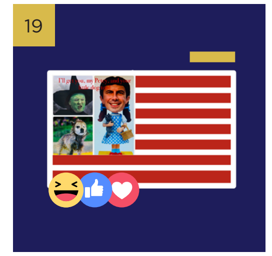
DIGIDAY

SUMMER 2019

THE CANNES ISSUE

SUMMER 2019



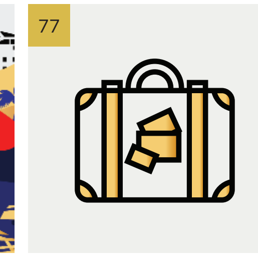


TABLE OF CONTENTS

Editor's Note

By Shareen Pathak

It's summer, which means it's time for the ad industry's annual pilgrimage to Cannes.

But whether you choose to go or not -- and whether you think Cannes is worthwhile or not -- the industry's biggest and most expensive confab occupies a pretty special place in the industry. I've often taken the mood in Cannes to be a measure of the industry's own confidence in itself. Last year was sober, plagued by sexual harassment scandals, as well as a general tone that the party itself was over. We explore what comes next for Cannes in our cover story, which looks at how much Cannes is under threat, as every corner of the industry undergoes its own upheaval.

Symbolism aside, Cannes is also fun for those lucky enough to get to go, and we've also got a load of lighter fare about the confab, including a guide to remaining sober while everyone around you is guzzling rosé, and an oral history of the ad tech marina. We even surveyed media and marketing executives to get their thoughts on what role Cannes plays in the industry.

Summer is also a time for change, and we're spotlighting a whole host of changemakers in this issue as well. In marketing, I profile Mark Penn, the new CEO at beleaguered agency holding company MDC Partners. Penn, best known as the political advisor for the Clintons (both of them!) has a big job ahead of him as he grapples with some very real -- and some existential -- issues at the company. In retail, Hilary Milnes went deep inside Blue Apron, one of the biggest flameouts of the meal-in-a-box craze, which is attempting a last-ditch pivot. From Berlin, Steven Perlberg has an in-depth look at Germany's obsession with privacy, and how the rest of the world may finally be catching up. Plus, there's a bunch of Q&As with the people at the forefront of major change in the industry, from David Droga, fresh off an acquisition by Accenture, to Foot Locker's Jed Berger, who has helped the retailer stay head even as the industry undergoes tremendous change.

This is the 14th issue of Digiday Magazine, part of our Digiday+ membership program. In our own nod to change, we've transformed the membership itself, expanding Digiday+ to become a core part of Digiday's content. We hope you enjoy the issue, and your membership.

Who To Know At TikTok

Meet the marketing leaders of the hot new app.

Vanessa Pappas
general manager of TikTok

—

Papas spent nearly eight years at YouTube and developed the creator playbook. She joined Bytedance as an advisor late 2018 and was hired as the app's GM in 2019 to oversee the U.S. teams from New York City.

Stefan Heinrich
head of global marketing of TikTok

—

TikTok has run several large marketing campaigns to help boost users. Heinrich, the man behind the effort, joined Musical.ly in 2017 and worked at Google and YouTube for six years prior.

Matty Lin
managing director of monetization and partnerships at Bytedance

—

Lin is a go-to for advertising strategy at TikTok. He comes from the agency world, having spent two years at Razorfish and then six years at OMD, and is based in NYC.

Kelly Chen
head of content partnerships at TikTok

—

Chen has worked in strategic partnerships at Musical.ly since Sept. 2016 and stayed on through the transition to TikTok. She leads partnerships from LA.

Mitch Rotter
senior director of global partnerships at Bytedance

—

Rotter oversees global partnerships from LA. He previously worked at a company within Cheetah Mobile, another Chinese tech giant, that Bytedance acquired.

Mikey Kilun
head of media strategy, U.S. at TikTok

—

Kilun oversees TikTok's marketing campaigns and media spend across platforms. He spent seven years in social strategy at Live Nation.

Jenny Zhu
head of integrated marketing, U.S. at TikTok

—

Zhu works on marketing campaigns for TikTok, having been a part of Bytedance since February 2017. She was previously based in China but moved to the LA office in 2018.

Chan Lin
general manager of global sales business at Bytedance

—

Lin joined Bytedance in early 2014 when the company had fewer than 100 people. She's risen in the ranks of the sales team and now works out of New York City.

Kudzu Chikumbu
head of creator partnerships of TikTok

—

Chikumbu is leading the charm offensive for video creators on TikTok. He previously worked in entertainment partners at Musical.ly.

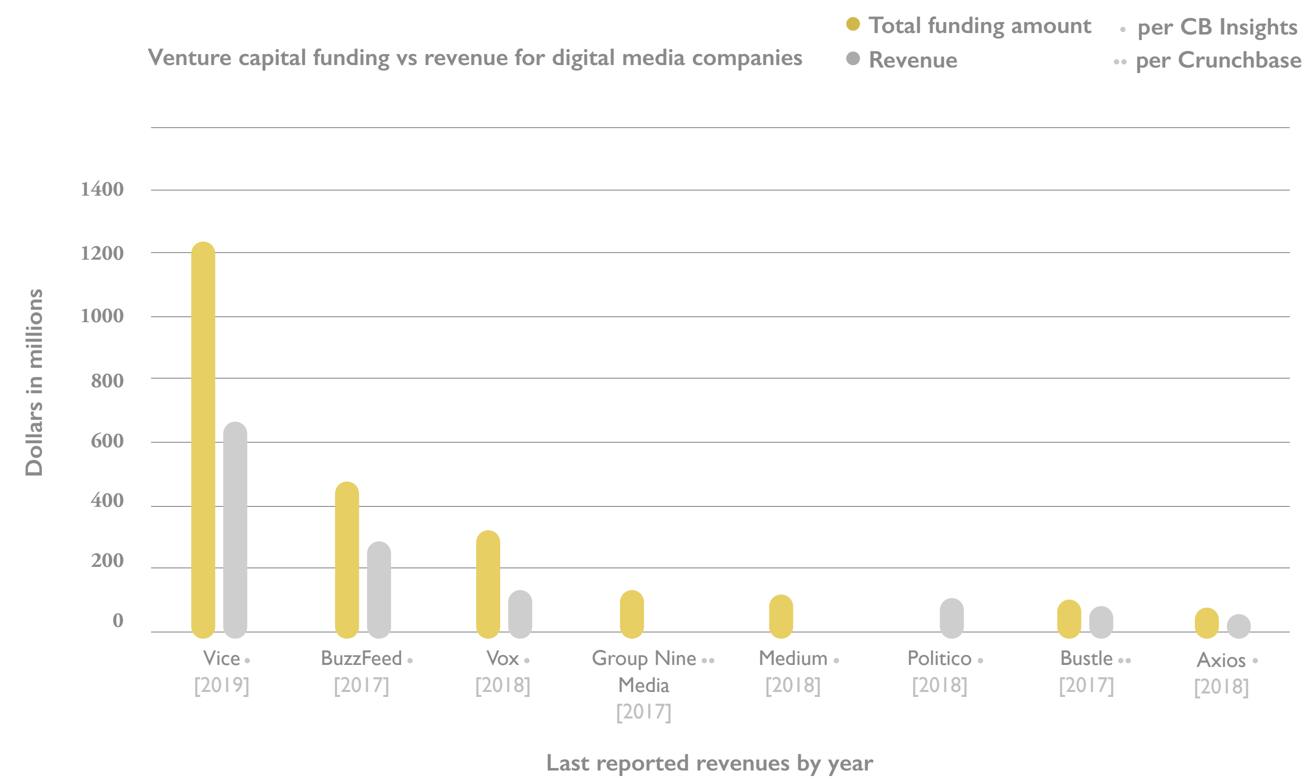
Jessica Wong
director of strategic partnerships of TikTok

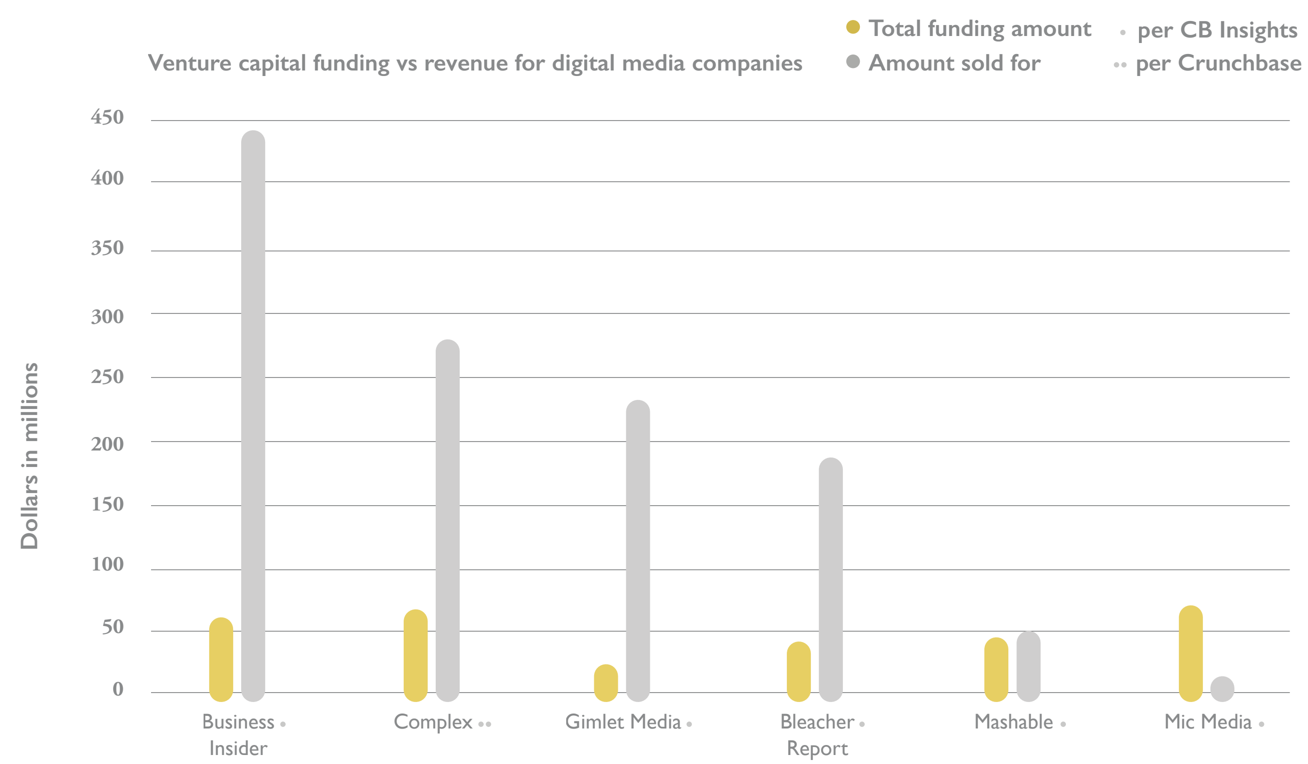
—

Wong leads partnerships for TikTok from its LA office. Prior to TikTok, she spent more than 10 years working in marketing at Sony Pictures.

Lofty Expectations

The gap between lofty venture capital raises and actual revenues for digital publishers.





Advertising's Favorite Live Performers

From Lady Gaga to Rick Ross.

In the ad world, some of the biggest entertainers bring a sheen of cool to the many tedious conferences that happen year-round.

"My personal favorite was when Flo Rida played for AOL," Matt Barash, head of strategy and business development at AdColony recalls. "He had a bunch of middle-aged guys in khakis and sweater vests singing along with every word. It doesn't get any more cliché than that."

But for anyone making the conference rounds, there are a select few "ad-famous" celebs who are seemingly the favorites of the ad tech, agency and brand cohort. (Ask any ad professional and they'll say they've seen Snoop Dogg perform at every tech event.)

Below we recall some of the biggest acts that landed at advertising's events.

Rick Ross

Last year, CES, which seems to be a tad removed from who's currently trending in hip-hop, recruited Rick Ross for a performance at The LIGHT nightclub. Sure, they could have gone with Drake, Travis Scott or any other rapper that's been relevant the past few years, but they chose Ross just in time for him to announce a year-long residency in town. Coincidence? We think not.

The Killers

This year, The Killers seem to be making the advertising event rounds. Most recently, the "Wonderful Wonderful" outfit headlined the 2019 Adobe Summit BASH in Las Vegas playing hits including the thrilling "When We Were Young," but they also stopped by Cannes Lions last year to headline one of the after-parties.

Lil Wayne

At this year's CES, Pandora brought out Weezy as its surprise guest in January. For his set, the rapper put on a performance that featured songs like "Mr. Carter," "Uproar" and "Got Money."

Diddy

Alongside the announcement of the launch of his music cable platform Revolt TV, Diddy performed alongside Nas at Gotha Night Club during Cannes Lions in 2013.

Snoop Dogg

From his cannabis ventures to partnering with Adidas, Snoop Dogg has constantly been increasing his presence in the tech space; and it's made him perhaps the most ad-famous celeb out there. After all, the hip-hop legend is now known for being at practically every event (i.e. Pandora's 2017 CES kick-off party, YouTube's Brandcast event, the Upfronts, Cannes several times, Bud Light's Whatever, USA Festival, etc.)

The Chainsmokers

With The Chainsmokers' rise in the EDM circuit, it wasn't a surprise that they had memorable performances for iHeartMedia at CES in 2017 and again in January of this year where they appeared with Sony to discuss headsets.

Drake

With ad dollars abound, Adult Swim's upfront party in 2017 was one not to be missed with Drake headlining the annual concert at Terminal 5. Plus, he enlisted surprise guests like Playboy Carti and Migos.

How Lingerie Became Retail's Hottest Playground

Both digitally native brands and mass retailers are vying for a piece of Victoria's Secret's market share.

All it takes is for one legacy retailer to lose its luster for a product category to become hot again. Sales at Victoria's Secret -- long considered to be the U.S. market-leader in lingerie -- have fallen for the past two years, while competitors like American Eagle's Aerie are seeing double-digit growth. Now, mass retailers like Target and Walmart, as well as new venture-capital-backed startups, are all trying to grab a greater share of the lingerie market.

