do a job, and that job is to sell and earn commission, so they'll say anything to get a contract over the line.

The ad tech vendors are absolutely reticent about handing over log-file data that shows auction dynamics to publishers. When we ask for this, they give us vague answers or tell us it will come at a big cost increase, or they can only release one percent of the data. If we can't see that data, we can't see how much of the marketer's money is coming to us. It's ridiculous. At least let us investigate it. And when vendors don't communicate about changes they've made to their auction dynamics, whether it's first-price auction switchovers or methods like bid caching, it creates unnecessary friction between buyers and the sellers, because we don't know what's causing price fluctuations. It's the idiots in the middle causing it.



ALTERNATIVE TRUTHS

The explosion of streaming video has brought with it many myths. ***BY SAHIL PATEL***

Video has a measurement problem. This was true six years ago, when digital platforms and publishers first started to vie for TV dollars en masse through the Digital Content NewFronts, and it's true now. There is no unified metric in digital that the industry can agree on and use to effectively compare digital performance with TV. And walled gardens have been erected by tech platforms and even major media companies that make apples-to-apples comparisons even harder. In fact, a unified metric may never arrive, and if it does, it might be imperfect at best.

That's just one of the many lies the video industry deals with on a daily basis. Here are some other big ones:

Views aren't viewers

If your video show on Facebook has 100 million views over the course of its first season -- that's great, but it's not bigger than "Game of Thrones." Too often, digital media companies have tried to show huge reach by conflating their views with TV viewership -- even though Facebook measures views only when three seconds of a video have played and most website video players measure once a video has started.

When HBO reports that the seventh season finale of "Game of Thrones" netted 16.5 million viewers, according to Nielsen, it means that an average of 16.5 million people watched every 60-second portion of the entire hour-plus episode. Until tech platforms and digital media companies are willing to adjust to how viewers are defined on TV, comparing the two makes no sense. Of course, some do this to intentionally obfuscate the fact that digital video typically doesn't get the type of engagement that top TV networks and programs do. (And to be fair to both sides, TV viewers are measured by Nielsen's representative panel, which is based on its own leap of faith.)

Nielsen isn't reailty

Nielsen is the currency of TV because the entire industry has accepted it as such -- not because it's the most accurate measurement product in the market. Alan Wolk, lead analyst for TVRev, says Nielsen's argument boils down to the argument that it "can get an accurate snapshot of the viewing habits of 100 million Americans by looking at the viewing habits of 80,000 people desperate enough to agree to have all their TV viewing recorded in return for a small monthly stipend."

OTT streaming won't fix linear TV ratings

TV people like to argue that people aren't watching less TV programming, they're just watching it on different screens and outside of the first few days of the live linear broadcast. The thinking, then, goes that once networks are able to accurately measure streaming viewing, they can demonstrate how big an audience for a show is -- giving a more complete representation of the kind of big viewership TV still gets.

The problem is that this thinking ignores the number of places people can now catch TV shows online. For instance, if a viewer watches a new Fox show on Hulu's ad-free tier after it has aired on the TV network, would advertisers care? Should it be included in the rating at all? Plus, much of people's OTT watching is of Netflix's and Amazon's original TV series, not necessarily traditional TV fare. OTT alone won't save traditional TV ratings.

Streaming video still has tech issues

The quality problem in the streaming world -- where viewers still have to deal with buffering and other playback issues -- is not going to fix itself. Expectations are rising just as fast or faster than quality improvement due to high internet capacity, says Aditya Ganjam, chief product officer of Conviva, a streaming video software and measurement company.

One issue is that the quality of the streams receives the most attention, but an equal importance needs to be placed on the quality measurement of the streams. For instance, there are millions of things that can go wrong when streaming video to viewers, so much so that no one human being can sort through all of their issues on their own, Ganjam says. This requires the use of artificial intelligence that is sophisticated enough to diagnose issues in an effective manner. "This is something that only AI can adequately complete," Ganjam says.

A video ad isn't necessarily best

The truth is, we just don't know if video advertising drives sales. Research studies can be done that demonstrate that a particular video ad created enough brand awareness and intent to drive some people into the store -- but it's mostly guesswork with a dash of hope. (Obviously, this is a problem that's true of all media.)

That doesn't mean video isn't effective. But beyond its ability to raise brand awareness, the data just isn't there yet. ◘

THE RESEARCHER

Media scholar Jonathan Albright says platforms should refrain from deleting content so researchers can learn from it. ***BY KERRY FLYNN***

Pro-Trump propaganda from Russian operatives spread through Facebook events, Twitter bots and Instagram memes. Nearly two years after the 2016 presidential election, we've come to know the downside of social networks all too well. But media scholar Jonathan Albright had been detecting the influence -- good and bad -- of these sites for years prior. Formerly of Harvard's Berkman Klein Center and now at Columbia's Tow Center for Digital Journalism, Albright has been using data to power his, and our, understanding of truth.

What's your process?
It depends on the question. When you try to promote something and disrupt, you want to use each platform, service or product as it's intended to reach the target audience and the right kind of people. If it's a large effort, there will be other components besides just Facebook or just Twitter. Some tend to be ignored, things like Reddit or Pinterest, which are used to push images and text out through images. I tend to think of things as a larger ecosystem.

We've had the leaders of tech platforms speak in front of Congress. What did they miss?
That's a difficult one to answer. I think it's been as a spokesperson trying to sway or give opinions to the ways that other companies as big as Facebook deal with information, but [Zuckerberg's] a celebrity so he has certain characteristics that detract from the more technical matters. Zuckerberg tends to defer to his entrepreneurial focus. He's built his whole company that provides jobs and is iconic in terms of Silicon Valley and technology and that's fine, but for this type of investigation, I think they need other people, specifically people that work a couple steps down.

How could the platforms better help you do your job?
Sometimes the best things platforms can do is stay out of the way and not delete content. Some of the biggest mistakes that were made is when things are found, there's often no way for other people to learn from it or analyze it because it gets wiped or taken down. It's good for transparency efforts to share more data, but it's always up to researchers to audit. Even if they're sharing data, are they providing the right data? Often it can be incomplete or only a small part of the larger equation.

What should marketers be doing in light of all of this?
It's good that it's more commonly understood that people use bots and propaganda. Marketers have been [using bots] for quite some time. I feel kind of sorry for genuine people that want to promote a product. I don't know exactly what I would recommend, other than to observe that their tactics and methods are being replicated for propaganda.

What story do you think journalists are missing in the fight for misinformation?
It's imperative that journalists use data sources or better data sources, not just business and technology journalists, to inform stories. It's hard for researchers to get it, much less journalists, so partnerships with journalists and researchers and non-profits need to happen more, especially local news and smaller newspapers that are some of the least resourced.

What's next for you?
As soon as I get started on something there's some revelation that's happening. I'm stepping back and looking at what does this all mean. How do we look at emerging media ecosystems and how our news reaches us so we're more critical and more aware of the information that we receive. I'm trying to look at these problems less reactively, sharing data here and there, and look at it more from a cultural perspective.

> “**Sometimes the best things platforms can do is stay out of the way and not delete content.**”

THE PARIAH

What happened to Jon Mandel?

BY SHAREEN PATHAK

It isn't hard to track down Jon Mandel. Or even to get him to agree to an interview.

"Time is totally flexible in my world," says the former Mediacom CEO and now self-professed advertising pariah. "I can get anywhere."

There isn't even the usual bluster about being busy, or how it's simply unusually quiet right now because it's the dog days of summer. Mandel, in all senses of the word, is totally free.

In 2015, Mandel, now 66, got up on stage at an Association of National Advertisers conference in Hollywood, Fla. and presented part of the findings from a months-long investigation -- as well as his own experience heading media at large agencies like Mediacom and Grey. The findings were simple and widely discussed in private: Media agency rebates and kickbacks were real, prevalent and widespread in the U.S. ad industry, meaning that agencies weren't living up to their duties of being real agents to their clients, non-transparently creating media plans that made them money, even if that meant worse results for their clients. The practices were widespread in both TV and digital and included cash incentives plus free inventory.

Dave Morgan, now the CEO of Simulmedia, who has known Mandel for years, says he found out when he got a text message of a picture of Mandel on stage, the screen behind him quoting a column Morgan had written about "perverse incentives" in the industry. "Way to go, Jon," he recalls thinking.

It caused somewhat of a firestorm, with multiple marketers opening up audits, and multiple agency leaders publicly skewering Mandel, denying that they had engaged in the practice. Mandel received multiple letters from his former employer, WPP, asking him to cease and desist.

ISBA, the U.K.'s ad association, also went on the record, with exec Deborah Morrison telling the Financial Times: "I don't believe that [the media agencies] have got the best interests of their clients at heart any more."

"It was an open secret. But it was don't ask don't tell. Nobody was willing to confront the scale and impact," says Morgan. "And to have Jon do it -- someone who had built much of the media agency business. And to say what he said: To tell an audience of marketers that 'you're a bunch of rubes and we've been playing you for years', it took guts. He had the license to speak freely and he chose to."

At the time, Mandel hadn't led a media agency in more than a decade -- after leaving Mediacom he went on to Nielsen, where he led NielsenConnect and then went on to found PrecisionDemand, a startup acquired in 2014 by AOL that worked on television ad targeting.

"I knew when I did the ANA thing that there was no more to do after that, because I'm a pariah," says Mandel. "I don't want to work with many brands because I don't ever want to be in a situation where anyone can say I did this to build a business. I did this because it's the right thing to do. And the industry needs to get its shit together or it's going to kill itself. And I did it for people who asked me to do it who weren't in a position to do it themselves."

Mandel sees himself as an ally, an example of the kind of person who was lucky enough to be in a position who saw something wrong happening and also was privileged enough to change it. "What I did, I know I could do it. If you're a single mother who needs the job, you can't do it. I could."

It's something he says was a part of his childhood. Growing up in Rye ("people accuse me of being upper class"), Mandel says he was part of a family and neighborhood where all that mattered was your "soul and how you comport yourself." That carried through into college, where he graduated from the 1974 class at Vassar, which was the first class to have men in it.

Because of that, he claims he is more sensitive than many others are -- first to issues that particularly affected women, but even other groups. "I have hyper-awareness." Mandel says he was offering longer maternity leaves to his employees before he had to. He also says he was one of the only people to advocate for putting a woman on a car account while at Grey Advertising, where he spent 30 years. The reason, per Mandel, was simple: She was the best woman for the job. "There is pushback on everything that is different," says Mandel. "Old people, people of color, women."

Perhaps more tellingly, he also thinks men aren't the best fit for traditionally masculine accounts. "They put their personal beliefs into it, whether it's about football or the best car," he says. "That's what causes bad buys."

But what really impacts the inherent problems in the industry isn't simply digital media, or the lack of benchmarks, or even the lack of transparency. For Mandel, it's a simpler thing than that: It's the people who run things: They measure themselves far too often by their budgets, and the money they control. And the way to win in the agency business, too often, is by being better than the other guy. Put simply: "They act like their shit don't stink."

This allowed, per Mandel, to create an environment where executives were rewarded simply for whatever money they made, regardless of what it did for clients or the company they worked for. "The psychology of it allowed them to not know there was a difference between selling and lying."

The issue of media transparency when it comes to rebates is not over. In the ANA report that came out after Mandel presented the preliminary findings on stage, the advertiser association said that the "shakedown" agencies were widespread. They ranged from service agreements ad tech providers had to sign on to, black box deals, equity deals contingent on business going to those agencies and overall, numerous ways holding companies had structured certain deas in order to get favorable prices on inventory -- leading to money that wasn't passed on to clients. It created, per Mandel, a "rip current clients couldn't swim out of."

It also has wide-ranging impacts on the agency business at large. The business will actively stifle technical innovation when it comes to digital media measurement because if they did, claims Mandel, they wouldn't be able to steal money.

Effectiveness of digital advertising is at stake and called into question because agencies will skim up to 50 percent off the top of spend -- which inevitably makes it not work.

Digital advertising is rife with waste. But this is worse than that -- Mandel says agencies went in numerous times doing media deals at no cost and then sat back and made money on rebates. Shouldn't clients be more diligent, though? Mandel says agencies fond of blaming clients for not reading the fine print are failing their duties as agents.

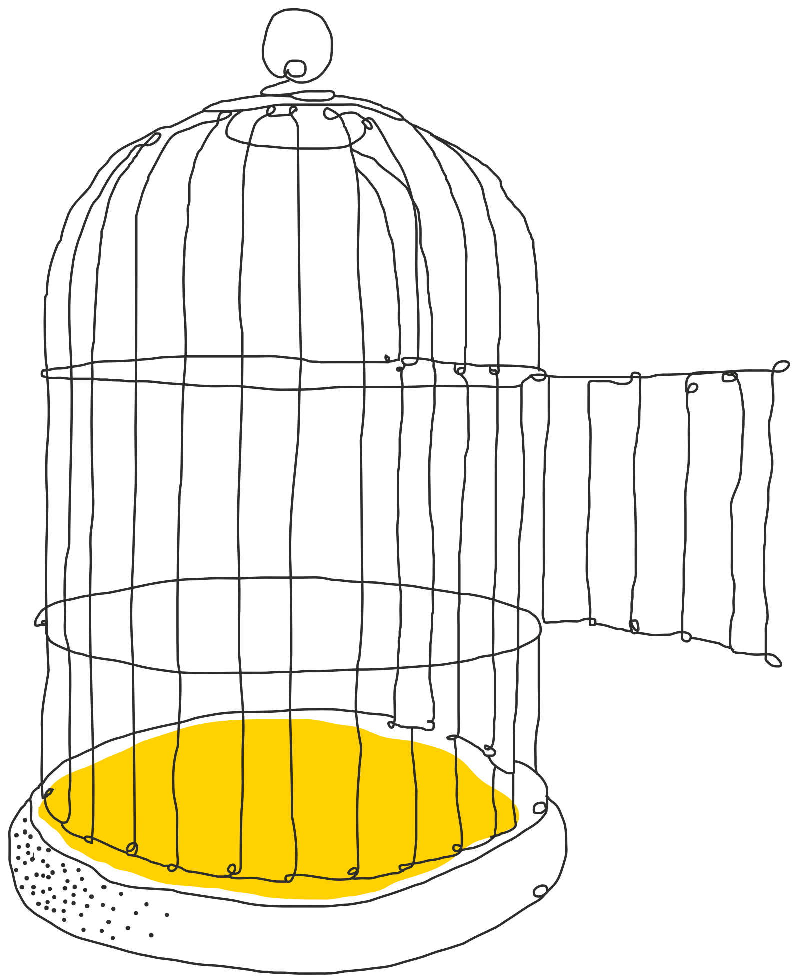
"This is like a sex crime. First they say they didn't do it. Then they say it's consensual. Then they blame the DA."

Have things changed? Somewhat. Morgan says clients are more careful, so are agencies. But it's not completely solved. "Clients still don't really want to know," says Morgan.

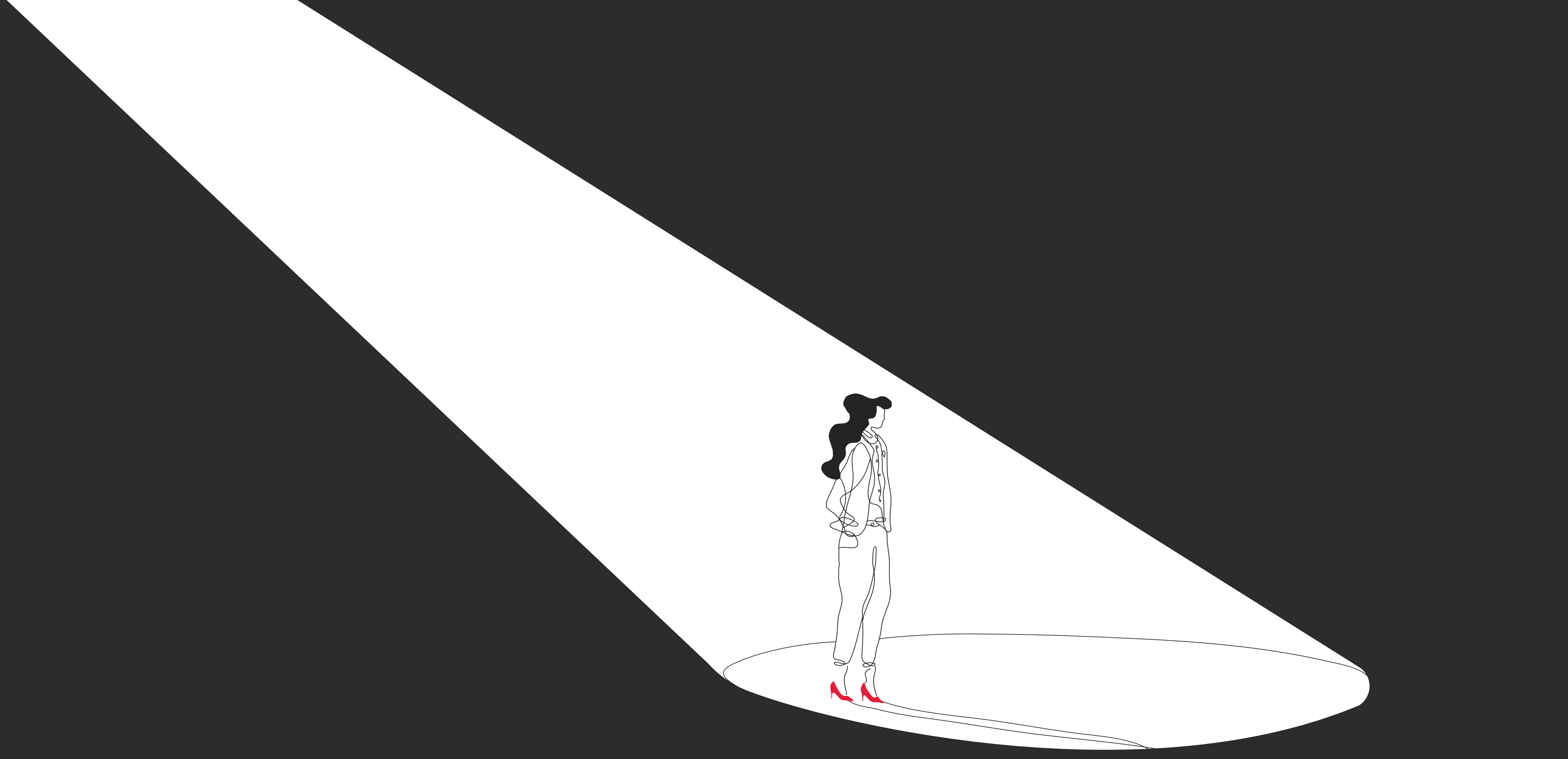
Mandel agrees: "It's a slow process. Things have changed but not enough. It takes a lot to break an addiction."