$60b — How much revenue the global lingerie market is expected to generate by 2024 **according to Zion Market Research.**

3% — How much comparable sales at Victoria's Secret decreased by **from Q4 2017 to Q4 2018.**

23% — How much comparable sales at Aerie increased by **from Q4 2017 to Q4 2018**

$68m — The amount of money raised by ThirdLove, **the most well-funded direct-to-consumer brand in the space.**

2 — Lingerie businesses acquired by public retail companies in the past two years -- **Bare Necessities by Walmart in 2018, and True & Co by PVH in 2017.**

10 — The number of Amazon private label and exclusive lingerie brands, **according to TJI Research.**

123% — The percent increase in the number of bralettes carried online by U.S. and U.K. retailers **between March 2016 and March 2018, according to retail research firm Edited.**

Tmall's Luxury Pavilion

The gateway for luxury brands looking to enter China is shaping up.

Alibaba's Tmall has become one of the premier destinations for luxury brands seeking the Chinese audience thanks to the Luxury Pavilion. Launched in August 2017, the Luxury Pavilion gives luxury brands a window into the lucrative Chinese market. Here's a quick look at some of the details of the platform.

More than 100 brands

are on Tmall Luxury Pavilion including Alexander McQueen, Burberry, Valentino, Versace and Ermenegildo Zegna.

More than 100,000

customers per year.

$159,000 USD a year

is the average spend from a single consumer on Alibaba's marketplaces.

49%

49% of shoppers and 45% of sales come from millennials born after 1980.

46%

46% total luxury sales growth year-over-year in the 12 months ending June 2018.

36%

36% year-over-year growth in luxury shoppers.

Mark Penn

Penning the Future

Political-hustler-turned-advertising-exec-turned-holding-company-CEO Mark Penn wants to make his presence known.

By Shareen Pathak

Mark Penn looks distinctly uncomfortable when I compliment him on his office. To be clear, it's a nice office: Books line the wall in an elongated space full of wood finishes and comfortable chairs, 19 floors above Manhattan's Fifth Avenue.

But it's then I realize that Penn, the newly appointed CEO of MDC Partners, is barely a month into the office, and the job, and hasn't had time to redecorate yet. The trappings are mostly of his predecessor, Scott Kauffman, who became CEO after founder Miles Nadal stepped down following an SEC investigation on executive pay back in 2015.

"I guess he really liked flags," Penn muses as he looks up at one piece of art featuring Alec Monopoly jumping out of an American flag. "All I added were a few pictures, and some Snapples to the bar cart."

And like with his office, Penn, 65, is in some ways a man caught between the past and the future -- optimistic about bringing a new lease of life to MDC, but needing to break free of its old ways of doing things first.

Ahead of him is the daunting, yet enviable task of turning around MDC Partners: the embattled ad holding company that his group, Stagwell Partners, poured $100 million into earlier this year.

First to go might just be the office itself. One of the ways Penn plans to cut down costs is to take a hard look at the real-estate MDC resides: one of which includes the modest, yet by no means cheap 19th floor headquarters his office occupies, in the same building as Bergdorf Goodman in one of the most expensive neighborhoods in the world. "Just waiting for the right buyer," he says, in response to a question about a reported sublet the agency is planning.

"Real estate done right affords a holding company a great order of flexibility," he says. "If five agencies get an extra floor each, only two of them will grow. If five agencies say they're going to grow, you discount by two and only get two floors. Then, you're able to as a holding company make financially disciplined decisions."

Not being bloated with costs doesn't just start with real estate.

Penn is embarking on a long-term and wide-ranging cleanup of the MDC Partners business, which includes storied creative agencies like 72andSunny and Anomaly, as well as a handful of media agencies like Assembly and The Media Kitchen. His first goal is to have the holding company play the role it needs to play: That of a benevolent, yet disciplining figure that can rein in costs and provide resources where needed. It also means bringing in innovation resources if agencies fall behind, but also negotiating better deals on IT, software and benefits.

His other goals are to create and put together growth scenarios that let agencies collaborate and really take on more of a strategic role for their clients. In the shorter term, it's to make individual fixes with what he calls the "clunkers" in the agency portfolio.

At Stagwell, which made that minority investment in MDC ("They basically said we'll take the investment as long as you're CEO," says Penn of how he got the job), Penn devised a series of metrics for how holding companies should operate that if applied to MDC, would save the company "$100 million, or more accurately, $107 million straightaway," which will assuage that debt MDC has. And while MDC has been known to be largely hands off with its agencies, that may soon change too, with Penn rethinking the role of MDC as being much more involved than his predecessors seemed to have.

Penn's already resolved some smaller issues, including a spat with an activist investor, resulting in new nominations to the company's board. But big tasks lie ahead of him: MDC has issues like cost control and a stock price that has slid 72% in the past year alone, compared to a drop of 26% for WPP and a gain of 7% for Omnicom. The plan now, per Penn, is a two-year effort to transform MDC into a modern marketing company.

It's also, like the rest of the agency world, dealing with other threats to its business, from consultancies eating up market share to a growing number of clients cutting agency fees thanks to procurement, as well as the rise of more in-house agency capabilities.

Arguably, MDC is in a weaker place to deal with these issues than most others because it is heavier on creative agencies and lighter on media. But Penn doesn't think it's an issue. "Accenture for such a long time was trying to say creativity was dead, and had to throw in the towel and buy it. Creativity is still the front door to any significant corporate relationship," he says, echoing the refrain that agencies have got to be better at strategic consulting on marketing and business problems. "The consultancies have yet to create a successful link all the way through. Yet."

As for the death of the agency of record, Penn thinks it's for the best. "I worked in project businesses all my life. We never knew what we were doing. That meant continually coming up with ideas for clients," he said. "Our services have to be aligned to solve problems."

There are, after all, only a few kinds of meetings a holding company CEO can have. One is financial -- where is the money being spent, why is it being spent. And the other is more strategic. "I come in as a slightly different kind of CEO," he says. "I've been client-side. I worked in polling, in messaging. I can get into substance. The big difference I've noticed in why I'm getting accepted is I am not just a business guy who is going to be a pain in the neck."

"He's a bit of a contrarian and sees things differently," says Bill Knapp, a D.C. political strategist who has known Penn for 20 years. "He does not accept conventional wisdom. That can be challenging, but it can be good. MDC Partners is going to be different than it is now. That's because he's very innovative. And he likes winning."

Penn is probably up to the task. He is perhaps best known, despite having not working in politics for over a decade, as the top strategist for Bill and Hillary Clinton, the star architect of a polling-meets-strategy concept that helped him serve as pollster and advisor to former President Clinton, after his first term's midterms and leading him to help the president win re-election in 1996, thanks to a key focus on the "soccer mom vote." He also was aide to Hillary Clinton during her senatorial run and her presidential run in 2008. (He's also done plenty of other political work, including, as he mentions during our interview, helping "one presidential campaign in Venezuela, two in Colombia," a Tony Blair prime minister run in the U.K., and, before that, both Ed Koch mayoral campaigns in New York.)

Knapp, who was also a partner in PR firm SKDKnickerbocker, which Penn's Stagwell Group acquired in 2015, recalls that at dinner, Penn used to have two phones, one for Clinton and one for Blair. "The hardest part was knowing which to pick up when both called," he says.

It's a political past that he seemingly embraces, as well as tries to distance himself from.

"The point here is, the truth is 90% of my clients have been nonpolitical for decades. Let's not skip over the fact that I worked at Microsoft, I took them to the Super Bowl, I've worked with them," he said.

That's true: The nonpolitical work has actually bookended Penn's political work. Penn, a Harvard grad who grew up in Riverdale, New York, did his first "poll" at age 13 while he was at the elite Horace Mann school (it proved that the faculty at the school was more liberal than the country). With a keen interest in law, driven mostly by his father's early death when he was 10 and "things that happened after" as well as polling and strategy, he founded what later became polling firm Penn Schoen Berland alongside his business partner Doug Schoen, with early clients including AT&T, Texaco, McDonald's, and the "Wintel alliance" of Microsoft and Intel. The firm was sold to WPP in 2001.

After the political work of the 1990s and 2000s, a long stint at Microsoft saw him begin a PR campaign against Google for Bing that had shades of political oppo advertising, the 2014 Super Bowl ad for the company, and the "Don't get Scroogled" ad campaign.

But it's hard to divorce the man from the politics. It's also easy to see why: Up until very recently, Penn has been a fixture on television news programs, most recently arguing that a president cannot be expected to function and do his job when there's a special counsel investigation into the person holding the highest office in the land -- the same point of view he has with Mueller is one he had in the Clinton days against then-special counsel Ken Starr. (And unsurprisingly, his office has pictures of him with both Clintons; he just spent time the day before our interview with Karl Rove, Neera Tanden, and Jim Messina, he casually says.)

"These days I'm a bit more of a commentator and an observer than in politics," he says. But at the same time, he sees parallels. "A 50-state strategy is not a strategy. If you see a candidate betting on the Midwest, that's a strategy. I believe MDC has to place a couple of big bets that needs to create a strategy. In political campaigns, the message dominated the creative. The creative ideas would never exist on their own without a creative strategy. That is exactly what clients are looking for."

YouTube Wars

When it comes to YouTube, don't sleep on T-Series.

By Shareen Pathak

Felix Kjellberg shouldn't have messed with India.

That's been the one big takeaway for those following -- first with mild interest, then with increasing bemusement -- the Kjellberg v. Indian music label T-Series "war" over the past couple of months. A war that effectively ceased at the end of April when Kjellberg, better known by his YouTube name, PewDiePie, ended the competition to see which channel could get the most number of subscribers.

But the competition, which alternately has been dismissed as another example of how serious YouTube rivalries can get, and upheld as both proof that corporations, not people, are winning on YouTube and the global power of the platform, has also thrust into the global spotlight T-Series -- and the power of YouTube in India.

T-Series began in the early 1980s in India as a cassette tape business founded by Gulshan Kumar. It mostly focused on "devotional" music, particularly Hindu hymns, as well as Bollywood music. In some ways, the company was the first of its kind; devotional music had a huge market, especially among the older set. In the late 1980s, it had its first breakthrough as a real music producer with the launch of music for the movie "Qayamat Se Qayamat Tak," which led to explosive growth of the company as a bonafide music production label.

"India wasn't on the Internet map for a long time," says T-Series president Neeraj Kalyan. The company's first foray into trying to make money digitally was when it began selling ringtones and "calltones" to telecommunication companies. One of those unique-to-the-West phenomenons, mobile phone users in India rarely are satisfied with a plain old boring ringing sound when someone calls them. Instead, callers will hear a chorus or refrain a popular song -- English or Indian -- when they call people. T-Series started selling 30-second cuts of their music to these telcos, then in 2004, started licensing content to aggregators.

In 2009, when YouTube first came to India, T-Series noticed a ton of its videos illegally being uploaded to the site. It obtained an injunction against the platform in 2010, which led to an official partnership with the company. On January 1, 2011, it aired its first video on YouTube.

T-Series today is a mind-boggling presence. Right now, the company runs 29 different channels on YouTube, with 176 million total subscribers. It claims it has 10.9 billion -- with a "B" -- monthly views across that network.

Of course, when it comes to India, the numbers tend to be big: The country itself is the second-most populous one in the world, with 1.7 billion. More than a quarter of the population used a smartphone in 2018, making it the world's second-largest market after China. The number of people who use the internet rose 11% in 2017, and in 2018, the latest period for which numbers are available, it grew 16%, per eMarketer.

What is unique, however, is that in India, YouTube has begun in some ways to equal the Internet. The Google-owned site says that about 250- million Indians will watch YouTube on mobile a month. And while Netflix, Amazon and homegrown sites like HotStar are shaping the video market, none comes close to YouTube.

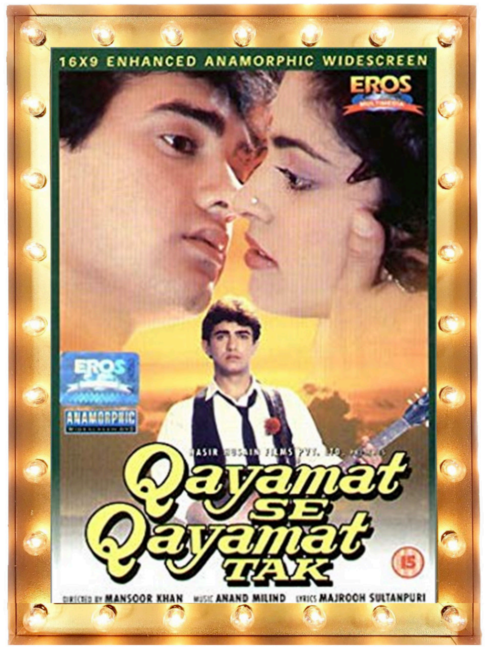
T-Series is a good lens through which to view the market. Music is huge, Bollywood is the world's biggest film industry and the films are song and music-heavy. The four pillar of entertainment in India, as Kalyan puts it, are astrology, Bollywood, cricket and devotional content. "I call it the ABCD of Indian entertainment," Kalyan puts it. Indian consumers listen to music through audio apps like Spotify, or the homegrown Saavn and Gaana. But, as Kalyan says, music is visual -- people prefer to watch it, not just listen to it.

The company's revenue now mostly comes from platforms: YouTube is No. 3, after content licensing to TV channels and Amazon. YouTube, says Kalyan, however is the major tool for content promotion, because of the large user base and global reach. "Our promotion strategy is YouTube first as it gives our content instant reach and allows us to measure consumer acceptance on the go," says Kalyan. The company now also sources talent from YouTube, singers and songwriters who became big on the platform, like New Zealand-based singer Shirley Setia and London-based artist Zack Knight. It has an eight-person team, with people dedicated to channels for different Indian languages. (That's one feature YouTube has also added, with new options on the platform that lets people find videos in languages they pick.)

As for PewDiePie, Kalyan sees the whole thing as just a blip, even though it arguably put T-Series on the map like never before. (The company's head, Bhushan Kumar, turned the competition into a show of patriotism, with a hashtag campaign called #BharatWinsYouTube, urging Indians to subscribe to the channel as it sought to beat Kjellberg).

"We weren't concerned with who is PewDiePie," says Kalyan. "Every day for us is a milestone. We weren't even looking at it. The only time we did is when he put out something offensive that to me wasn't in good taste." Kalyan is referring to a video Kjellberg put out that called out T-Series for trying to dethrone him. "It was a total frenzy," he recalls.