In the last few years, Mandel has lain low. He's the chairman and CEO of a consulting firm called Dogsled Enterprises, where he helps clients figure out how to spend and allocate media. He doesn't name client names, but says there are few -- mostly because he doesn't want to do this because for one, he doesn't need to, and two, he doesn't want anyone to think he did all of this because he wanted to make money. It's a way to keep busy, in between spending time at his house in Mont Tremblant in Canada, and coming down to New York to see his daughter once in a while.

"I don't define myself by my job or what's it's going to say in The New York Times when I die. It's probably not even going to be in The New York Times. Might not even make Newsday." ◘



> **"It takes a lot to break an addiction."**



THE WHISTLEBLOWERS

What happens when advertising's anonymous organizations get unmasked. ***BY SHAREEN PATHAK***

Matt Rivitz now has police cars cruising down his street a couple of times a day.

They're there because Rivitz gets daily threats against him and his family from people on the right, including Breitbart News supporters. They started after the 45-year-old freelance copywriter was recently outed by right-wing website The Daily Caller as a founder of Sleeping Giants, the Twitter account that convinced 4,000 companies to pull their ads from Breitbart by posting screenshots on social media of their ads on the site.

"I hadn't really thought about what would happen if, or when I got found out," says Rivitz, who runs Sleeping Giants with another advertising freelancer, Nandini Jammi. "There are some downsides to it, like the constant watching out for people."

A rash of anonymous organizations have sprung up over the past year to take aim at various social wrongs, from racism to sexual assault.

While legions of followers made it a kind of game to spot brand ads on Breitbart and then tweet at the advertisers, another game was going on: Right-wing groups on Reddit and other online platforms made it a mission to unmask the people behind the account, whether by legal means or by being doxxed.

Private Instagram account Diet Madison Avenue began naming and shaming executives in the agency world after the Harvey Weinstein scandal broke. Run by 17 people, according to the account, DMA has now found itself defending itself.

Former CP&B Boulder chief creative Ralph Watson filed a suit earlier this year, alleging that defamatory statements that were posted by DMA led to his termination. Next, a judge in Los Angeles had subpoenas served on Instagram, Facebook and Gmail to identify who was behind the account. The DMA team is now working with the Time's Up legal defense fund to defend itself. DMA did not respond to a request for comment.

Another anonymous Instagram account under scrutiny is HR Uprise. Run by a group of agency HR executives that began as an HR version of DMA, the account now focuses on the need for human resources departments to rethink their roles in the era of #MeToo. The organizer of HR Uprise, who remains anonymous, says that it was created to follow in the footsteps of DMA. "It's really a matter of surviving for most people, and it's the only choice they have," she says of being an anonymous outlet for transgressions. "We have to flip the conversation."

"The anonymous thing is a clear sign of the breakdown in trust," says Keesha Jean Baptiste, svp of talent engagement inclusion at the 4A's. "The breakdown in trust is complex and multilayered. There's trust issues with HR. People don't feel they have a lot of choice."

An executive at a large independent agency, who said she didn't want to be named because she doesn't want to be seen as taking a side, says that whistleblowers like DMA or even Sleeping Giants are essential because organizations have failed to curb social problems. But she says DMA's legal battle and the repercussions Rivitz has been dealing with have had a dampening effect.

"What's happening here is that there is a clear message, whether right or wrong, that's being sent out: There is a risk in doing this via social media, or Instagram, or Twitter. You're better off either taking your case to HR departments, your bosses, or someone official," she says.

That's easier said than done. For Jean-Baptiste, who through the 4A's is working to get organizations to better manage violations, says that those organizations themselves have to earn trust. There's a lesson of anonymous whistleblowing, and she recommends that companies have an anonymous hotline that people can use to safely report wrongdoing. "And then, bring transparency to the process. Handle it with professionalism, confidentiality and expediency."

For Rivitz, being outed also does have its silver lining: People want to collaborate more with him and Sleeping Giants. He says companies are approaching him to figure out ways to use technology to do what the account does. (He declined to name specifics.) Sleeping Giants also is also now selling merch like branded hats and T-shirts, with proceeds going to anti-bigotry organizations). "People now want to collaborate. There hasn't been a face to this yet, because there hasn't been someone wanting to be," he says. "But now there is. Maybe that's the silver lining."

TRUTH AND CONSEQUENCES

How #MeToo changed the industry -- and what remains to be done. ***BY ILYSE LIFFREING***

Laura Wasson, associate creative director at ad agency Madwell, is watching the effects of the #MeToo movement on the ad industry with hope -- but also a growing sense of unease.

Wasson says she herself has experienced assault and abuse in her personal life. While she believes it's important that more women speak up about sexual abuse, she says that not all women identify with the blame game that has sprung up from the movement, where an anonymous accusation could make someone lose their job.

"As someone who has experienced assault and abuse myself, I've never identified with that leap," says Wasson. "It's not something that every woman is looking to do."

It's been almost a year since actress Ashley Judd accused media mogul Harvey Weinstein of sexual assault, sparking what would become the #MeToo movement. Since then, similar stories of sexual assault by the powerful have flooded in from multiple industries. Advertising, with its boys' club reputation, was primed to see its share of accusations and fallen idols.

Ad agencies soon got caught in the fray when anonymous Instagram account Diet Madison Avenue began demanding the resignations of men at ad agencies as accusations of their abuse overwhelmed its inbox. Droga5's Ted Royer, The Martin Agency's Joe Alexander and Wieden+Kennedy's Paul Colman left their high-level positions after becoming the focus of internal investigations, while CP+B staffer Ralph Watson sued the account, claiming he was fired unfairly.

The #MeToo movement has also led to some concrete steps by ad agencies and their associations.

Female advertising executives launched Times Up Advertising, which addresses harassment and discrimination in the industry. After the resignation of Joe Alexander, The Martin Agency promoted its third-party abuse hotline. Horizon Media has opened up its internal reviews committee to employees outside of HR.

Keesha Jean-Baptiste, svp of talent engagement and inclusion at the 4A's, says that agencies have started talking about what needs to change, from how workplace harassment cases should be investigated to the idea of getting rid of NDAs, which prohibit women from telling their stories publicly.

The 4A's created a Workplace Enlightenment program that encourage people to speak out about their abuse and train employees in the subject. The program, which will start classes in the fall, has more than 100 agencies signed up, she said.

But the reality is that many agencies are still in the early stages of figuring out how to respond to #MeToo. The movement also has revealed the difficulty facing men who are victims of abuse. Industry activist Cindy Gallop about a year ago put out a call for women in advertising to share their own stories of sexual abuse and of the roughly 800 messages she received, around 100 have been from men saying they have been sexually abused by powerful gay male bosses or were bullied for not participating in "bro culture."

"What is being revealed is how much men suffer from patriarchal power as much as women do," says Gallop. "But in an industry that famously refuses to believe and rejects women when they come forward, coming forward as a man is even more likely to be disbelieved and rejected, because it doesn't accord with the societal and business construct of masculinity."

With the zero-tolerance atmosphere around #MeToo, some men -- and women -- feeling gun shy about speaking out for other reasons. Some men say they are careful to avoid talking about #MeToo for fear of being perceived as anti-women.

"Guys are a little more guarded," says Ian Wishingrad, founder and creative director of creative and media buying agency BigEyedWish. "You don't know what could be taken the wrong way or how people could interpret things."

Jean-Baptiste also worries that more women are silencing themselves because they don't want their abusers to necessarily lose their job. "What I sometimes hear, primarily from women, is, 'I didn't want him to lose his job, I just wanted him to stop treating me like that,'" she says. That's why she argues for more education around what sexual harassment is.

"There's a lot of negativity and anger and fear," Wasson says. "It's not a matter of toppling giants in a day and then everything will be different tomorrow."

FINDING THEIR PURPOSE

Marketers are flocking to the idea that they need to find deeper meaning. ***BY ILYSE LIFFREING***

Just over a year ago, Pepsi released its now infamous spot starring Kendall Jenner in which the star stops her photoshoot to join a protest rally, handing a Coke to a police officer in a symbolic gesture of friendship.

It's easy to imagine some ad executive checking off the ingredients that would make the ad a hit: a star adored by a young cohort of millions on social media -- check. A connection to a current issue that the audience is experiencing -- check. But, barely 24 hours later, the ad was pulled with an apology from Pepsi following backlash blaming the brand for trivializing the Black Lives Matter movement.

While undoubtedly a fiasco, it was an example of a brand trying to grasp for purpose -- something brands feel like they need to do more and more. In an age where algorithms pull trending conversations to the top of feeds and competition is more brutal than ever, brands have to stand out in other ways: Simply selling things is no longer enough. Nike recently received overwhelming accolades for reviving its partnership with former quarterback Colin Kaepernick, who famously took a stand when he knelt during the national anthem to protest police brutality.

"Consumers want you not to just sell a product, they want you to have a purpose and do good in the world," says Cecelia Parrish, senior strategist at The Martin Agency. The unfortunate truth is that, more often than not, companies align themselves with causes or call themselves "purpose-driven" because they have strategic intentions to bolster positive PR and drive sales, not because it's part of their company's DNA or they actually care.

"There's big business in cause-related marketing," says Pete Imwalle, executive vice president and chief operating officer at Santa Monica-based agency RPA, who works with Honda to promote more of its philanthropy work the company has been doing for years but out of the public eye.

Brands have been hopping on the purpose-driven bandwagon for some time now, but over the years, becoming a purpose-driven company has evolved into more than putting a donation jar at a cash register. Company-wide, everyone from the staff to the heads of corporate are supposed to align with a cause the business genuinely believes in, and ideally one their customers do too, whether it's the environment or female rights.

Multiple research reports have revealed that cause-driven marketing campaigns lure in consumers -- and especially high-value Millennials. A May 2017 study from Unilever revealed that out of 20,000 adults, more than a third of consumers choose to buy from brands they believe are doing social or environmental good, while a study from agency Cone found that 77 percent of consumers feel a stronger emotional connection to purpose-driven companies.

Several companies have proven the philanthropic model successful and paved the way for other companies to believe they can accomplish the same level of popularity. Advertisers point to Patagonia and Toms Shoes as companies that have been successful in going after consumers' hearts because they engrain their causes into their entire company. Patagonia, with its environmental activism focus, went as far as to close down its stores down to get people to participate in The People's Climate March, while Toms Shoes has weaved social good into the mission of the company from its conception, giving one pair of shoes away for every pair bought. Patagonia proved that it worked: the company brought in $10 million on that Black Friday and donated it all. There are now agencies that exist solely to do cause marketing and strategize with companies to become purpose-driven.

Some advertisers aren't shy about calling out the BS around purpose-driven marketing. "Let's be candid -- very few brands invest in cause marketing purely out the goodness of their hearts," says Benjamin Arnold, managing director at agency We Are Social North America.

"They do it because it works and they can get away with it," says Bonnie Patten, executive director at Truth in Advertising, a nonprofit that acts as watchdog and calls out deceptive and false advertising. "Government agencies are slow-moving and don't have enough funding or staff to pick up the enormous amount of deceptive advertising, which can be very lucrative, and unfortunately works."

Patten has witnessed the rise of purpose-driven marketing in the past couple of years and has tracked federal cases building against companies that take it a step too far. For example, she claims Seventh Generation is an abuser of greenwashing. The company markets itself as all natural with a goal to protect the planet, but recent class action lawsuits show it uses synthetic materials. Procter & Gamble has been called hypocritical by Patten, using female empowerment messages while their corporate boards are male-dominated. And Airbnb only took up a stance on diversity after the company experienced a wave of backlash over racism on its platform. So while purpose can be big business, it's harder to link it to a business process.

"If you're doing cause-related stuff and it's not legitimate, it can backfire," says Imwalle.

THE GREAT AWAKENING

How the wellness revolution is redefining the quest for true beauty.

BY PRIYA RAO

When Barbara Close founded her holistic health beauty company Naturopathica back in 1995, goop was considered slime, charcoal was for the grill and cannabis was for 4/20.

"When I opened Naturopathica, 'wellness' was seen as a luxury for those who had the time and resources to be discerning about ingredients and self-care," says Close. Now, wellness -- the squishy term given to nearly everything beauty, nutrition and lifestyle-related -- is everywhere. Gwyneth Paltrow's Goop empire is valued at $250 million, meditation apps hover near the top of the App Store's most popular charts, and both new brands and legacy brands are clinging to the feeling that the good life is the healthy, sustainable and mindful life.

The $445 billion beauty industry is ground zero for the wellness revolution. While previously known mostly for cosmetics and styling products, the industry wasn't always the most progressive. It engaged in practices like animal testing and preyed on female insecurities with "problem-solving" products. But now, brands like Naturopathica, which uses natural ingredients in its skin care, body care and herbal remedies, are the new norm. Beauty is no longer about concealing flaws on the surface, but highlighting one's best self through wellness.

Leilah Mundt, founder of beauty brand development and sales agency, Crème Collective, says the confluence of wellness and beauty goes back to the organic food movement, which started in the 1940s and began seeping through public consciousness in the early 2000s, thanks to Whole Foods.

"There was a great awakening that happened around what we were putting into our bodies. Women were often the ones doing the grocery shopping, so it's hard to be engaged in that side of wellness and then look at your makeup and see the same kind of ingredient lists as you would in packaged food," says Mundt.

Celebrity-backed companies, like Paltrow's, popped up, including Jessica Alba's Honest Company and Miranda Kerr's Kora Organics selling clean and organic beauty products, and this summer, even 81-year-old beauty company Physicians Formula doubled down on its "good for you" ingredients message, trying to reposition itself in the new wellness-meets-beauty world. Even NFL star Tom Brady is getting into the act with his TB12 health brand.

"Feeling beautiful is no longer about 'beauty secrets,' says Close. "As an industry, we're seeing less reliance on quick fixes like Botox and plastic surgery, or the latest hyped-up miracle cream, and more interest in the quality and integrity of both products and the companies that stand behind them."

Indeed, the old beauty standards of negative marketing to women have been replaced with a focus on health and happiness. Think of beauty magazine Allure declaring that it was no longer using the term "anti-aging" in its pages as of August 2017, signaling that the beauty industry was no longer singularly focused on what's wrong with a woman's appearance.

"Feeding your skin like an organ with plant oils or extracts has become more important than slapping something on your skin in order to perfect yourself," says Mundt, who works with wellness brands like bio-fermented, ingestible line The Beauty Chef and natural lip balm and skincare company Love + Sage.

The Global Wellness Institute values the wellness industry as a $3.7 trillion market and beauty accounts for $999 billion of that. While some players like Naturopathica are rooted in wellness at its core, others are definitely jumping in on the business and marketing opportunity. At the BeautyX Capital Summit in late August, L'Oréal Luxe USA group president Carol Hamilton, who was recently tapped to oversee acquisitions, said on stage that wellness was the biggest opportunity in beauty right now. "I think the wellness phenomenon is just at the very beginning of its growth spurt and it's going to fundamentally change so much about beauty," she said.

As such, the wellness-meets-beauty movement has allowed entrants into the space to dabble in the trend through product and marketing without necessarily committing to a lane, thereby greenwashing customers. Think about possible beauty ingredient messages, which use words like "natural," "clean," "organic" or "sustainable." Currently, the FDA doesn't have a definition for the word "natural," meaning it has also not established a regulatory definition in cosmetic labeling.

Conor Begley, co-founder and president of Tribe Dynamics, explained that despite the confusion, wellness is largely about transparency. "People want to know that what they are using is not bad for them," he says. He points to clean beauty brand The Ordinary, which became one of the most sought after lines in 2017. The Ordinary prided itself on "honesty," not only from a price perspective but also in regards to being clean.

"If you look at brands like The Ordinary and why have they done well, it's because it shined a light on these dark holes in the market," says Begley. "Wellness is as much about being clean as it is telling the truth."

RISKY BUSINESS

Why influencer marketing pricing remains a murky world. ***BY PRIYA RAO***

When personal care giant Johnson & Johnson tapped style influencer Scarlett Dixon (aka Scarlett London) to promote its Listerine Advanced White mouthwash in early September, the company nor Dixon could have imagined the social media outrage that followed.

On Instagram, Dixon posted a so-called natural picture of herself surrounded by heart balloons, strawberries and pancakes and emphasized that the aforementioned mouthwash was part of her normal morning ritual. Her caption read: "My morning routine is now live on YouTube -- and while I don't show you my real bed hair (trust me, it's not pretty), I do give you a little insight into how I start my day in a positive way. Head over to my stories for a swipe up link -- and let me know what you think! It features my morning habit of rinsing with Listerine Advanced White to help whiten my teeth."

Critical responses followed, including one that yielded nearly 25,000 retweets and 111,000 likes on Twitter, which lambasted Dixon's "normal morning," calling out its fakeness. "Instagram is a ridiculous lie factory made to make us all feel inadequate," said Nathan Collins.

Though Johnson & Johnson didn't respond, Dixon, in turn posted on social media and said she had received "death threats." "Yes, I do adverts here, but only with brands I genuinely use and would spend money on myself," she said. "I personally don't think my content is harmful to young girls but I do agree Instagram can present a false expectation for people to live up to."

While more and more brands are turning to influencer marketing to sell products -- both paid and unpaid, the question of authenticity becomes increasingly important.

Even those who don't play in the paid influencer space, like makeup mogul Huda Kattan, who has never accepted a dollar for sponsored posts and doesn't pay the social media stars that she hires for Huda Beauty, raise questions around who should be paid and for what.

Though Kattan has set a standard around price and realness, not all brands and influencers agree. And over the course of interviews with 25 influencers, brands, agencies, managers and agents, a muddled picture has emerged of how influencers are paid, what the standards are and if they're paid at all.