And as for the argument that this was about individual creators versus corporations, Kalyan scoffs. "See, we are a channel, in which every artist who is working with us, they're opening up their channels. They get a platform where they could showcase their talent to hundreds of millions of people in one go. We are offering them a huge platform. We're not talking about a corporation, this is about individual creators."



YouTube's exploding in popularity in India, and a batch of young talent is creating everything from comedy to sketches to motivational talks on the platform. Here's a quick rundown of some of the top YouTubers in the country right now.

All India Bakchod
Number of subscribers: 3.4 million
This sketch comedy group ("Bakchod" means "senseless fucker" in Hindi) had its roots as a podcast. It then expanded into doing skits and short videos aimed at young, urban India, often collaborating with celebrities along the way.

Bhuvan Bam
Number of subscribers: 13 million
Comedian, songwriter and YouTuber Bhuvan Bam is best known for BB Ki Vines, a channel with short videos featuring Bam playing a teenager.

Gaurav Chaudhary, known as Technical Guruji
Number of subscribers: 12.6 million
Dubai-based Chaudhary runs Technical Guruji, which features unboxing videos, reviews and other news about technology -- all in Hindi.

Prajakta Koli, known as Mostly Sane
Number of subscribers: 3.6 million
Koli started her channel in 2015. Mostly a purveyor of situational comedy, Koli is also one of YouTube's official #CreatorsforChange.

Anisha Dixit known as Rickshawali
Number of subscribers: 2 million
Dixit started making videos when she had first arrived in Mumbai, India, to look for work. Her videos are mostly set inside an auto rickshaw -- usually a pink one -- and cover everything from sex ed, feminism and cultural differences.

The Meme Election

With the rise of social media, memes are a mainstream tool for politics.

By Kerry Flynn

South Bend, Indiana Mayor Pete Buttigieg and Dorothy from the "Wizard of Oz" may not seem like they have a lot in common. But to meme fans and supporters of the presidential candidate, it all makes sense, especially if you happen to be part of a Facebook group celebrating "Pete Buttigieg's Dank Meme Stash."

"We all know how this one ends," say the words above the viral image about the candidate, who is depicted as Dorothy, with President Donald Trump as the Wicked Witch of the West. (Buttigieg's dog, Buddy, is Toto.)

Buttigieg is far from the only candidate with a supporter-led "dank" meme stash. The group's creator Rachel, who requested her last name not be used, had launched Facebook groups for memes supporting several candidates including Kamala Harris, Cory Booker and Julian Castro earlier this year. Since February, the 27-year-old has focused her time on the Buttigieg group.

"Social media plays a huge role in political discourse and this is a way to create and distribute lighter content to help people get to know Pete and feel connected about Pete's message. Memeing across generations is a way that we can bridge gaps in culture and understanding," Rachel says.

Memes -- dank or otherwise -- have become a mainstream tool for political campaigning, used by supporters and opponents (and sometimes campaigns themselves) to convey information with humor. Memes aren't new in politics of course. Illustrators have been drawing political cartoons nearly as long as there's been newspapers. But they have garnered more attention in recent years with the rise of social media and as part of Russia's interference in the 2016 U.S. presidential election. Political strategists say they expect memes to be even more prevalent in the 2020 election.

What's a political meme? It depends who you ask. Rachel, the moderator of the Pete Buttigieg's Dank Meme Stash Facebook group, says internet memes typically refer to images but memes can also be a "cultural unit," like a MAGA hat. Her Buttigieg group has a "looser definition" than others she runs due to its broader age range. "The posts contain images I'd call graphics more than memes," she says.

Zac Moffatt, CEO of marketing agency Targeted Victory, likened memes to chain emails of decades past and to the more recent practice of President Donald Trump nicknaming people. "They're a shortcut to a larger point," Moffatt says. "Memes are successful when they repackage information in a lighthearted, shareable way."

Moffatt, who served as digital director for Mitt Romney's 2012 presidential campaign, has experienced backlash from memes firsthand. After a 2012 debate when Romney said, "I love Big Bird," as he was sharing his plan to eliminate federal funding to PBS, memes defending the Sesame Street character flooded Twitter. The Obama campaign later ran a TV ad mocking the comment. "Campaigns from the official side have not wanted to touch [memes] historically. It's like all things in social media, balancing humanizing and diminishing. You're starting to see seismic shift now. There's a mass market appeal," Moffatt says.

Indeed, memes are going to appear whether the candidates want them to, or not, and it's up to the campaigns to decide whether to embrace or shun them. Rob Shepardson, founder partner of marketing agency SS+K who worked on Barack Obama's 2008 and 2012 campaigns, says memes can be used strategically by candidates themselves.

"In politics you want to define yourself, your opponent and what's at stake. If you look at memes through that lens it's just another way to help candidates do that," Shepardson says.

For example, in the 2016 election, Hillary Clinton's campaign briefly embraced memes by using the photo of "Texts from Hillary" as her Twitter photo. (She later removed that after a State Department investigation into the matter.) Bernie Sanders' campaign acknowledged a meme about the candidate when it tweeted, "A vote for Bernie is a vote for #BirdieSanders," after a bird landed on his podium during a speech.

In the 2020 election, most candidates have shied from memes, at least for now. One acknowledgement of the practice has come from Democratic candidate Andrew Yang who, in an interview with

2500

3501

6237

The New York Times, denounced memes about him created by the far-right.

Meanwhile, the incumbent continues to embrace memes. President Trump's official Twitter and Instagram accounts frequently feature memes, such as his use of the "Game of Thrones" font.

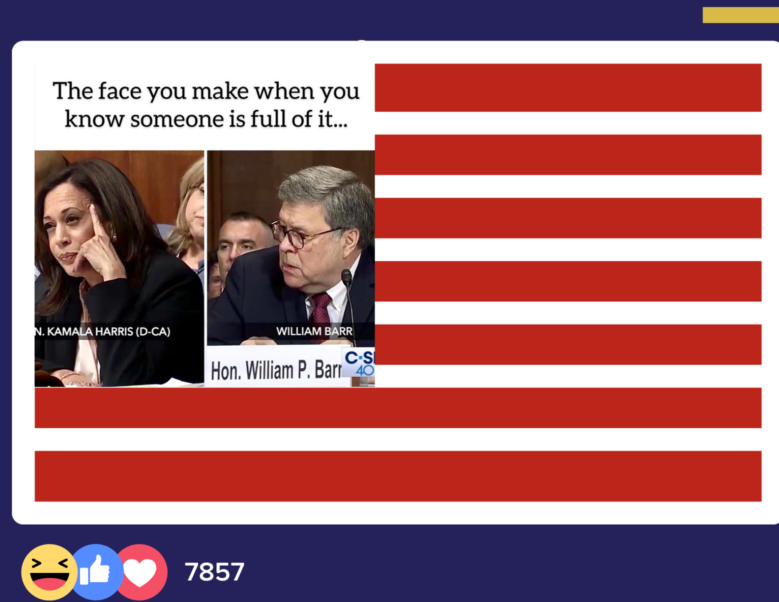
"Trump is a master of [memes]. He understands that people share the headlines without reading substance," says Claudia Cukrov, group strategy director at SS+K. "He understands that people don't care about the details, and he doesn't care about the details either."

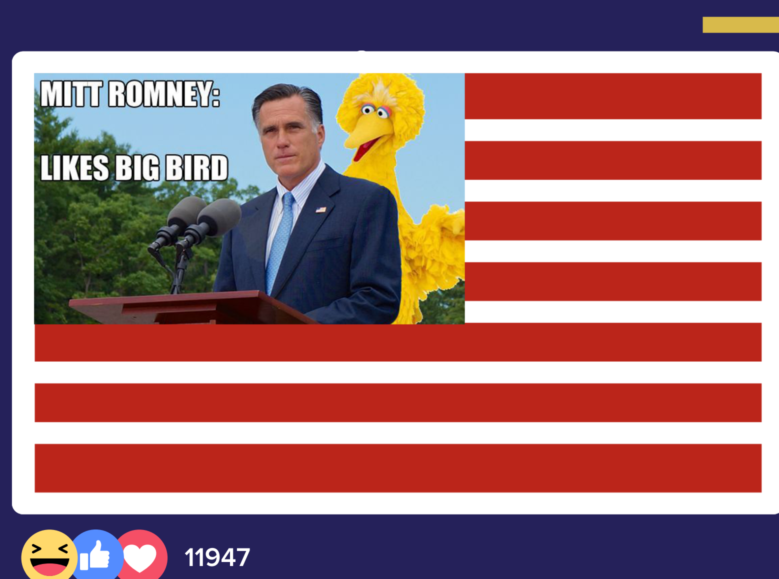
Media outlets also elevate memes when they chose to write about them. While that was common practice prior elections, such as Mashable producing a listicle of Big Bird and Romney memes in 2012, some reporters have begun to become more mindful of meme coverage, says CNN's campaign editor Kyle Blaine.

"I think the novelty of memes have worn off. There was a huge splash of, 'Oh this stuff is so funny,' and there was a hunger of digital-first outlets to capture that internet conversation. That pressure, while still present, is tempered by thinking about how we're covering things a lot more, especially thinking about how we're covering things on the internet," Blaine says.

Nevertheless, political memes persist online, whether or not they get any media coverage. Moses Albo, the CEO and founder of DankMeme.com, helps manage one of the Facebook meme pages supporting Bernie Sanders, which was launched in February 2016 and has nearly 300,000 likes.

"I really do want Bernie Sanders to be our president, and he has the support of the entire Dank Meme network behind him. We got his back, and come 2020 we're ready to flood the internet with the Dankest Bernie Sanders memes in our stash," Albo says.





5 Gen-Z influencers to know

Meet the young social stars shaping the future of fashion and beauty.

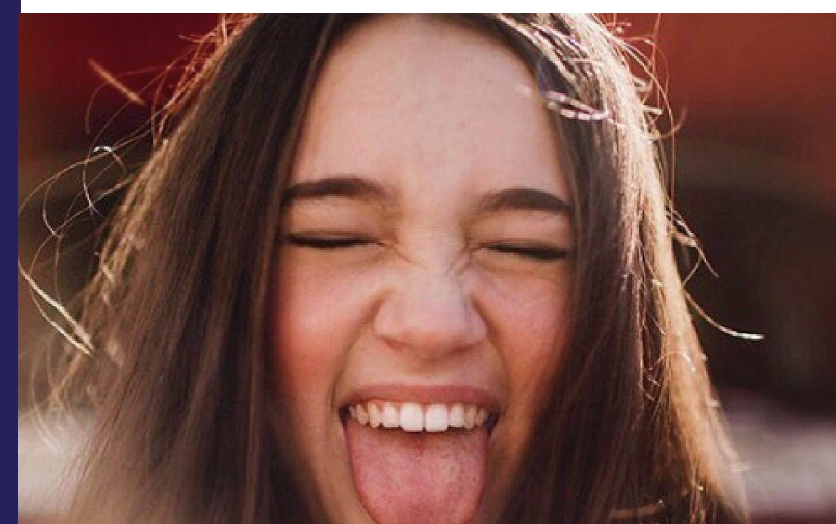
By Jill Manoff

The Jenners and Hadids aren't the only Gen-Zers impacting fashion and beauty. The power of pint-sized influencers continues to rise, as the line between social media and e-commerce blurs. Though unknown by almost everyone over 24 years old, these YouTube and Instagram stars have already garnered attention from brands, making up to $6,000 a day in sponsorships. Here's who you need to know.

Haley Pham

Age: 18
YouTube followers: 2 million
Years on YouTube: 6
Located in: Austin, TX
Choice formats: Before-and-after transformations, vlogs and hauls. "I also throw in the occasional dance video or 'trying something new for a day' experiment format."
On the evolution of influencer world: "It's become a more genuine space. It used to be about making your life seem as perfect as possible. Now there's an emphasis on being relatable."

Haley Pham



Fiona Frills

Fiona Frills

Age: 15
YouTube followers: 855,000
Located in: California
Audience: "Little fashionistas"
Uses of "awesome" in one 15-minute call: 11
Own product line: Frilliance, made up of makeup and makeup tools for "teen-prone" skin
Key to success: "You have to stay focused, and if you're not having fun with what you're doing, you have to adjust. I love shopping and makeup. Those things make me happy, so that's the path I'm following."

Emma Chamberlain

Age: 18
Years on YouTube: 2
YouTube followers: 7.6 million
Located in: Los Angeles, CA
Uses of "fuck" in recent 18-minute video: 34
Video content: Started with DIY tutorials, but now posts videos like" Turning Jojo Siwa into me" and "24 hours without a phone"
Own product line: High Key, a fashion line sold exclusively on the Dote app
Worth: Reportedly $2.5 million, making $6,000 a day from video sponsorships

Emma Chamberlain

Teala Dunn

Age: 22
Followers across YouTube and Instagram: 4.1 million
Located in: Los Angeles
Instagram bio: Ephesians 4:2
YouTube videos dedicated to Coachella 2019: 3
Haters: First Google search results for her name include compilation videos titled “Teala Dunn lying about her hair for 2 minutes straight” and “Teala Dunn being rude for 3 minutes straight”
Collaborations: Launched a line of sunglasses with influencer brand NEM Fashion in September
Brand sponsors: Revolve, Mavlash Extensions, Benefit, Beauty Blender, Garnier
Trips since January: The Maldives, Hawaii, New York, Las Vegas, Miami
Cause: PETA; in April, she teamed with the organization on a video encouraging teens to opt out of dissecting animals in school

Teala Dunn

Summer Mckeen

Summer Mckeen

Age: 20
Followers across YouTube and Instagram: 4.5 million
Located in: Laguna Beach, CA (originally from Oregon)
Budding reality star: Starred in a Snapchat docu-series in late 2018 called “Endless Summer,” which was produced by “Keeping Up With the Kardashians” producer Bunim-Murray Productions and recently renewed for a second season
Influencer backlash: Does not want to be described as an influencer, preferring “creator,” according to her press rep.
Product line: Jewelry engraved with words like “worth,” created with #LuvGems, a company backing fashion lines by YouTube Stars
Brand sponsors: Billabong, Victoria’s Secret, Tresemme, Sephora

Day in the Life: Ezinne Kwubiri

How one woman is trying to help H&M avoid the costly mistakes of the past.