Big brands aren't absolved. Shiseido, which recently announced a giant influencer campaign with 200 influencers, isn't paying most of them. The brand did not reveal who it was paying. Shiseido also partnered with market research and product review platform Influenster to seed its Influenster product boxes, known as VoxBoxes, to 2,500 hyper-targeted beauty enthusiasts. Those makeup junkies are not paid to review the product, while Influenster is. Both Shiseido and Influenster did not disclose their terms of their agreement. It's a problem that has led some outspoken influencers to push back. Bryan Grey Yambao, better known as Bryanboy since 2004, is now a media powerhouse who sits front row at fashion shows and and boasts 659,000 followers on Instagram and 523,000 followers on Twitter. In a recent tweet, he said a lot hasn't changed: "With no compensation, they want me to: take time off to go to a fitting to borrow clothes I won't keep, spend my own $ to go to and from the fitting, spend my own $ to go to and from show, be photographed and be seen wearing their clothes for no money, post on my social."

Payment problems

Influencer Cassandra Bankson, who boasts 832,100 subscribers on YouTube and 43,800 on Instagram, regularly works with beauty brands like Hourglass and and It Cosmetics, but is selective about who she partners with, making sure they "make sense for her audience." The one thing she is sure of is this: She's not going to do it for free.

Bankson prices social support packages between $1,200 and $2,900, YouTube posts upwards of $3,000, exclusive videos with social support around $6,500 and multiple series upwards of $10,000. These rates not only include Bankson's time, but the rates of her team, management, travel, props required and rental spaces.

While there are no real standards, companies have benchmarks. At Socialyte, an influencer relations creative agency and content production studio, standard rates are about $1,000 for every 100,000 followers -- however, it exclusively works with larger influencers. The price also varies based on engagement rate, reach, quality of content, how in demand the talent is and how busy they are with other projects.

One medium-level influencer requesting anonymity says pricing is even more muddled and could vary from $500 to $10,000, depending on the type of content created and how big the brand is. Three other medium influencers suggested that the going rates for single Instagram posts also depended mostly on follower counts. For instance, influencers within the 100,000 to 140,000 follower range commanded anywhere from $1,000 to $1,400 for a single post, while those with above 250,000 followers could ask for at least $2,500 a post.

"No one is expecting you to sell a product out," says one macro level fashion influencer. "Usually a few sales is good enough. Brands care about the halo effect more." This is in stark contrast to the outcry for real, measurable results sweeping marketing departments.

Talent management firm Rare Global's Ashley Villa agrees. Villa, who represents lifestyle star Wendy Ayche (aka Wengie), with 1.6 million Instagram followers and 12.1 million YouTube subscribers, and beauty expert Kandee Johnson, with 1.8 million Instagram followers and nearly 4 million YouTube subscribers, never adjusts her clients' rates based on expected conversion metrics.

"Of course, there are times when a foundation or lipstick sells out in minutes online when one of our girls talk about it on YouTube, but that's because the products are linked directly in the video, but how do you measure if Wengie talks about something and that makes someone go into the store and buy? Our rates are firm and we don't negotiate," she says.

In a recent report, Launchmetrics found that 80 percent of fashion and beauty brands planned to use influencer marketing and planned to spend more on it. However, only 41 percent of them said they always pay their influencers.

Some companies still prefer to trade on other types of compensation (free clothing, press trips, beauty products and the elusive brand association), and hope that influencers will pay it forward.

The engagement question

But many are also cognizant of the fact that follower counts aren't a great way to necessarily measure worth. "Some influencers with 300,000 or 500,000 followers have a way worse engagement than I do, so brands are starting to think about how valuable those followings are," says one influencer with a medium following.

There are attempts to do things differently. At Fohr, an influencer marketing platform, follower counts are barely looked at, with CEO James Nord saying he uses a proprietary "follower health" score instead.

"Brands tell my manager all the time that my rates are much higher than a lot of my peers and so are my pets' rates, but I'm guaranteeing them real access to people who follow me and are obsessed with my world," says one influencer who charges $3,500 per Instagram post -- featuring her dog. "So, why wouldn't I charge for that?"

CONFESSIONS

Confessions of an influencer
As told to Seb Joseph

I feel under pressure to buy fake followers due to some brands pushing unrealistic numbers on me when I'm already having to work harder to catch-up to those influencers that have bought followers. While there's a lot more talk about influencer fraud, some of the brands I work with don't really understand how unrealistic targets and unexpected changes to algorithms put pressure on me to meet their demands at a time when competition for contracts is tough. When I started creating videos for YouTube 10 years ago, brands were more interested in what an influencer produced and who they were as a creator. Influencer marketing has become such a big industry now that brands aren't as attentive. There's so much focus on the numbers at the expense of the creative. They treat us like a media buy and want us to hit a certain number of views without really considering what we actually do or say.

That said, I think it's the platforms that need to do more to fix how easy it is to buy fake followers, not the influencers or the brands. It can't be that hard for a platform to identify people that are buying fake followers when it's easy enough to do so.

THE BRAND COP

Freedom from Facebook takes on Goliath. ***BY SHAREEN PATHAK***

The best truths are the ones everyone knows to be true, but nobody really talks about. In the swirl of activity surrounding brand safety crises, those in digital media knew what the real underlying cause behind the problem was: The clients, who continued to prefer cheaper environments to run their ads in despite them being riskier.

Which was why when Joshua Lowcock, UM's first global chief brand safety officer, says as much, it's like a breath of fresh air. Lowcock, who was appointed to the role late last year, is also the first exec on a new Advertiser Protection Bureau at the 4A's, an industry response to the continuing brand safety crises faced by advertisers on platforms. He is charged with changing decades of behavior for clients to accept that brand safety comes at a cost, and that it needs to be a priority, which often means fighting what he calls an "industry bias," sometimes driven by procurement toward buying and evaluating media on the lowest price. That means helping them balance across all dimensions, including ROI and safe environments, plus privacy compliance.

"He has a unique ability to be an advocate and champion, yet push and challenge the industry with his compelling arguments and perspective, all while being the most liked person in the room," says Robin Steinberg, the former evp at SparkFoundry Publishing Investment.

In the past couple of years, YouTube has served ads for major advertisers alongside Nazi and pedophilia content multiple times, Facebook has been under fire for ongoing brand safety concerns and twitter accounts like Sleeping Giants have made taking screenshots of ads alongside hateful and bigoted content a popular and effective pressure tactic. But it's been a spiral -- public relations nightmare followed by big talk about pulling back from platforms to ultimately, not much happening at all. For Lowcock, the issue isn't a failure of technology, necessarily: it's a straightforward realization that when it comes to brand safety, more advertisers need to put their money where their mouth is. As pressure to make the most out of every marketing dollar arises, brands are caught in the place of trying to do things cheaper -- and brand safety is actually pretty expensive. "There are also still far too many advertisers who are reactive rather than proactive on brand safety – which is why I don't yet have people with equivalent roles or responsibility to me on the client side," says Lowcock.

> "There are still far too many advertisers who are reactive rather than proactive on brand safety."