By Danny Parisi

After a winter of scandals, fashion brands like Gucci and Dolce & Gabbana pledged to be less racist, creating new roles for people who could help them avoid costly blunders. Here, Ezinne Kwubiri, the newly appointed head of inclusion and diversity at H&M walks us through some of her typical duties towards making H&M a more inclusive place.

I’m in the office in New York. When I first walk in, I say “good morning” to everyone, and we have meetings to talk about our goals for the week to come. I sit closely with HR and most of these meetings start in the HR department. I try to get a sense of what’s going on in the company and the store, because the stores are open through the weekend. Is there anything to be concerned about there? I meet with the HR team, and also with the marketing and press teams to see if we have any engagements coming up.

Aside from that, I’m usually connecting with someone on the store-level. I like to make myself available to people at the store. If there are issues, people aren’t always comfortable talking about it with their immediate supervisors. I also connect with customer service centers to see if there’s anything we notice on social media that we want to address.

Since the role is brand new we are still kind of figuring out what exactly it looks like each day and where I sit in it all. I work most closely with the HR team. It’s our own umbrella within HR. I look at my job in two ways: external and internal. Where is our talent pool, how do we develop diversity within the company, what are our retention numbers for employees of all different backgrounds: that’s all internal. And from an external perspective, how can share our story and make sure what we are putting out into the world reflects the values of diversity and inclusivity.

Let’s say that as an example we have an employee who is unhappy, they feel they’re being excluded based on

race or something like that. I would meet with them personally to see what’s happening. Depending on what the situation is, a lot of times in my experience, people want to be heard, they want to know that someone is hearing them. I’m a minority myself. I understand. A lot of times, my presence alone is impactful.

If it’s something more serious, I’m not the one who conducts a whole investigation. Someone else would do that. But collectively we would come up with recommendations.

Externally, it’s a similar thing. On social media, for example, we luckily haven’t had anything too crazy happen recently. But we have teams who work on social so they see things that are going on there and they monitor how people are responding to what we do. They’ll inform us if there’s any backlash or people upset there. Then we decide as a team how to respond.

We’ve rolled out traditional unconscious bias training. Because this role is completely new to the organization, I wanted to make sure we all knew what our definition of inclusion and diversity is.

The last thing I do usually is update my calendar. There’s a lot of requests that I get from people wanting to offer us training or some new software company or community organizations that want to partner with us. Usually I touch base with these organizations and see if they can offer us anything useful.

Each day really depends on the week. I know next week we are doing a big HR retreat to talk about recruitment and retention, etc, but last week I was at a diversity panel, externally. Another week I was curating activities for Black History Month. If I had to point to one thing as being an unexpected part of my job, it’s being a mentor to the store staff or them coming to me as someone they can confide in. It’s different than what my previous roles have been. The role is new and hopefully people at the company are starting to feel like their opinions matter more. I’m happy to provide that for them.

Free Streaming

Netflix, Disney and subscription services get all the attention, but the war for free streaming video is no less competitive -- and more wide open.

By Sahil Patel

Roku expects to top $1 billion in revenue for the first time in 2019. But while the company is still best known for selling streaming set-top boxes and USB-sized dongles, two-thirds of Roku's revenue this year is expected to come from the advertising it sells across its platform.

For most of Roku's history, that has meant the 30% of ad space that Roku gets from the TV networks, digital publishers and other video programmers distributing ad-supported apps on its platform. But to meet its own lofty advertising ambitions, Roku has another piece that plays a key role in its advertising strategy: Streaming free movies and TV shows to users through The Roku Channel -- which Roku says is already one of the top five biggest channels based on reach (though Roku doesn't provide specifics).

"The reason we went hard into pure free, ad-supported content was because we were listening to our users, and one of the most important terms that people searched for on our platform was the availability of free content," says Scott Rosenberg, svp and gm of Roku's platform business. "We see an acceleration of free, ad-supported channels on our platform."

A lot of attention -- and justifiably so -- has gone toward Netflix, Disney, WarnerMedia and the future of TV in the context of subscription streaming video. But, as evidenced by Viacom's $340 million cash acquisition of Pluto TV, the investments in new video services from Amazon and Roku, and growing advertiser interest in connected TV environments, TV's future also includes advertising. And the race to own free streaming video is equally competitive -- if not more wide open.

The race is heating up and ambitions are high

In January, Viacom bought Pluto TV, a free video streaming service that programs more than 100 linear channels filled with licensed movies, TV shows and digital video programming, for $340 million. If that does not signal how ambitious Viacom is about the future of free streaming video, the company's COO of ad sales, John Halley, says Viacom expects Pluto TV will make "north of a billion dollars in the medium term" from advertising.

Beyond The Roku Channel, which launched in Sept. 2017, and Pluto TV, Amazon has also made free streaming video a key part of its growing ad business: in January, the commerce giant launched IMDb Freedive, a streaming service delivering licensed movies and TV shows to Fire TV users; soon, it will also launch a free, ad-supported streaming video service for news. Walmart has also gotten into the game with its Vudu service. Other players in this area include Xumo and Tubi, as well as TV manufacturers such as Samsung and Vizio, which are licensing technology from Xumo and others to deliver white-labeled streaming video apps on their smart TVs. TV networks have also jumped into the fray, with CBS leading the way with three free video streaming services spanning news, sports and entertainment news.

These services are also growing. The Roku Channel is a top-five channel on Roku based on reach. Viacom says Pluto TV now has 16 million monthly users, up from 12 million monthly users when Viacom made the purchase in January. CBSN, CBS News' nearly five-year-old streaming news network, now averages more than 1 million video streams per day. Even YouTube is talking up how its users are streaming more than 250 million hours per day through TV sets.

"We are seeing a tremendous growth in smart TV usage of our app," says Christy Tanner, evp and gm of CBS News Digital, adding that viewership from Samsung, Vizio and other smart TV providers has grown by triple-digit percentages year over year. "It's fascinating to watch how quickly that usage has caught on."

Growth in consumption across a greater number of platform and device sources has naturally led to growth in advertiser interest. In fact, earlier this year, Magna Global revised its 2019 forecast for OTT advertising to grow 39% to $3.8 billion. Ad-supported programming is growing faster (in terms of users and overall consumption) than subscriptions on Roku, according to Rosenberg.

"Everyone is growing," says Vincent Letang, evp of global market intelligence for Magna Global.

Subscription video market will soon be maxed out

Ask anyone investing in free video streaming services about why they are going the free route and the answer will be the same: The subscription video market is getting saturated. Netflix, Hulu and Amazon are already well-established, and new services are on the way from Disney, WarnerMedia and NBCUniversal (though NBCU's service will be "free" for those that already pay for existing pay-TV subscribers.)

"How many more [subscriptions] collectively do all of us want to pay for? Nielsen has even reported data that 14% of households are using antennas, versus 10% in 2014," says Halley. "There's a rush to subscription services, but there are indicators that consumers are more value-conscious than they have ever been."

Today, the average U.S. consumer subscribes to three streaming services, according to a March study from Deloitte. Conventional thinking is that most people won't want to subscribe to more than three or four services as "subscription fatigue" sets in. Compound that with the fact that getting people to pay for subscriptions is an incredibly difficult endeavor, there is a reason why platforms and programmers will take a closer look at free streaming video.

"There's a reason why YouTube pulled back from [its original content for YouTube Premium] efforts," says an executive at a major Hollywood film studio. "Subscriptions are tough. That's why you're seeing such a big rise with [ad-supported video]."

Amazon and Roku -- the platforms -- cast a long shadow

The digital advertising market has to contend with Google and Facebook. In ad-supported streaming video, there is the potential that the ad market is controlled by a small number of big players.

Hulu is the current leader with a $1.5 billion annual ad business. Roku's platform business did $416.9 million last year. Amazon, which can ostensibly match video ads to actual purchases, is also aggressively pursuing TV ad dollars -- though its search ad business remains a bigger revenue driver today.

With Amazon and Roku, video programmers and free video streaming services such as Pluto TV and Xumo have to deal with the fact that both companies are both competitors and distributors. IMDb Freedive and The Roku Channel are free streaming services competing for viewer attention and ad dollars; and Roku and Amazon's Fire TV are necessary for any streaming video service to find an audience today. (Amazon says it has 34 million monthly Fire TV users and Roku says it has 29.1 million monthly active users.)

Viacom's Halley says he's not concerned by competition with Amazon and Roku's rival free video streaming services. He acknowledges the competition, but says it's mutually beneficial for both the programmers and the distribution platforms to work together in order to grow usage.

"Here's the thing: this always comes down to the programming," Halley said. "People don't watch distribution. We feel confident about what our lineup is on Pluto -- and I'm sure others will have compelling offerings as well -- but at the end of the day, this business is written on content."

For its part, Roku sees The Roku Channel as an important part of its ad business, but a component of an overall ad strategy, says Rosenberg. The executive declined to say whether The Roku Channel was the most important part of the company's ad sales efforts, but it's clear why the service matters to Roku: it's the place where Roku has full control over the ad experience and collects the greatest share of ad dollars.

Roku plans to continue investing in The Roku Channel. In addition to free movies and TV shows, the service offers more than 20 linear channels from programmers such as ABC News and Newsy. Soon, expect Roku to expand those linear feeds into new evergreen verticals outside of news, Rosenberg says.

"We think there is a big tent," Rosenberg says. "The appetite for free and discounted content is still underserved."

Niche and Easy

Publishers looking to diversify can follow the leads of these specialized media companies.

By Max Willens

Publishers trying to figure out how they are going to diversify revenue would do well to look at the smaller, niche publishers that had to diversify years ago.

These examples, who serve a mixture of business- and consumer-facing audiences, attack the problem from different angles, but they have all figured out how to thrive in a digital media ecosystem that pessimists say is inhospitable for everybody.

Taunton Press

An enthusiast publisher serving hobbyists interested in crafts including woodworking, homebuilding, cooking, gardening and sewing. Most of Taunton's individual titles reach small numbers of people -- Threads.com, the digital presence for its sewing magazine, averages 250,000 unique users per month -- but each boasts a wide and healthy variety of revenue streams, which Taunton's sales teams are comfortable threading together; Fine Cooking, Taunton's magazine for home cooks, has won MPA awards for best advertising program two years in a row.
Founded: 1975, by husband/wife duo Paul and Jan Roman
Funding: None
Revenue streams: Print and digital advertising, newsstand sales, book sales, digital and print subscription revenue, podcast advertising, TV show production, event tickets and sponsorships
Sample headline: "Uncommonly sharp: How to sharpen 13 tools that don't fit in your honing guide"

Hodinkee

A magazine for watch obsessives, by watch obsessives, Hodinkee has embedded itself in the firmament of the luxury watch market. While Hodinkee earns some revenue from digital and print advertising, it earns a major share of its revenue from e-commerce, not just by securing exclusive items from watch manufacturers but by collaborating with watchmakers on limited edition products, which can cost hundreds, or thousands of dollars. It has moved even further into ecommerce lately, developing seasonal buying guides and even designing a quiz designed to help new customers figure out what kind of watch they should buy.
Founded: 2008, by Benjamin Clymer
Funding: $5 million in 2017
Revenue streams: Ecommerce, brand licensing, print circulation, print advertising revenue, digital advertising revenue, branded content, podcast advertising
Sample headline: "Auction report: Jones & Horan to sell Howard Davis & Dennison No. 3 pocketwatch"

Skift

A B2B-focused site aimed at the travel industry, Skift earns most of its revenue from conferences, such as the Skift Travel Forum, and branded content sponsorships. But it has been diversifying its revenue streams steadily through a mixture of product development and acquisition; it purchased a newsletter about the airline industry in 2018, for example, and in 2019 Skift launched its first awards program.
Founded: 2012, by Rafat Ali
Funding: $1.1 million over two rounds
Revenue streams: Conference ticket sales and sponsorships; branded content sponsorships; research subscriptions; premium newsletter subscriptions and advertising; awards show; podcast advertising
Sample headline: "Why the obsession over hotel logos?"

Capitol Forum

A seven year-old startup that dives deep into the minutiae of antitrust and competition activity as well as mergers and acquisitions in both Capitol Hill and Brussels. The content, which is entirely paywalled aside from some sample articles hosted on Capitol Forum's homepage, is intended for institutional investors, law firms, policymakers and think tanks, and is produced by staffers with legal training; many of the Capitol Forum's reporters have served as either lawyers or law clerks. The Capitol Forum also hosts quarterly events. Subscription prices, which are typically sold in enterprise deals, can vary, though they typically carry a price tag in the mid-five figures.
Founded: 2012, by Teddy Downey
Funding: No outside investment
Revenue streams: Pricey subscriptions
Sample headline: "Praxair/Linde AG: On-Site, Merchant, Issues Drive Antitrust Risk"

IndustryDive

A portfolio of 16 niche B2B titles, Industry Dive covers deeply unsexy industries like recycling and solid waste management. The industries Industry Dive coves are not big, they are stable, and coverage of their goings-on is limited enough that the audiences Industry Dive offers its advertisers have not been commoditized. Founder Sean Griffey said Industry Dive makes money when it helps site sponsors have productive conversations within their space.
Founded: 2012, by Sean Griffey
Funding: A $500,000 angel investment
Revenue streams: Site, newsletter, sponsorships
Sample headline: "Delays mount at Denver airport over concrete concerns"

Food52

Food might seem like too broad a category for this list, but Food52 has spent years building and developing content and products specifically for its audience of home cooks. Food52 now earns a majority of its revenue from commerce, and it continues to diversify into a growing array of home goods, ranging from cutting boards to dryer balls. It produced a dessert cookbook last year that featured recipes offered up by its own readers. More recently, it began expanding into video series and launched its own cooking channel on the ad-supported video platform XumoTV.
Founded: 2011, by Amanda Hesser and Merrill Stubbs
Funding: $13 million over four rounds
Revenue streams: E-commerce, branded content, video advertising, digital advertising, events
Sample headline: "The world's best shortbread is no longer sold -- but we got the recipe"

FiscalNote

After acquiring the DC insider publications CQ Roll Call for $180 million last summer, FiscalNote folded the two publications into a suite of products aimed at lobbyists, multinational corporations and law firms, which includes a legislation tracker that keeps subscribers abreast of changes made to bills making their way through Congress and a white-labeled app builder that allows advocacy groups to distribute calls to action and messaging to stakeholders more efficiently.
Founded: 2013, by Timothy Hwang, Gerald Yao and Jonathan Chen
Funding: $50 million over four rounds
Revenue streams: Digital advertising, digital content subscriptions, services subscriptions
Sample headline: "Abortion-rights groups lay out 2020 races they plan to target"

M. Shanken Communications

The home of booze bibles Wine Spectator and Whisky Advocate, as well as Cigar Aficionado, M. Shanken founder Marvin Shanken earned his recent MPA lifetime achievement award by building a media company that catered to both B2B and BC2 audiences. In recent years, M. Shanken has pressed on both sides. On the B2B side, M. Shanken announced in February that it would launch a daily newsletter focus exclusively on cannabis's move into the food and spirits industries. On the B2C side, it continues to expand its events business with its WhiskyFests, and a freemium mobile app that offers subscribers access to a library of Wine Spectator reviews, has been downloaded over 2 million times.
Founded: 1972, by Marvin Shanken
Funding: No outside investment
Revenue streams: Event sponsorship and ticket revenue, digital and print subscriptions, digital and print advertising, paid app downloads
Sample headline: "The best whiskies for grilling season"

Push It

Push notifications have escaped the lock screen and become a platform unto themselves

By Max Willens

Anybody who thinks that push notifications have run out of control should get comfortable.

The next time you need to get caught up on royal baby news, or Trump tweets, or summer fashion trends, or low calorie recipe ideas, don't bother going to a social platform or a website. You probably don't need to go any further than your phone's lock screen.

After years of approaching pushes with caution, many publishers appear to have realized that they can go nuts with them, with many now taking those strategies past their audience's phones.

The average publisher with a mobile app now sends over 118 push notifications per month, a 41 percent increase year over year and a world beyond the 37 push monthly average among U.S. apps, according to Airship data.

"Publishers are definitely leaning in because they're not experiencing blowback," says Mike Herrick, chief technology officer of Airship, a market-leading push vendor that sends nearly 90 billion pushes per month.

But that sharp spike is the tip of an iceberg. Desktop pushes, also called web notifications, have become a craze of their own, with over 100,000 news sites now using tools such as One Signal to get in front of readers at work. Many publishers are also embracing third-party platforms such as Apple News and even older methods such as emails and text messages to send shorter, faster messages that keep them at the top of readers' minds. "It's definitely moved beyond the in box," Herrick says.

The technology has even matured enough that third parties including Outbrain, Taboola and PowerInbox have launched products that turn publisher pushes into ad inventory.
The metrics around push notifications

still aren't as clean as publishers would like, and publishers still have trouble mapping out the right balance between engagement, traffic and marketing. But the one clear message publishers have gotten is that pushing works, and so they will continue to do it.

"We haven't formalized anything around, 'This is what the cadence should be,'" says Michael Liss, vp of product at The New York Post, which sends push-style notifications to its readers using its mobile app, Apple News, web and email. "My attitude is that we would rather send one [mobile] push that maybe we didn't need to send than not send three or four that we could have."

Less "knocking on doors"

It can take time for an industry to figure out all the possible uses of a technology, and several years ago, publishers all used mobile pushes the same way. Though the volume of pushes sent might differ, publishers mostly saw mobile push notifications as a way to share breaking news with one's readers, or "knocking on doors when something happens," as Marcus Mabry, senior director of mobile programming at CNN, puts it.

"We all used to have the same strategy," Mabry says.

Publishers with commerce strategies still find that strategy quite useful. For example, New York Magazine uses desktop push notifications to automatically distribute every post about sales published on its shopping vertical, the Strategist. Sales content represents about 15 percent of the Strategist's content.

Those pushes reach a small audience – only about 21,000 readers are subscribed to them -- and New York's analytics team can't yet follow a reader from a click on a push to a transaction on Amazon or other affiliate commerce partners. But they drive enough traffic – in the beginning, pushes got a click-through rate of 7 percent – and the results are encouraging enough that the Strategist plans to start pushing out content about in-demand items later this year. But on the whole, publishers' are now thinking beyond referral traffic. Thanks to the maturation of the technology and consumers getting more used to push notifications, publishers will now treat push notifications as a way to stay engaged with their audiences and differentiate themselves from competitors, according to research published in December 2018 by the Columbia Journalism Review.

Sometimes that means pushing something that a user may not have to click on, or leave their lock screen to see. "When you see multiple pushes for the same story, it's fascinating to see who included what detail," Liss says.

More hunting for "additive audiences"
As the concept of the push has matured, the format has spread beyond publishers' mobile apps too.

The rise of Apple News, for example, has given publishers a new audience of 90 million monthly active users to target, often using a strategy very different from the one used on their mobile app users. The New York Times, which refused to become one of the daily news providers in Apple News+, said it pushes through Apple News with the hope of turning new readers into newsletter subscribers.

Web notifications fall into a similar category. Designed to catch a fly-by reader visiting from Facebook or another third-party platform, web pushes can help familiarize a less engaged reader with the breadth of content a publisher produces, Mabry says.

A valuable signal

Figuring out what to put where is more art than science. CNN uses the performance of mobile push notifications to inform how to approach pushes on other platforms, Mabry said. A mobile app push that gets strong engagement might compel the mobile programming team to do a newsletter-style push to a different pocket of CNN's audience, or affect where it's placed on CNN's homepage.

Other publishers are experimenting with sending different snippets of information across multiple channels. The New York Post will sometimes send the same push via email, Apple News and its mobile app. Other times it will send different pieces of information across all three. "So much of it is gut instinct," Liss says.

As push continues to grow, several vendors are hoping to help shoehorn ads into the experience. In the past year, Outbrain, Taboola and the email service provider PowerInbox have all introduced products that allow publishers to send ads as web pushes.

Those aren't always allowed. Browsers including Chrome and Firefox do not permit sites to distribute actual advertisements with notifications. But a publisher that wants to use pushes to distribute branded content, for example, or links to other content are able to. Outbrain considers the pushes impressions.

Those products have yet to gain major traction among publishers. "I just think this is a sticky, valuable audience," Liss says. "I would be worried about jeopardizing that."

But as publishers continue to look for the limits of this medium, eventually someone is going to push it.


DIGIDAY
SPRING 2019
EBITDA
The Legend of Profitable Publishers
DIGIDAY+
Access unlimited content, exclusive features and more with Digiday+ membership.
digiday.com/subscribe

Ricky+

Ricky Strauss may be in charge of content and marketing for Disney+. But it's not about him.

By Tim Peterson

As president of content and marketing for The Walt Disney Company's upcoming streaming video service Disney+, Ricky Strauss has a lot riding on him.

The $7-a-month subscription service, which will launch on November 12, is widely considered a cornerstone of the company's future. The company has already said it will forego $150 million in licensing revenue in its current fiscal year in order to ensure the service has a robust library to entice subscribers, and its CEO Bob Iger has said streaming is the company's "highest priority."

But Strauss is used to pressure.

In his previous post as president of marketing for The Walt Disney Studios since 2012, Strauss was charged with delivering an audience of millions for movies, such as the latest Star Wars saga and the Marvel Cinematic Universe, that Disney spent hundreds of millions of dollars on and expected to reap billions in return.

However, the stakes are much higher for Strauss at Disney+. To make good on Disney's multibillion-dollar bet, Strauss will need to muster his 31 years of experience in entertainment and marketing, and his reputation for inspiring collaboration in an industry so often driven by ego.

A natural fit

People who have worked with Strauss or followed his career see someone uniquely suited to the role. Strauss admits the fit. "It felt like a natural extension of what I had been doing, not only at Disney but beyond that," he says.

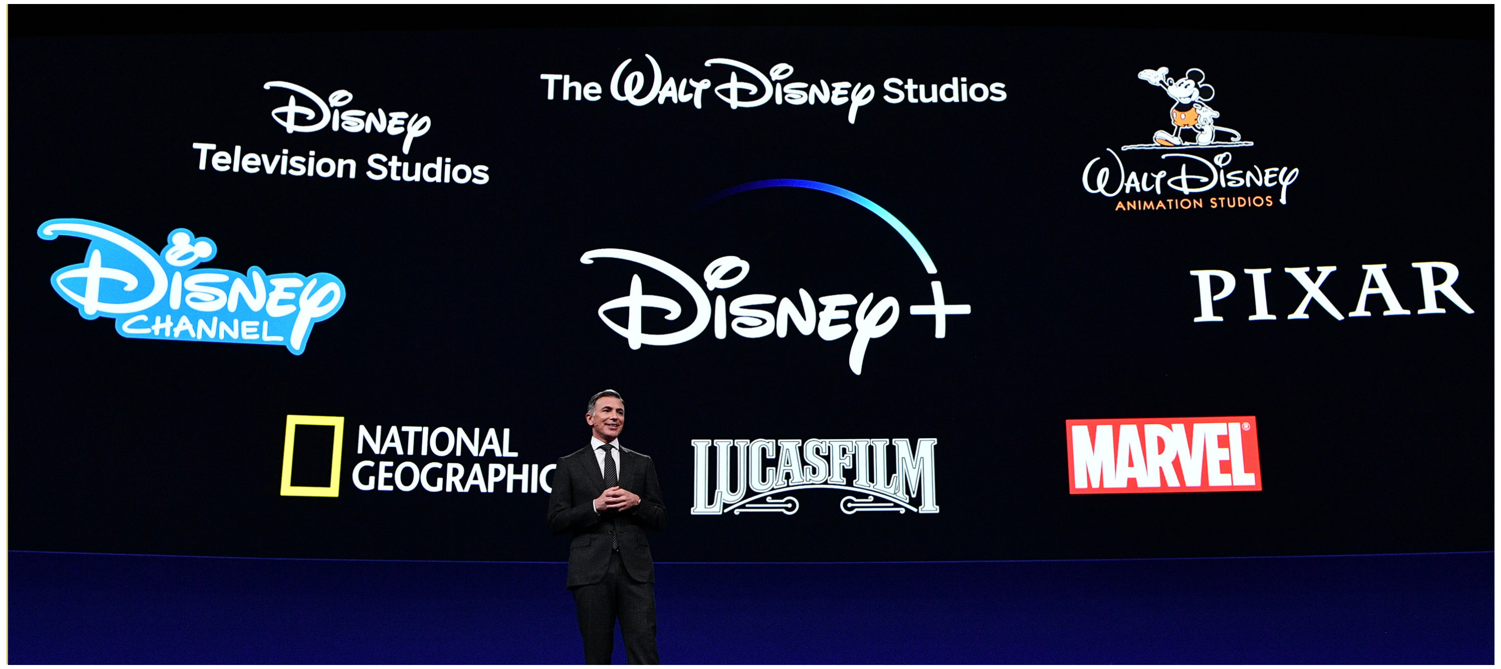
Before Strauss joined Disney in January 2012, he served as president of Participant Media where he worked on films such as Oscar winners "The Help" and "An Inconvenient Truth." Prior to his tenure at Participant, Strauss had worked at Sony Pictures and Columbia Pictures, where he got his start in June 1988, two weeks after graduating cum laude from the University of Vermont.

"His experience at Disney in traditional marketing and his experience at Participant in content creation and talent acquisition sets him up perfectly," says Jim Berk, the former CEO of Participant Media during Strauss's tenure.

Strauss's background helps to explain why Disney made the unique move of tapping Strauss for a dual role as president of content and marketing. Typically a company would separate the position to have separate execs overseeing content and marketing. But Eunice Shin, partner at brand and marketing consultancy Prophet, sees Disney's decision to combine the roles as savvy.

"Disney is thinking about the customer and what content is marketable and focusing content decisions on that rather than having a completely separate content creative who's not necessarily responsible for selling the product," Shin says.

Strauss's experience will be crucial in helping Disney+ to stand out amid an ever-crowded streaming market. In



Ricky Strauss

addition to existing services like Netflix, Amazon Prime and Hulu, Apple, AT&T's WarnerMedia, Comcast's NBCUniversal plan to debut their own streaming services in the next year. "It's a war of the giants, and it's not a sure bet that Disney+ will break out," says Peter Csathy, founder of media advisory firm Creatv Media.

Disney+'s chances of attracting 60 to 90 million subscribers by 2024, as Disney CFO Christine McCarthy has forecast, will largely rely on the service's content and its ability to promote that content. "For a big service like this, content is going to be the main driver for subscriptions," says Josh Boaz, managing director and co-founder of digital agency Direct Agents.

Fortunately, Disney+ has an exec in Strauss with experience marketing some of the biggest content on the planet. Some may argue that it cannot be all that hard to market a sure-to-be blockbuster like "Black Panther." But that would be unfair. "If you look at the tides hitting the entertainment industry, nothing is easy," says Shin.

Strauss understands the challenge facing Disney+. Shortly after taking the job in June 2018, he met with Twitter executives to begin mapping out the service's marketing plan, says Jennifer Prince, Twitter's managing director of global media and entertainment. Since then, Disney+'s marketing team has sat down with Twitter more than a dozen times, conducting brand workshops, mapping out subscriber acquisition strategies and discussing how to incorporate the talent from Disney+'s original programming into its marketing.

A partnership mentality

The Disney+ team's work with Twitter is an example of what Prince describes as Strauss's "deep partnership mentality." Another example is the "all hands on deck" approach that The Walt Disney Company has taken to supporting Disney+. "We have the entire company, from a marketing and synergy standpoint as well as a content creation standpoint, getting behind it because we all know there's a lot of expectation for the product," says Strauss.

To be clear, Strauss is not the only one in charge of content and marketing at Disney+. He is working closely with Michael Paull, who is president of Disney Streaming Services and responsible the service's product as well as customer acquisition and lifecycle marketing. And working directly under Strauss are svp of content Agnes Chu and evp of marketing and operations Joe Earley. "I've never felt that this is a solitary exercise," says Strauss.

A personal touch

Strauss is not known to be a solitary executive. He doesn't micromanage or get territorial about his work, says Berk. "He inspires loyalty," says Susan Taylor, president of OMD Entertainment, the media agency that Strauss hired in his previous position and continues to work with at Disney+. By the end of this year, it will have a presence on over-the-top streaming services too.

Strauss credits his parents for instilling in him an appreciation of others, which is reflected in the handwritten thank-you cards he likes to send. "If I see him at an event, he'll notice if my hair is different," says Prince.