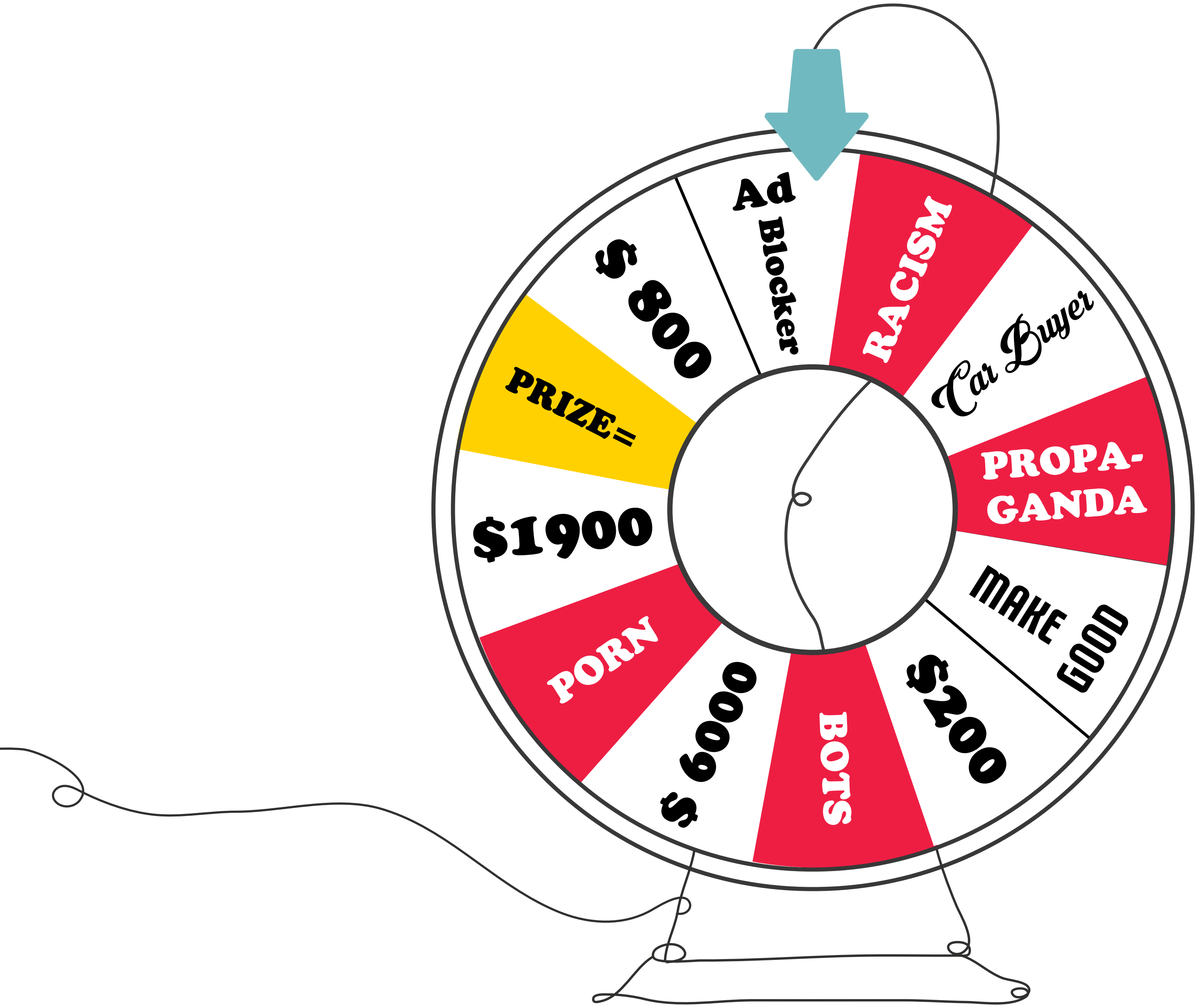
CONFESSIONS

Confessions of a programmatic marketer As told to Seb Joseph

Advertisers don't want to do the heavy lifting of looking at and verifying what they are buying in fear that their investments are funding this problem. There needs to be an education revelation, and brands need to understand that they need to know what they are buying as that will be the thing that helps them grow as an organization.

Marketers would rather use excuses like partner conflicts and tech problems to avoid understanding exactly where they are investing money, which eventually compounds into a larger problem -- fraud. Ignorance is bliss pretty much sums up the view on the buy-side right now.

Agencies also need to change their models and adapt to their brands because they won't be able to succeed continuing as they are. I am a strong believer in media auditing, as much the agency as the brand, and I think that brings out the real truth of the media buying space between an agency and their clients.



SAFETY FIRST

A company's care for brand safety depends on risk tolerance.

BY KERRY FLYNN

"Big brands fund terror" splashed the front page of the Times of London on Feb. 9, 2017. Brands were unwittingly having their ads shown against terrorist-made YouTube videos, and the major media outlets jumped in on the investigation. A few weeks later, P&G chose to stop spending on YouTube. That summer at a conference, P&G marketing chief Marc Pritchard said, "We simply will not accept or take the chance that our ads are associated with violence, bigotry or hate," and announced that P&G would pull ads until the problem was solved.

In April 2018, P&G returned to YouTube -- where just the day before its return, CNN reported that 300 advertisers were still funding accounts that had videos of beheadings, child abuse and more.

Turns out brand safety isn't an either-or proposition.

No company really wants their brand associated with beheadings. Overall, brand safety is nothing new. It's just gotten harder thanks to the rise of digital. Yet the truth of how much a company invests in the topic is much more nuanced, depending on their willingness to forgo cheaper inventory within online advertising.

For AT&T, a strong brand is its most valuable asset, said Fiona Carter, the wireless provider's chief brand officer. That's why AT&T stopped buying YouTube ads in late March 2017 and still hasn't come back.

> "Any company who is buying at scale knows that it comes with some risk."

"Brand safety has and will always be paramount to AT&T. It shapes every single decision we make, from sponsoring content and buying media, to quite simply, where we place our globe," Carter says, referring to AT&T's logo. "Digital changed everything, ringing in a new era of murky buying processes and creating the challenge of having clear line of sight on where every ad appears."

Understanding that "murky" state of media buying is the crux of an agency. Quoting one of his senior global clients, GroupM's John Montgomery says brands "just want to get what they pay for," and in the era of digital, clients demand transparency in the supply chain.

Montgomery says he decided on brand safety in his title, rather than choosing something like risk compliance, because it made more sense to clients. But to him, it's all about mitigating risks.

UM's Joshua Lowcock, appointed as the agency's first global brand safety officer in April 2018, says he's the "voice of reason" in any room.

"It's fair and reasonable to expect media efficiency, and every time you talk about efficiency you have to talk about brand safety," Lowcock says.

A big change in brand safety is that companies, no matter their tolerance, are hyperaware.

"Any company who is buying at scale knows that it comes with some risk. When that Times [story] came and people said, 'Oh this is horrible. How did this happen to me?' No one could say that in 2018. It's been really well-documented," says MediaRadar CEO Todd Krizelman.

But there's only so much an agency can advise against.

"Higher risk means lower cost [of ads], but reputational harm can be transferred to shareholder value and consumers. As the platforms have put more controls in place we can start looking to buy more in the open areas," Montgomery says.

As much as one side would like to blame another, the onus on securing brand safety falls across brands, agencies, publishers and platforms. Media company Studio71 has been working to tag different content to various levels of safety with a mix of human and machine review.

"In the U.S., not all our inventory is brand-safe and when we apply PG or G ratings to it, it ends up being a third of our inventory. Clearly not every brand is looking for that degree of safety around their advertising adjacency," says Studio71 CEO Reza Izad.

Brand safety doesn't come cheap. For brands and publishers, it cuts out inventory. On YouTube, brands can elect to only advertise within Google Preferred, where every video undergoes a human review. Instead of just relying on YouTube's system, JPMorgan Chase has has to invest in its own whitelisting.

Over the past two years, YouTube, Facebook, Twitter and Snapchat have instituted stricter community guidelines and created new tools for more control. For example, while YouTube channels previously only had to reach 10,000 total views to be eligible for monetization, they now require 1,000 subscribers and 4,000 hours of watch time.

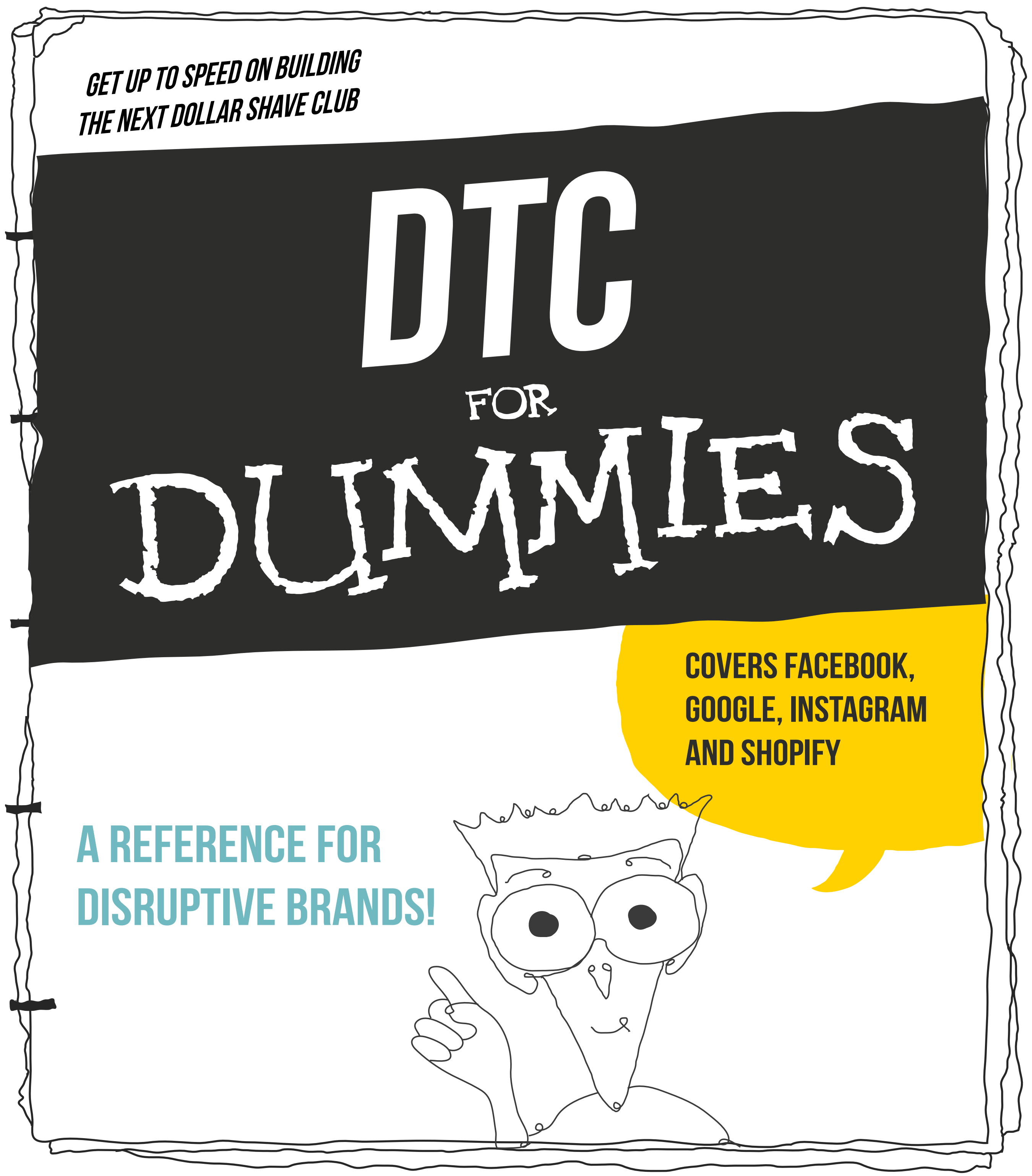
But as each platform pushes for more video content, brand safety has gotten increasingly more difficult to police. Facebook's news feed and Twitter's timeline made it obvious that every piece of content is an individual entity, but ads within videos become more conflated with content. Hence, the deeper investment in technology, and for the case of Facebook and YouTube, a commitment to each hire 10,000 human reviewers.

To convince publishers and platforms to act, brands have repeatedly paused their ad dollars. But UM's Montgomery says, that's just a "blunt instrument" and evidently didn't really affect Facebook's or Google's profits.

"The driving force was the reputation. The platforms want to be seen as a force for good. That's the reason why they act so well and so urgently," Montgomery says.

Despite working closely with Google on brand safety and despite the company's changes, AT&T still hasn't returned its ad dollars there.

"We will refuse to accept the status quo, ensuring the destiny of our brand remains in our hands," AT&T's Carter says.



DTC OD

The dawn of the direct-to-consumer brand era was, in retrospect, incredibly idealistic. ***BY HILARY MILNES***

Every tactic inscribed in the now well-worn DTC playbook -- cut out the retail middleman! Only sell e-commerce! Market luxury-quality products without the markups! -- is expensive to pull off. With time and increased competition, that's only gotten worse. Raising rounds of funding reminiscent of a Silicon Valley startup is tempting but, unfortunately, can be reckless for consumer apparel brands that can scale to $10 or maybe $50 million in annual sales, if they're lucky.

What it costs to operate and scale a DTC brand can be bucketed into two major budget-eaters: distribution and marketing. To launch and maintain an e-commerce store costs relatively nothing compared to opening a store network. Online, you don't have to pay employees, pay to keep the lights on, pay for inventory overhead, or pay for a piece of real estate. But of course, you have to pay to get people to your site. And as the brand space gets more competitive, the cost of customer acquisition has skyrocketed.

Scott Tannen, the founder of luxury bedding brand Boll & Branch who also runs venture capital firm Red5 Capital, says that he's seen brand founders wipe out $5 to $10 million in one year, paying for customers through exorbitantly expensive Facebook targeted ads, search ad buys and big outdoor ad campaigns in places like Times Square and on the New York City subway system. Brands including Barkbox and Brooklinen reported spending 75 percent of their annual ad budget on Facebook alone. And younger DTC brands aren't working with the same rulebook that their older and wizened predecessors – the Warby Parkers, the Bonoboses – were playing by. According to retail advisory company Loose Threads, the amount of Facebook impressions that 10 cents could buy a brand in 2012 now costs $1. "The ecosystem has changed as the space has evolved, and companies like Google and Facebook re-righted the balance sheet. If brands want to benefit from their reach, they have to pay up," says Loose Threads founder Richie Siegel. "E-commerce was

> “E-commerce was once thought to have infinite growth prospects -- if you build a website, they will come. That's so far from the case.”

once thought to have infinite growth prospects -- if you build a website, they will come. That's so far from the case."

Hitting the customer acquisition ceiling online has led these DTC brands into the arms of traditional retail's long-standing pillars. First came the stores. According to Reformation founder Yael Aflalo, it costs about $1 million to open a store, of which the brand now has 12. In every case, the stores paid themselves back -- and became profitable -- in under six months. To test markets, temporary pop-up stores have become par for the course. Melissa Gonzalez, founder of experiential retail consultancy The Lionesque Group, says that it costs about 20 to 50 percent less for brands to open short-term stores than permanent ones. But event pop-ups are getting more expensive as the real estate industry catches on to the brands' game. Maiyet and For Days founder Kristy Caylor says that opening a pop-up can now cost just as much as opening a permanent store.

"As a brand that's growing, how many different ways are there to actually grow?" says Aflalo. "Brand and paid marketing only yields a certain amount of growth. A store is a risk; it's a lot of work and a lot of investment. Boom -- there goes a million bucks. But you could hire three marketers and spend a million dollars and get a bunch of customers once, or you could spend a million and get a bunch of customers for 10 years."

The final shoe to drop: Wholesale retail. Department stores like Nordstrom are fudging their typical merchandising requirements to account for DTC brands, like sneaker brand Greats, that didn't factor a wholesale margin into their brand's blueprint. It's another form of marketing that can pay itself back, and Siegel predicts that the DTC formula going forward will account for about 15 percent of revenue, on average, to come from wholesale partnerships.

"It doesn't change the cost dynamics all that much, but where a brand might have spent 50 percent of one sale on advertising, 50 percent of that sale now goes to a partner like Nordstrom," says Siegel. "The idea, of course, is to acquire reach from Nordstrom over Facebook and other paid acquisition methods. It's going to even itself out."

DIGIDAY TECHNOLOGY AWARDS

The Digiday Technology Awards recognize the technology bringing transparency, efficiency, and effectiveness to the media and marketing processes for brands, agencies and publishers. This year, a panel of judges from Equinox, Johnson & Johnson, Bloomberg and more selected winners in 25 categories. Congratulations to this year's honorees:

2018 Winners

Best Testing & Personalization Platform, Best Email Marketing Platform
Adobe

Best Native/Content Advertising Platform
AD YOU LIKE.

Best Data Management Platform, Best Marketing Dashboard Software
AMOBEE

Best Interactive Content Platform
APESTER

Best Mobile (& Web) Analytics Platform, Best Audience Measurement Platform
Chartbeat

Best Mobile Marketing Platform
COGNITIV

Best Sales Automation Tools & Platform
conversica

Best CRM Platform
Conversocial

Best Search and Social Advertising Platform
crealytics

Best Mobile App Platform
cvent

Best Location-Based Platform
Emodo

Best Content Marketing Platform
GENERO

Best Marketing Automation Platform
Koddi

Best Display & Programmatic Advertising Platform
LIFTOFF

Best Marketing Analytics/ Attribution Platform
Lucidity

Best CMS and Web Content Management Platform
2ad pro

Best Influencer Marketing Platform
MAVRCK

Best Video Marketing & Advertising Platform
Mirriad

Best E-Commerce for Content Platform
piano

Best Display/Video Programmatic Platform
PubMatic

Best Social Media Marketing Platform
SOCi

Best Retail Technology
syte

DAY IN THE LIFE

When she led brand strategy at Digitas and then Twitter, Brooke Skinner Ricketts spent much of her workday thinking about design and creative. She also used to start her day with a run -- length depending on whether she was marathon training. Now, as the chief marketing officer of Cars.com and with a 1-year-old son and an 8-year-old daughter, she spends most of her day in managerial meetings at her company's Chicago headquarters. She still runs, but at night after the kids are asleep. Here's how she spent a recent Tuesday, lightly edited:

BY KERRY FLYNN

5:30 AM: I wake up around 5:30 a.m. I have a 1-year-old son. I get up before him, so I take a minute to myself. I check Twitter first thing, which isn't often a deep breath, but I do it.

6:00 AM: I have my coffee from our Espresso machine, cream and sugar. My son and I share a banana. We let the dog out. Typical suburban lifestyle. I'll get breakfast ready for daughter, cut up some fruit, and then run upstairs to get the baby and myself dressed.

8:00 AM: I do the handoff with my wife. I hop on the train, sometimes I ride my bike. I'm inspired to read on the train, but I usually check my email, my social feeds, mostly Twitter and Facebook.

9:00 AM: I have a morning meeting with my direct reports: heads of comms and PR; head of brand; head of growth marketing; head of product marketing. Night before I had a meeting with the whole analytics and product team so I'll share those metrics.

10:00 AM: I go into the executive meeting. That's myself, chief human resources, chief product, chief legal, all the chiefs. We talk about the business results, marketing and site health. We just launched a new campaign and product so I share the positive press around that. Tony, my counterpart, and I got the hard questions on how it's performing. We have to very calmly say, "This is day two." That meeting is supposed to end at 12 p.m., but it never ends on time.

12:40AM: For lunch I usually try to take the time to eat with team members or meet with other people, but today was a quick, go to Pret and grab something.

HTTP://

1:00 PM: Afternoon is more meetings. Pretty rare that I get other work done. Sometimes there's a conference room -- I won't tell you what it's called -- that I hide in. Today I have a meeting with Tony. We chat about the new matchmaking experience on the site.

2:00 PM: I'm in the meeting for earnings prep, CEO, head of IR, head of comms and pr. I'm there to think of the brand of the company and of the executives so I help with specific language.

5:00 PM: I have a meeting with the head of brand and the agency we work with, R/GA in Chicago. We work on the next round of creative for Q3, Q4, Q1.