That personal touch will serve Strauss well at Disney+ where he will need to inspire sustained support across The Walt Disney Company in order to take full advantage of the House of Mouse's unparalleled content-and-marketing machine. Odds are he'll be able to. "Ricky never made it about him," says Berk. "He just put his head down and did the work."

"If I see him at an event, he'll notice if my hair is different."

Hulu's Moonshot

Hulu plans to produce more than 40 original movies and TV shows this year. It's also aggressively chasing subscribers. That means spending 'a lot' on marketing.

By Sahil Patel

Hulu's marketing chief Kelly Campbell has a big task ahead of her: As the streaming world gets more crowded, Hulu needs to stand out and remain relevant as a brand and streaming service. That means a big marketing war chest and backing from a new parent company that's obsessed with winning in streaming video.

Hulu is pushing forward with a big brand marketing campaign. Why?
When I joined Hulu [in July 2017], the top priority was to invigorate the brand. We have been focused on breaking through to consumers.

And turning them into subscribers.
100%.

It's been a big year for Hulu on that front -- the service has added more than 10 million subscribers since the start of 2018 -- how much has marketing played a role in getting subscribers?
Marketing has played a big role, but it can't do it alone. If you look at Hulu, Hulu is a product, a customer experience, content and a service -- it's all intertwined. The efforts to invigorate our brand from a marketing perspective has helped both externally and internally.

The big brand campaigns have certainly resonated. If you look at things like us launching our doc "Fyre Fraud" five days before Netflix, that sparked a tremendous amount of buzz. This past February, we debuted the trailer for "Handmaid's Tale" season three during the Super Bowl. It referenced Reagan's "Morning in America" commercial. That was not an easy or straightforward decision, but it worked and we are going to continue activating in these ways.

Streaming video is a crowded field and is about to get even more competitive with new services coming from Disney, WarnerMedia, others. How does Hulu plan to stick out and message that it's different and indispensable to consumers?
Competition is certainly alive and kicking in our space -- and it's great because it spurs innovation and keeps us all on our toes. But there can be confusion for consumers. What we're aiming to do is consistently make it clear that Hulu brings a better TV

opportunity to consumers. That means bringing attention to what makes Hulu different, which is that we offer the most choice and control when it comes to streaming TV live and on-demand, with or without ads. We also have premium add-ons with HBO, Showtime, Cinemax. And unlike cable or broadcast and some other streaming players in our space, you can easily move between these plans with Hulu. If you love football, you can sign up for Hulu Live TV during the season and go back to the on-demand option in the off-season. We don't mind; we're telling consumers that this is a better way to watch TV. We need to make sure we break through in this crowded ecosystem and this is how we can create that direct connection.

Hulu's ad business is big -- $1.5 billion in revenue in 2018 -- but recent comments from Hulu's CEO indicated that Hulu will emphasize the ad-free option more to customers. How so?
It goes back to providing customers with choice and control -- and our Hulu no-ads plan is an example of that. We want customers to know that there is a choice and that's what makes Hulu better. We already have a campaign out in the market now with that messaging. I think we will continue to emphasize that choice, but as part of that also talk about live and on-demand, ads and no ads. [The ad-free option] is going to continue to be a part of our story, but I don't see it being the whole story.

In marketing a subscription service, how do you balance brand with performance?
It's not one or the other. There's a tendency to ask how to invest brand dollars versus performance dollars; I have one team looking after all of that. I want them to be looking at all of these channels holistically and optimizing constantly.

How much of your marketing is done in-house versus working with outside creative and media agencies?
This year we are on track to launch more than 40 original shows and films. Each of those projects has its own brand presence, and in many cases, its own campaign. We have that in-house in terms of both creative and media but we also have a creative agency of record and a media agency of record. Our plan is to continue down that path because there are benefits to having outside agencies having a perspective that doesn't come with the baggage that you get when you've worked on a brand for a long time.

How much are you spending on marketing this year? Because it sounds like a lot.
A lot.

Are you gonna give me a [dollar] number?
Nope.

Eyes on Deutschland

When it comes to regulation, the U.S. is finally catching up to Germany.

By Steven Perlberg

In April, as part of Mark Zuckerberg's global apology tour, the Facebook chief executive stopped in a country that has long been ground zero for technology skepticism -- Germany.

Zuckerberg landed in Berlin under immense pressure after a 2018 marked by mishaps and mea culpas at his company, from privacy blunders to misinformation mishandling to user data-sharing scandals. With politicians and regulators in Europe bearing down, the Facebook chief met with another media titan, Mathias Döpfner, the CEO of the continent's largest publisher, Axel Springer.

But if Zuckerberg was hoping for a gentle public relations boost about "the role quality journalism plays in building informed communities," Döpfner offered something else during their live-streamed conversation: a polite interrogation.

"I think the more you start to curate, and to select, and to make choices, the more you automatically, and even involuntarily, transform into a publication house," Döpfner told Zuckerberg. "And then, honestly, you're just too big. Sooner or later, you will be split up by regulators because they will say there cannot be so much dominance in one company that makes the decisions globally [of] who reads what."

Döpfner's direct commentary quickly richoted around the U.S. media world, highlighting a growing phenomenon in the industry: Everyone is looking to Europe.

After years of Europeans leading the way, the regulatory tides in the U.S. seem to be finally turning against the tech giants, and Döpfner's analysis out of Berlin rings similar to a growing American sentiment about the future of Facebook and Google. Democratic 2020 hopefuls are calling for platform regulation. In April, Facebook announced it expects to be fined up to $5 billion by the Federal Trade Commission over privacy issues. The state of California passed a sweeping data privacy law that could provide a model for other states or national legislation.

Even Facebook's biggest domestic beneficiaries are sounding the alarm; co-founder Chris Hughes recently wrote in the New York Times that "it is time to break up" the social giant. Over the past few years -- primarily since the 2016 election -- the U.S. tech conversation among consumers, politicians, and certainly media executives has shifted from regarding the platforms as darling innovators to thinking of them as dangerous forces that might be best regulated as public utilities -- a transition more in line with the long-held European view.

Now tech-wary Europeans, and specifically those in the German media scene -- where privacy and data have long functioned as central discussions -- are observing with a degree of bemusement. For years, publishers here studied their media contemporaries in the US for cues on how to deal with the platforms -- now they're experiencing a little of the reverse.

"There were so many special programs for publishers like the New York Times, the Washington Post, and BuzzFeed. A traditional German news outlet would say, 'How about us?'" says Martin Fehrensen, a German journalist who writes a tech and politics newsletter called the Social Media Watchblog. "Now we have this regulatory framework, and all of a sudden the US is looking to Europe and looking to Germany and people like [Federal Minister of Justice] Katarina Barley who is going to be challenging the tech companies. It feels a little bit awkward that Europe seems to be setting the tone."

That tone-setting was firmly entrenched thanks in large part to the General Data Protection Regulation, or GDPR, the European data privacy laws that went into effect a year ago. Ostensibly meant to weaken Google and Facebook, GDPR has sparked a series of challenges for media players, tech companies, and advertising agencies, and if anything has highlighted, more than hindered, the relative power of the platforms. Despite the myriad adoption challenges, regulators in Europe have indicated that they are just getting started -- and Germany in particular has been on the front lines.

In February, after a long investigation into Facebook's practices, Germany's regulator ordered the company to not combine user data from Instagram, WhatsApp, and Facebook without user consent. The office gave Facebook 12 months to get its policies in order.

"The German cartel office's decision against in Facebook I think is one of the most underappreciated and precedent-setting moves," says Jason Kint, the CEO of U.S. publisher trade association Digital Content Next. "It's privacy and data related, but it's from the cartel office, so it recognized there is this intersection between data and competition policy."

There is a feeling among some media types in Germany that the rest of the world is catching up to their kind of tech incredulity.

"We're convinced that we need sector specific regulation of those platforms in order to ensure equal treatment, data access obligations and transparency of algorithms, editorial responsibility and the protection of intellectual property," says Dietrich von Klaeden, svp, Public Affairs at Axel Springer and a leading voice in the German media scene when it comes to Facebook and Google. "That is why, together with further partners, we have been starting our work for a copyright reform 10 years ago. Germany and Spain were the first states in Europe which created a legal framework to safeguard diversity and freedom of news coverage. In the years after that, more and more people, companies and countries have acknowledged: It is about the future of digital journalism -- and have joined us."

"Germany was ahead of the curve when it comes to skepticism of the digital conglomerates," notes Carsten Knop, the editor-in-chief for digital products at the Frankfurter Allgemeine Zeitung, a major German newspaper.

The German government has sought to demonstrate how flexing regulatory muscles can generate impact. In 2018, the German Network Enforcement Act -- known as NetzDG -- became law, requiring social media companies to scrub hate space from their platforms within 24 hours. The punishment for not doing so can hit tens of millions of euros, not an insignificant price even for tech behemoths. The law has sparked heated debate, with critics saying it is too forceful and impractical. According to a U.K. government committee report about disinformation released last year, the law is, at least, forcing Facebook's hand. The committee learned than one in six of Facebook's content moderators work in Germany.

For Axel Springer and Döpfner, it has been a long war against the platforms. In a 2014 open letter to Google, Döpfner railed against the company, noting a "schizophrenic" relationship. As Springer fought an antitrust lawsuit against the search giant, the publisher also relied heavily on Google as a business driver. Döpfner's letter was aptly headlined, "Why we fear Google." Ultimately, with a cohort of German publishers demanding licensing fees from Google, Springer ran an experiment to restrict snippets of its content from Google News. The publisher's traffic from Google search results and Google News fell by 40% and 80%, respectively, and Springer relented so as to not "[shoot] ourselves out of the market," Döpfner said at the time.

"We have worked closely with publishers in Germany for around 15 years on everything, from joint business plans to building technologies together like AMP and Subscribe with Google, from News Lab trainings to being involved in driving innovation in the news ecosystem via the Digital News Initiative (DNI) and now the Google News Initiative (GNI)," said Berlin-based Google spokesperson Ralf Bremer.

At a time when many US publishers were still looking at Facebook and Google with wide-eyed opportunistic enthusiasm, the 2014 episode marked a clear example of Google's all-encompassing clout -- and also highlighted the deep tech frustrations in European countries like Germany, but also Spain and France, where publishers have also fought aggressively with the platforms.

Germany, for its part, has long held the reputation for being particularly tech skeptical -- a deeply rooted sentiment in a country where the legacy of the Nazi Gestapo and the surveillance-obsessed East German regime still resonates.

"Twice already in our later history in the last 60 or 70 years we have seen how important privacy is," says Sebastian Matthes, deputy editor-in-chief and head of digital at Handelsblatt, a German business publication.

Some media executives in Germany say that, while there has been a long history of scraps with Google, that relationship has more or less stabilized. They have, however, more recently soured on Facebook.

"In the last few years it wasn't very clear for us how Facebook is handling topics like journalism quality and how they are changing their algorithm," says one executive at a major German newspaper. "We didn't have the feeling that we are seriously involved or really know valid things about Facebook's strategy on this topic." "In Germany, Facebook has cultivated strong, collaborative relationships with publishers for a long time," a Facebook spokesperson said in a statement. "This is reflected in our joint initiatives and projects: We launched the Facebook Journalism Project to collaborate with the news industry in support of an informed community. Since 2018 we are financing the Digital Journalism Fellowship, a free training program for digital journalism in cooperation with the Hamburg Media School. In April 2019, we announced the start of the Local News Subscriptions Accelerators - funded with €2 million ($2.2 million), the program supports local publishers in Germany in the further development of digital payment models."

Meanwhile, the European legal push has continued. Last month, an Axel Springer majority-owned price comparison service sued Google, claiming the search giant made it harder to find its links in favor of its own similar offering. That suit comes as European media players feel more empowered to seek damages from Google in the wake of three huge successive fines levied by the EU in recent years -- a €2.4 billion ($2.7 billion) penalty in 2017 over search results; a €4.3 billion ($4.8 billion) last year related to mobile dominance; and another €1.5 billion ($1.7 billion) this year over Google's AdSense business.

Europeans are also taking a keen interest in the attention coming their way from major US voices, like when Apple CEO Tim Cook praised European-style regulation in an interview and called GDPR as a "step in the right direction."

Those feelings are provoking a fair degree of hope and excitement in Europe. "I think the officials from the European Union are almost gleeful that the U.S. is at least thinking about copying a lot of their own copyright and privacy policies," Knop says.

Wounded Unicorn

Two years after going public, meal kit delivery startup Blue Apron is circling the drain.

By Hilary Milnes

Blue Apron has a new CEO. She has a big task ahead of her.

Linda Kozlowski is heading up Blue Apron, which is a shell of what it used to be. The meal-in-a-box subscription company broke new ground for the way people shopped for groceries. Launched in 2012, it inspired a crowd of competitors, including HelloFresh, Purple Carrot, Plated, Freshly, Home Chef and Green Chef, all of which deliver recipes and pre-measured ingredients to customers' doors. The pitch: Save time, mental energy and effort, while still cooking for yourself at home.

Today, Blue Apron is more a cautionary tale than a next-generation retail success story.

When it went public in 2017, Blue Apron's share prices were cut to $10 a piece, below the estimated $17, which landed the company a $1.9 billion valuation. After raising $200 million in venture capital, Blue Apron was valued at $3 billion before it hit the stock market. In two years, Blue Apron has only lost more footing as a consumer startup success story: The company has cycled through two CEOs, most recently hiring Kozlowski as its third in the post in April. At the end of May, it moved to pursue plans for a reverse stock split, hoping to salvage its standing on the stock market after share prices fell below $1 at the end of 2018. In the first quarter of 2019, its subscriber count had fallen to little more than half of what it had been at the same time in 2017: 550,000, compared to 1 million.

What had apparently been working in Blue Apron's favor -- $200 million in venture capital and first-mover advantage -- ultimately worked against it, as it became evident that going public was a strategic move not for the business itself, but for its investors who were looking for a payout. And the unproven business model turned some potential stockholders skittish when Amazon made a $13.7 billion investment in the grocery category with the purchase of Whole Foods, which took place right before Blue Apron's IPO.