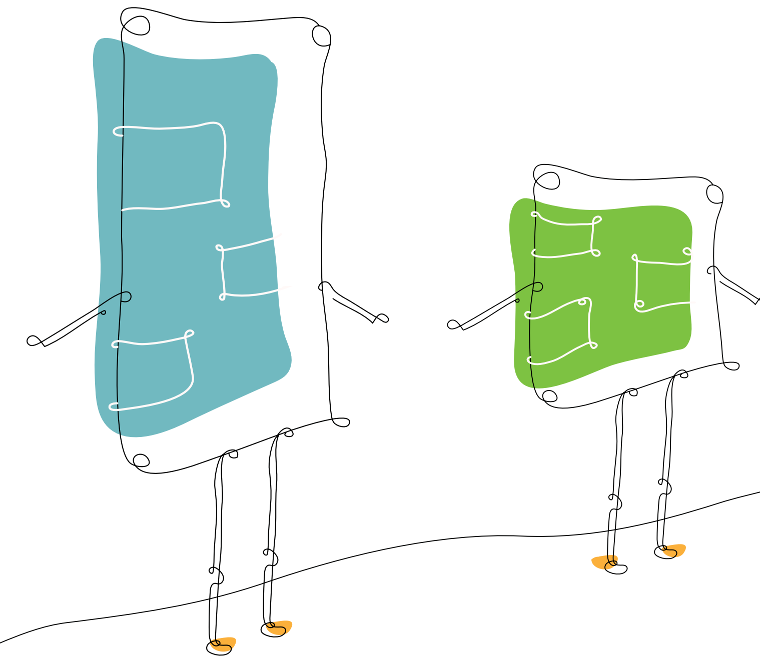
6:00 PM: I lead a philanthropy group called She100. We have board calls once a month. Today we talked about our vision, our website and a new board structure.

6:30 PM: I head back home and help my wife cook dinner and then bath time for the kids. Bedtime for our son is 7ish and then daughter is 9. After that I go for a run, about an hour around the lake with my dog. She's a labradoodle, first name Lolli, middle name Pop. My daughter named her.

11:00 PM: I try to be in bed by 11, but before that I do another work check and respond to emails

NOW YOU SEE ME: AN ORAL HISTORY OF VIEWABILITY

BY TIM PETERSON



Viewability is not a real word, at least if you go by Merriam-Webster. But over the past decade, the concept -- whether an online ad had an opportunity to be seen -- has defined digital advertising's trajectory. Originated in an effort to persuade TV advertisers to bring their budgets online, viewability has become a standard now widely considered fundamental for any digital ad buy. But that took years. Viewability measurement arose from research conducted in 2007 by the Interactive Advertising Bureau, the Association of National Advertisers and the American Association of Advertising Agencies to identify what would get brand advertisers to shift their ad dollars from TV to digital.

Patrick Dolan, president at IAB: We surveyed buyers and sellers. The brand marketers who weren't investing much in digital advertising at the time were interested in measurement: reach and awareness. We said we need to create some sort of measurement criteria or currency that can get brands excited about investing in digital.

That research led the trade groups to form the Making Measurement Make Sense, known as the 3MS initiative, in 2011 to establish new measurement standards for digital advertising.

Jonah Goodhart, CEO of Moat: There was a document [that the 3MS initiative commissioned Bain & Company to draft] that stated it was time to change the metrics for digital, and it's time to move from a served impression to a viewable impression. That was one of the first times I really took notice of this concept of viewability.

Dolan: I think the term viewability came from the Bain report.

The trade groups recruited the Media Rating Council to develop a viewability standard. But the topic was already on the independent auditor's radar.

David Gunzerath, svp and associate director at Media Rating Council: In 2009 we had a visit from this Russian guy by the name of Nikolai Mentchoukov and his partner Alan Edwards. Their company was called RealVu. They had been making the rounds at agencies and some of the trade associations. We were kind of their last stop because they didn't really get enthusiastic receptions elsewhere. Their technology essentially determined whether an ad was visible on a user's screen. Ten seconds into the demo, we realized this thing actually works and could be a real game-changer.

Dolan: What the MRC did was the research to be able to determine based on their analysis what was the minimum threshold for being viewable.

Gunzerath: We did this big pilot study in 2012 where we worked with a bunch of agencies and 16 to 18 different advertisers to set up campaigns for viewability measurement by various vendors. We saw that 80 percent of [display] ads that met the [50 percent of pixels in view for at least one second] threshold would also be considered viewable at 100 percent [in view] for one second.

In the first half of 2014, the MRC lifted its viewable impression advisory so that advertisers could officially buy ads based on its two viewability standards (50 percent in view for at least one second for display ads, 50 percent in view for at least two seconds for video ads). But for advertisers to enforce those standards, they needed publishers to allow third-party measurement firms, such as Moat, Integral Ad Science, DoubleVerify and ComScore, to track their ads' viewability rates.

Mark Wagman, managing director at MediaLink and former product manager at Omnicom's Accuen: The third-party tech allowed us to flat-out audit this stuff and hold some accountability.

David Hahn, chief strategy officer of Integral Ad Science: Initially there was a fair amount of pushback from the publisher side. Not because they didn't believe in it, but they were wondering what it would mean for their business.

Aaron Fetters, evp at comScore and former director of global insights and analytics solutions center at the Kellogg Company: We told a very large publisher all of our future buys have to be measured by comScore for viewability. They said they wouldn't allow [comScore's] tag on their page. We said, "If we can't measure it, we can't buy it." Two weeks later they called us back because we stopped our buys on the site: "How can we implement ComScore's tags?"

Goodhart: You probably can't underplay the importance of Kellogg's and Unilever stepping up and putting their foot down. *In October 2014, Unilever and its media agency GroupM announced they would only pay for video ads when at least 50 percent of the ad had played, while 100 percent in view: a higher standard than the MRC's minimum.*

Lyle Schwartz, president of investment for North America at GroupM: Through some vendor information I was able to get, I was able to look at second-by-second numbers off the digital and compare it to what I would hypothesize in network TV on a second-by-second basis. The comparability of measurement occurred traditionally at half a commercial. That's why we said 50 percent of the time, but 100 percent of the pixels.

Goodhart: Ari [Bluman, GroupM's former chief digital investment officer who passed away in 2016] did deals with hundreds of publishers to transact on the GroupM standard. That had the industry going, "Oh my God, if I want to get money from them, I have to play by their rules."

Fred Santarpia, chief digital officer of Condé Nast: It took quite a bit of optimization [to improve the ad viewability rates on Condé Nast's sites]. It probably took at least 6 to 9 months until we thought we had it up to a place where we could be competitive in the market.

While publishers like Condé Nast were willing to acquiesce to advertisers' demands for independent viewability measurement, platforms such as Google and Facebook were not -- for a time.

Fetters: Eventually we got to a point where we said if we can't see the [independent] viewability metrics, we're pulling off of [YouTube]. At the time our investment in Facebook was minimal for similar reasons.

Goodhart: In 2015 the so-called "walled gardens" decided to allow third-party companies to measure viewability on their platforms. The first was Twitter, then Facebook, then YouTube. That meant that the concept of viewability all of a sudden became mainstream.

However, the history of viewability is not over.

Gunzerath: We're actually actively considering raising the pixel ratio from 50. percent up to 100 percent. ◘

TRUE BELIEVERS

BY BRIAN MORRISSEY

And to think the internet was going to make media truer.

The idea was that the flowering of information sources would lead to more information, better information. The gatekeepers would now be joined by the flowering of independent voices. People would be more informed by having access to all these new sources. In fact, thanks to Big Data™, people wouldn't have to seek out news at all. The news would come to them -- and it would be personalized to their interests. What's more, all this information would be free, thanks to the shifting of ad dollars from unmeasurable old media -- insert that Wanamaker quote -- to accountable digital media, where advertisers could use laser-targeting to know what impressions truly made a difference.

Digital media didn't exactly turn out that way.

The platforms that were supposed to unleash an information utopia have instead seemingly trapped us in a misinformation dystopia, where the kid gloves of Silicon Valley were worn by hand-wringing tech titans clinging to notions of neutrality in the face of conspiracy theory peddlers and hate mongers. Only too late, and after being hauled before Congress and threatened with regulations that would hurt their bottom lines, did they act to stem the flow of information sewage that was flowing freely through their pipes. Facebook and Twitter's founders were once cast as liberators, connecting the world and spawning revolutions that toppled tyrants. That quickly gave way to their new role as tools of propagandists undermining democracy.

The slippery nature of truth was captured nicely in an awkward answer Facebook CEO Mark Zuckerberg gave to a question Kara Swisher posed to him about Holocaust deniers on Facebook. Zuckerberg appeared to give a "whom am I to judge" response when it came to a notorious trope spread by noxious bigots. The answer obscured an overall thoughtful discussion of how platforms can uphold standards without acting in a role of "censors." The business interest is clear: platforms do not want to face intrusive governments, although that's likely too late. Facebook's role, along with its Whatsapp subsidiary, as a tool used by ethnic cleansers to spread lies that led to pogroms in Myanmar is now on record.

Most publishers and marketers are dealing with far smaller matters of truth. Quality publishers and advertisers have an interest in a far healthier digital media ecosystem, where true audiences are matched with quality ads from quality companies. The role of data is essential in the future of media, although it is paradoxically the media and marketing industries that are facing a future with less data, not more, thanks to the arrival of GDPR and other similarly data-crimping regulations.

Truth is slowly coming to digital media, which has too often turned a blind eye to those skirting it, whether fly-by-night publishers trying to growth-hack their way to legitimacy or marketers who feign shock -- there's gambling in this establishment? -- that the cheap, cookie-chaser exchange buys could possibly incentivize bottom-of-barrel content while putting their brands at risk by associating with the tawdry, untrue and obscene. And for most, the truth couldn't come soon enough.

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