Blue Apron's rise and fall has become a cautionary tale to other billion-dollar-valued consumer startup unicorns: Profitability may not matter to venture capitalists, but a lack of it can sink a business that's beholden to stockholders scrutinizing quarter-by-quarter performance. And reliance on expensive digital marketing tactics can come back to bite when 70% of acquired customers only yielded .2x return on spend, which the company reported in its earnings at the end of the first quarter of 2019.

Now, Blue Apron is laying out a comeback strategy. With Kozlowski, who helped bring both Etsy and Evernote to profitability as COO at both companies, settling in as CEO, Blue Apron is facing a critical turning point, during which it has to salvage its (considerably shrunken) business. If it does, its strategy will serve as a recipe for other consumer startups to follow as they look to get into a more fit shape for a public listing.

1. Overhaul the marketing strategy

Blue Apron considerably cut its losses by reducing its marketing spend: In its most recent quarter, it lost $5 million, a decrease from the quarter prior, in which it lost $23 million. And it's a sharp reduction from the losses it saw in the first quarter of 2017, its first as a public company, in which it lost $53 million. Its marketing budget is now $14 million per quarter, or 10% of revenue, as the company's pulled back and looked to be less reliant on digital channels, which accounted for 78% of spend in the first quarter of 2019.

To make its marketing strategy more efficient, Blue Apron is modeling the customer demographic it plans to target with paid ads to look like its highest-value customers, which account for 30% of its business. It will only spend money on acquiring customers that it can earn back the money it spent to acquire them within one year.

"I see pretty big opportunities within the high affinity customers and being able to engage that segment a little bit more directly," Kozlowski told investors in April. "But in doing that, we will also be prudent in our spend, making sure that we're staying within the ROIs of approximately one year payback, because we think that threshold is really, really important."

Reducing its marketing spend means Blue Apron's pace of growth has slowed considerably, but the goal is to ensure

The

Blue Apron

Cookbook

1. Overhaul the marketing strategy

2. Streamline operations

3. Expand outside the box

that the customers it brings on will be less likely to churn, a problem that's proven pervasive for subscription companies looking to scale.

"Despite its significant market share, Blue Apron needs to assess how to grow its value and customer base without throwing money at customer acquisition initiatives. Blue Apron has already said as much, but large grocers, which have developed partnerships or acquired meal kit companies, are quickly iterating their offerings and improving their value propositions," says Evan Mack, retail analyst at Gartner L2.

2. Streamline operations

Blue Apron's invested in its own facilities -- it currently has three in the U.S. -- in order to build a better foundation for logistics as it looks to improve delivery speeds and cut costs. Its main priority, according to CFO Tim Bensley, is a same-day delivery offering. Right now, it's rolling out the service to the Bay Area, where subscribers can order by noon and receive meal kits by 6 p.m.

"Retail businesses have to be mini logistics companies," says Jon Reily, vp of global commerce strategy at Publicis Sapient. "You look at a company like Blue Apron, and it's clear they hit a logistical ceiling that makes it difficult to scale. To insulate themselves from the Amazons means investing in the proper infrastructure, and that's where Blue Apron will sink or swim."

Adding more pressure is the grocery chains that have invested in offering similarly modeled meal kits as Blue Apron, with no subscription or delivery wait times necessary. When customers can pick up meal kits and recipes where they shop for other grocery items, Blue Apron is in an even trickier position when it comes to staying relevant to existing and potential customers. To stay competitive, Blue Apron is using the customer data it's sitting on -- it collects data points when customers order meal kits and choose which meals they want as well as when customers review their boxes around ordering cadence and customer preference -- to feed its supply chain and ingredient sourcing partners.

By increasing the quality of its customer base with improved marketing tactics, Blue Apron is then improving its ability to respond to those customers -- the ones who are less likely to abandon the service after a free-trial period -- and tailor it to their needs.

3. Expand outside the box

Blue Apron's relied on partnerships with brands and retailers to increase its presence and awareness in the market. Earlier this year, it partnered with WW (formerly Weight Watchers) to set members up with meal kits that fit into the WW diet plan. In the fall of last year, Blue Apron made its meal kits readily available for non-subscribers on Jet.com. The expansion to other retailers goes against the idea that customers have fully embraced a next-gen business model for buying groceries, but at this point, Blue Apron doesn't have the freedom to be rigid.

"Blue Apron's reaching outside of its own subscriber base to capture new customers, which is a smart move," Freedonia Group analyst Cara Brosius says. "But the meal kit subscription delivery model simply doesn't work for a lot of potential customers. Sometimes people want to cook a meal on a whim and don't want to wait for a meal kit to arrive one or two days later from Jet.com."

So, Blue Apron is exploring more than just brand partnerships to drive reach. Coming up next: Blue Apron stores. It's become a common track for even the most digitally minded brands that launched online: In the interest of being as convenient as possible for customers that want to shop wherever they are, e-commerce brands are opening physical stores to both increase brand awareness as well as revenue. "That's our next step to drive more of a branded experience, where people can see a much more complete view of what's available," Kozlowski told investors in April. "So for us, this is really an important part about thinking about how we align our brand and culinary offerings with strategic partners. And it's part of our methodical channel expansion strategy that we can continue to build on and learn as we develop and think about broadening that in the future."

"Retail businesses have to be mini logistics companies."

Betting on Social Commerce

Poshmark's Tracy Sun on pioneering social commerce and laying the groundwork for modern brands.

By Jill Manoff

Poshmark sellers have reported making up to $100,000 on the platform. With the money they're bringing in by purging their old clothes, they're buying cars, taking vacations and funding their weddings. Some have updated their affiliation with the company from side hustle to full-time job.

Within the last year, Poshmark has announced it's distributed $1 billion to its network of 5 million sellers, with a majority of sales made through its mobile app. It's also tested physical retail through seller-hosted pop-ups at Macy's and it's expanded its board with the addition of Serena Williams.

Since its launch in 2011, the company has raised $160 million, and at the time of its last funding round, in late 2017, it was valued at $625 million. It's expected to announce an IPO this year.

"I truly believe the Poshmark seller base will continue to transform the way we shop," says Poshmark co-founder Tracy Sun. Digiday spoke to Sun about how the company is personalizing the buying and selling experience, and how it's setting the stage for the next wave of digitally native brands.

What's been your approach to fundraising?

From the start, what we were pitching to fundraisers is basically what you see today. It was a big idea in that it's a social commerce platform. We had to build an e-commerce platform and a social network, and then build all the connections in order to integrate the two through data. We knew the vision was big, and that influenced our fundraising strategy -- we went big. Speed of execution was critical, and we raised money to help accelerate our growth.

To what extent are you able to control Poshmark's inventory?

We don't hold any inventory, but we are able to influence the inventory on our platform. Everything we do, we do through our sellers -- so we encourage them to understand trends in their selling data, we share data with them on what brands our shoppers are really looking for, and we help them match the inventory they're stocking to that demand. We also have this tool called the Posh Party, which is a real-time shopping event that brings buyers and sellers together around a certain theme. It's usually a specific brand or style that's trending, and that helps drive up the inventory.

How are you using data to personalize the experience?

We use a lot of data to personalize each buyer's experience. When you open the app, that feed is unique to you based on the people that you follow in the network, the brands you love and items you may have shown interest in before. We also use data to personalize the selling experience: We help sellers connect with people who are potentially interested in each and every item in their Poshmark closet. It's different for every item: If a seller is selling a Chanel handbag, we help them promote their listing to people who are interested in that bag, which will be a different group than for their Zara dress. Everything is driven through data, software and then ultimately the people who are interacting with it.

Has your marketing strategy evolved?

We have worked with influencers from day one. In fact, some of Poshmark's beta testers were influencers -- fashion bloggers in San Francisco -- because at that time, we needed people who were comfortable taking selfies. Our approach to influencers fundamentally hasn't changed, we've just increased the volume. And we've been really focused on working with influencers who have an organic passion for Poshmark. When they can authentically tell the story of why they are attracted to the platform, that resonates with our culture and our brand. To facilitate that, we do things like help them host parties where they can spread the word. It takes a lot of time and resources, and it's a heavy investment, for sure.

We like to test all different kinds of channels, because you can never count on one thing. The world is changing and consumers are changing. We recently ran a test with subway ads, and we have invested pretty heavily in TV this past year. TV is proving effective; we've seen a lot of success in the channel, so we'll continue investing in it in the future.

What's been the secret to success for your most popular sellers?

They're responding very, very quickly to comments, because they know Poshmark sellers want to connect with them; it's all about the connection. They've also figured out that an item will sell faster if they tell a story around it, and they photograph themselves wearing it -- that's so much more authentic this day and age than showing it on a model nobody can relate to. Some have tens of thousands of followers; they're influencers on Poshmark.

Is that beyond just sales?

Over the last year, we've seen the emergence of Poshmark sellers creating and launching their own digitally native brands on the platform. The brands are social in nature, because they're built on the premise of a world with social commerce. Behind the scenes, we're rooting for these sellers and also collecting the data. What we're seeing is these brands often perform better than a more conventional brand, because they've grown up in the world of Poshmark. The sellers know how to use the social amplification tools, and they're leveraging the influence that they have in the network to then spread the word of their brand. They have built-in marketing to those followers.

Tracy Sun

The VCs of DTC

Direct-to-consumer brands run on venture capital. Here's who founders need to know to impress

By Hilary Milnes

Fueling the direct-to-consumer economy are the venture capitalists investing unprecedented amounts of funding into brands, a departure from the tech companies that typically have attracted weighty up-rounds and big valuations. According to data from CB Insights, consumer brands have raised more than $3 billion since 2012, and about half of that money was raised in 2018 alone.

Responsible for pumping a new category of retail with the capital needed to fund big paid social campaigns, hire growth teams and -- preferably, but not always -- reach profitability, these VCs are always on the lookout for brands that define the new vision of retail. The money that's gone in support of that vision hasn't slowed down, even as exits yielding big returns for investors have been slow to materialize, with no standalone direct-to-consumer brand going public and only a few notable acquisitions.

In the space, VCs tend to stay behind the scenes more so than the prolific founders who have come to serve as the faces of the DTC industry. Here's who's behind the curtain of capital.

Caitlin Strandberg

Caitlin Strandberg, principal, Lerer Hippeau
Brands in the portfolio: Allbirds, Casper, Everlane, Warby Parker

Strategy: Crack into retail's next generation by finding the brands that represent new customer behavior.

Lerer Hippeau, the most active seed fund in New York, has a lot of prominent leaders at the top of its roster and has backed companies across sectors, including tech, health and media. But principal Caitlin Strandberg describes her job as "finding the companies that will drive the next generation of retail."

Those brands, she says, are "omnipresent," meaning they're accessible wherever customers are, have a defined go-to-market strategy, a strong DNA and team and justifiable metrics. "

"I tend to be more metrics driven than some VCs, even at the early stage," says Strandberg. "What is a brand's market and customer size? How do they think about acquiring customers? What are the mechanisms of organic growth? A lot of times, this gets glazed over in favor of brand."

Mike Duda

Mike Duda, managing partner, Bullish
Brands in the portfolio: Harry's, Birchbox, Casper, Warby Parker

Strategy: Be a growth partner to burgeoning brands.

Mike Duda, the co-founder of the agency-investment fund hybrid Bullish, got some bragging rights recently: Harry's, the grooming brand that sold to Edgewell for $1.4 billion in May, was launched out of his company's offices. It's a major success story for a brand category that has raised a lot of cash that it hasn't paid out yet. But generally, Duda tries to avoid the typically unfair expectations around how quickly DTC brands can scale and exit from the VCs that fund them.

"VCs are not operators of companies by nature, and they don't know everything about what's best for the growth of a business because they're not always thinking long-term," says Duda.

Instead, Bullish's goal is to simply get brands it's invested in "beyond VC" (even if that means transitioning to growth equity). Take Casper, for instance: The company may or may not have an IPO on the horizon, but Duda points to its growth rate, revenue and industry impact as factors of success.

"We look for smart investments, even if there's not yet a return, you can feel when a brand transitions from a startup into an impactful business. And that's good for us," he says.

"VCs are not operators of companies by nature."

Carter Weiss

Carter Weiss, founder, Silas Capital
Brands in the portfolio: Bare Snacks, Summersalt, Casper, Boll & Branch

Strategy: Have a founder's mindset.

When Carter Weiss founded Silas Capital in 2011 with his partner Frank T. Lin, there weren't many other investment firms focusing on consumer brands doing $20 million and under in sales. Silas Capital specializes in both venture and growth capital, most recently backing digitally native wallet brand Bellroy. Weiss's background as an entrepreneur -- he founded and sold Built NY, a brand selling bags and cases, to Lifetime Brands. Inc. -- has informed his strategy as a VC, as he looks for companies with unique products, multi-channel distribution and differentiation.

Kirsten Green, founder and managing partner, Forerunner Ventures

Brands in the portfolio: Glossier, Away, Hims, Outdoor Voices

Strategy: Reach mass audiences in new ways.

Kirsten Green, the founding partner of Forerunner Ventures, has become synonymous with the direct-to-consumer category, and her firm has been involved with a laundry list of brands that encapsulate the trendy Instagram brands as well as companies that have had big exits, including Jet and Stadium Goods.

Green's become a go-to source on speaking to DTC trends. According to Green, she looks for companies with unique perspectives on relevant trends, which lead to big opportunities to be meaningful to large audiences. That comes from having a connection to customers through marketing strategy, partnerships and distribution. wrote.

Nikki Quinn

Kirsten Green

Nikki Quinn, partner, Lightspeed Venture Partners
Brands in the portfolio: Daily Harvest, Rothy's, Zola, Goop

Strategy: Target the brands that align with shifts in popular culture.

At Lightspeed Venture, Quinn, along with fellow partner Alex Taussig, has helped introduce consumer brands into the VC firm's fold, which is also made up of tech companies and platforms like Giphy and Airbnb. By seeking out brands she says "reshape popular culture," Quinn's portfolio ranges from the Gwyneth Paltrow-fronted Goop, which spun out a line of products from its media title in 2016, to Rothy's, an every-woman brand of 3D-printed flats.

At the start of every year, Quinn, who joined Lightspeed in 2015, publishes an article reviewing consumer trends and making predictions around what's to come in retail and e-commerce. They represent the evolution of the industry: In 2017, it was that successful modern brands would find a "proprietary channel to market" in order to connect with customers directly. Glossier and Warby Parker, for example, were using owned media and PR around product launches, respectively. This year, her focus was on distribution channels: "It's not just online and offline, it's much more than that. It's being everywhere the customer is and selling to them where they are," Quinn wrote.

The Empire Strikes Back

Amazon blew up the retail landscape. Now competitors like Target and Walmart are rebuilding.

By Hilary Milnes

In May, Target Media Network president Kristi Argyilan stood on a small white stage at the center of the company's first NewFronts presentation and introduced Roundel, the retailer's newly rebranded media business.

"We spent the last three years figuring out how to use our first-party data to serve personalized ads to guests on our Target platform," said Argyilan, now the president of Roundel, during the event. "With that data, result-focused measurement and a brand-positive environment, we've generated results. There's room to do more."

There's also a necessity. What Target -- and others -- are realizing is that it's not enough to be a retailer any more, not unless you are willing to pad it out with a suite of non-retail offerings that work in tandem with the core business.

The model here is Amazon, which has been able to soften the blow of losses from initiatives like one-day Prime shipping with a never-ending stream of new initiatives.

In May, for the first time, revenue from Amazon's non-retail businesses collectively surpassed the revenue of Amazon's first-party retail sales, meaning Amazon's business breakdown is under 50% retail sales. In 2018, Amazon's advertising arm brought in more than $10 billion, nearly double what it did in 2017. Amazon Web Services broke $25 billion in revenue last year, a 47% increase over 2017. This type of retailer makeup has prompted calls for an Amazon break-up from politicians, but competitors see an opportunity to imitate.

Traditional retailers like Target as well as Walmart and Kroger are rebuilding their businesses in Amazon fashion to operate physical and online retail stores, as well as third-party marketplaces that host direct-selling vendors on their platform. They're creating media businesses to make more revenue from brand partners they already work with. And they're dabbling in areas like financial and B2B services to pad out bottom lines. It's not that retail sales have totally stagnated: The National Retail Federation predicted at the beginning of the year that in 2019, retail sales would grow between 3.8% and 4.4%, on par with 2018's growth. But online sales are spurring the most considerable drive in sales, forecasted to climb 10.4% this year, while in-store sales are only predicted to increase by 2%.

It's not an ideal landscape for companies whose revenue primarily comes from physical stores. Building a proper flywheel, where revenue, customers and business flows through a series of money-making channels, is paramount to protecting stability.

"Retail has shifted beyond selling goods and services through the traditional channels," says Tory Gundelach, the vp of retail insights at Kantar Consulting. "These retailers like Kroger and Target are looking at themselves as growth companies and not traditional retailers. So you're going to see them playing in spaces beyond retail."

These stores are still going to sell products to customers. But they're simultaneously building out asset-light, margin-heavy businesses like advertising, software and personal financing in order to be able to keep doing so.

The easiest push is to advance in-house media businesses: Retailers have customer insights and brand relationships already. As part of the rebrand, Target's media business will act more like an independent operation: Roundel will work more with brands that don't sell through Target as well as ad platforms outside of its online and physical stores. Kroger Precision Marketing was bolstered when Kroger bought data analytics company 84.51 to help it bridge the gap between customer insights in stores to online. Retailers own the customer and the customer data that comes with it: Selling that to brands in the form of ads can both drive revenue from the ad buys as well as more sales from more effective and personalized promotions.

"We've been very deliberate in our media growth because we want our media business to be differentiated. The data we have allows us to be more targeted and provide a greater ROI for our clients," Stuart Aitken, Kroger's svp of alternative business, a role that oversees Precision Marketing as well as Kroger Personal Finance, told investors earlier this year. "We will be the most transparent media company in the media industry, showing our clients what the value of awareness is of targeting of all of the pieces they are investing with us across the portfolio."

Walmart is bulking up the Walmart Media Group as well. Earlier this year, the company brought all advertising business in house, cutting a long-standing relationship with WPP, and then acquired an ad tech company, Polymorph Labs, to scale its ability to target customers across the web using Walmart first-party data.

"We're focusing on partnering more with brands and suppliers overall," says Stefanie Jay, the vp and gm of Walmart Media Group. "More revenue is a piece of why, but it's also a part of how Walmart is thinking of itself as more than a retailer. So we will offer more B2B services. In turn, these are efforts that will also help us serve our customers better."

Target, Kroger and Walmart don't break out financials for their media businesses, but all companies claim that they're growing quickly. There's plenty of room left to do so: A Gartner L2 study found that while Amazon runs ads against roughly 16% of its purchases, Walmart and Target monetize about 1%.

"Amazon has been the king of this business model for years," says Evan Mack, a research analyst at Gartner L2. "But there's plenty of opportunity for other retailers, especially in stores. If brands can have this dual package where they are partnering with retailers online, while in turn getting visibility in stores with new display options, it's a highly impactful value add."

Physical store networks, looked to as a liability for over-retailed companies as Amazon took over online, are becoming increasingly integral to new retailers' makeup. In-store traffic drives customer data collection which in turn fuels media business, including online ads on partner networks off retailers' platforms. That digital traffic drives more online sales, which can be shipped from stores or picked up in stores to drive more necessary foot traffic and bolster the overall business.

It's a new ecosystem for retailers, and even with stores behind them, they're not doing it at the scale of Amazon. But they're only now rerouting the pipes.

"Overall, the key is that the retailers that will be successful are the ones that make the pieces of the ecosystem work together," says Gundelach. "We're seeing a race to build out new infrastructure that's supported by new revenues."

— Jed Berger

Comeback Story

Foot Locker's chief marketing officer is doubling as a product lead.

By Anna Hensel

Over the past year and a half, Foot Locker has taken more aggressive steps to ensure it remains relevant to the next generation of sneakerheads.

It's invested in five consumer startups over the past year: sneaker resale platform goat GOAT, children's apparel and footwear providers Super Heroic and Rockets of Awesome, women's activewear provider Carbon 38, and Pensole Footwear Design Academy. And this year, it will be launching a new incubator program. In the second half of the year, Foot Locker will launch a standalone shopping app called Greenhouse, to sell products that come out of the incubator.

Overseeing the incubator program is Jed Berger, who became Foot Locker's chief marketing officer in October 2017 after previously overseeing its brand marketing. He's gotten involved earlier on in product creation with some of the company's vendors, which is unusual for a CMO of a retailer like Foot Locker. In the past, Foot Locker had to figure out how to market products from companies like Adidas and Nike after it had already been created. Now, Berger and Foot Locker are working more closely with vendors to develop product exclusively for their stores, using customer data and insight from Berger's marketing team that its vendor partners don't have access to.

It's indicative of a larger transformation that's taking place in the retail industry, as brands find that offering differentiated product is more important than ever in the age of Amazon.

Berger spoke with Digiday about Foot Locker's evolution, and what the company has in store for the next year. Answers have been edited for length.

How have you tried to rethink what marketing means for Foot Locker?

One of the things that myself and our North American leadership team recognized really quickly [in 2017] was the need to change our product offense. One of the things that we did was we built out a consumer concepts team that double reports to me and to our head of product. And that consumer concepts team is [thinking] 15 months out, working with our [vendor] partners to actually bring the story into the product creation engine. That is a dramatic change for the industry.

What's one example of how you've tried to bring marketing into product creation earlier?

A great example is some of the work we've done with Nike, and our Home & Away campaign. The brief on Home & Away is we've seen the consumer's love for their city, and what that city contributes to the rest of culture, as huge.

Each city we choose [for Home & Away] has two different SKUs, two different products. One that celebrates the city from within -- the things that make that make that city awesome, that you've really got to be an insider to know about. And that shoe is only sold in that city. Then we built out another one, the Away, which celebrates all the things that the city has brought to culture. And that shoe is sold in a more commercial aspect. So the Baltimore [Away] shoe has what looks like bay seasoning on the inside of the shoe, and the Nike Swoosh was in a crab shape at the top.

It wasn't just the Baltimore Orioles colorway, or the Baltimore Ravens colorway. It's a celebration of the little nuances that made the city great. You can't do that unless you're listening to the consumer, and [put the story] at the forefront of design.

What do you think about the industry reaction to Foot Locker's startup investments over the past year?

I have anecdotally heard from some people say "oh Foot Locker, I didn't know they were investing in startups." Is that a sentiment you've seen as well?

I've seen pretty much every [reaction] ever – the good, the bad, the ugly. But I think it's been overwhelmingly positive. I think that the wider industry right now is looking for brands to evolve. Because the world is moving fast and the consumer's evolving fast. So media, the industry, and consumers reward people for having self-awareness, evolving and reinventing. And I think that's what the investments are about.

How are you as chief marketing officer going to be involved with some of these startups here on out?

It will depend on the partner. Each investment we've made is at a different place in their company journey. Super Heroic is probably one of the younger ones. I've spent a lot of time with their chief marketing officer, and we had a mildly long text thread a week ago about something that he was thinking about at 9 p.m. So I'm definitely there for that [if they need it].

And GOAT is [one] that I'm involved in, and have a lot to learn from them. The integration piece is something we're being very thoughtful about.

Tell me about the thinking behind Greenhouse -- why did Foot Locker decide to launch an incubator?

We started thinking about Greenhouse about a year and a half ago. We came up with the idea of creating this internal and consumer-facing team that sat outside of our office. It wouldn't have the pressures of thinking about today, but really was building for the future, and could reach creators that we may not have been able to work with in the past, or brands that we may not have been able to work with in the past, for one reason or another. Either they were too small, or we were too big. Or they were a category that we were interested in, but didn't really know how to sell.

You said at Foot Locker's investor day that the products that come out of the program will be sold in a standalone Greenhouse shopping app, instead of in Foot Locker's stores. Why?

I don't think we ever would have been able to truly have an incubator engine if it was under Foot Locker or any of our other brands, because what those brands do and have done is so known. We're trying to create an atmosphere [where] we can build ideas for the future. And it's hard to do that sometimes under the corporate name. D

> **"We're trying to create an atmosphere [where] we can build ideas for the future."**

Riviera Mystique

Beneath the glitz and glamour of the annual "Festival of Creativity," there is one inescapable truth: Everyone in media and marketing is under threat.

By Sahil Patel

Facebook has big plans for Cannes Lions. The tech giant is bringing three of its top business executives -- Sheryl Sandberg, Carolyn Everson and Antonio Lucio -- to the annual industry gathering on the French Riviera. Joining them will be a fleet of Facebook employees spanning agency and client sales executives, product and the Facebook Creative Shop.

Headquartered at its own beach space on the Croisette, Facebook will be hosting panels, conversations and activations on the importance of creativity in advertising, the power of Stories, Groups and VR as storytelling mediums and how Facebook is supporting the push for greater diversity and inclusion in advertising. On Tuesday night, Facebook will also host a party where clients and other partners can enjoy bites, booze and what's likely to be an eye-popping sunset right by the water.

It can be easy to forget in those Instagrammable moments and rosé-tinted conversations the fact that regulators from the U.S. to Singapore are closing in on Facebook and looking to impose restrictions on the company's business practices. After years of moving fast, Facebook is now reckoning with what it broke -- and the calls for not just regulation, but in some corners, a larger break-up of the company, are only getting louder.

Facebook is not alone in facing a serious external threat. Google and Twitter, fellow beach space hosts along the Croisette, are fending off heavy criticism with regard to how they handle brand safety and user behavior on their platforms. After years of watching tech giants ranging from Netflix to YouTube siphon away viewers (with the added fear of the platforms eventually taking a bigger cut of ad dollars), large entertainment companies such as Disney, NBCUniversal and WarnerMedia are making large-scale investments in streaming video while modernizing their advertising businesses. Digital publishers are struggling to diversify businesses after ceding the digital ad market to the duopoly. On the buy side, agencies are facing down the dual forces of cost-cutting clients and competition from well-capitalized consultancies. Brand clients, meanwhile, are worried about challenger DTC brands eating their lunch, while those same DTC brands grapple with rising marketing costs on performance platforms. And the ad tech middle men? Well, many of them just hope to keep the lights on as the sector deals with bankruptcies, layoffs, heavy debt loads and jittery investors.

In Cannes this year, no business or industry feels completely safe.

Crises on all corners

This year, Google will be hosting "pride celebrations" and panel sessions on inclusive marketing at its own beach space. But its video behemoth YouTube still struggles to restrict the dissemination of toxic content -- including those that target people of different race, gender and sexual orientations -- and often, when such unsavory videos are unearthed, YouTube has had trouble reacting as quickly as some of its critics would like. Has this affected YouTube's business? Has any major platform, from Facebook to Twitter, taken a business hit for a smorgasbord of brand safety issues? Outside of short-term and PR-savvy advertiser boycotts, not really.

Governments, however, are a different story. Google has already incurred billions in antitrust fines from the European Union, and Facebook is expecting to take a $3 billion to $5 billion hit from the U.S. for violations tied to a privacy settlement in 2011. Presidential candidates are talking about breaking up big tech.

Meanwhile, big media giants including Disney, NBCUniversal, Viacom and WarnerMedia are expected to show up big in Cannes. They will talk about the scale of their businesses, the premium nature of their programming, their experienced storytelling capabilities and how they can bring advertisers into the fold. But it's also true that linear TV ratings are continuing to decline, and the vaunted power of TV advertising is on shakier ground when more and more viewer time and attention is going to ad-free environments.

These media giants are secure in the knowledge that the $70 billion TV ad spending is still largely going toward legacy media companies. But it would be foolish to ignore the amount of investments Google, Facebook, Amazon, Roku and other platforms are making to get a greater share of TV ad dollars -- especially as TV viewing increasingly moves towards apps that are distributed in internet-connected TV ecosystems controlled by these tech giants. HBO needs Amazon and Roku if it wants people to subscribe to its streaming service.

For agencies, the threat of consultancies is not going away. In research conducted by Digiday in April, 22% of 73 client-side marketers said they were going to shift work from traditional agencies to consulting firms. There are some promising signs in that consultancies still lag in terms of creative capabilities, as well as the ability to execute on media strategy instead of only being able to tell marketers what they're doing wrong. But when Accenture Interactive buys Droga5 for a price tag that could be as high as $475 million, it's hard to remain flippant about whether consultancies can eat into the agency business.

These are just some of the big challenges confronting major players in media and marketing. Beyond tech platforms, big media giants, ad agencies and

consultancies, publishers and ad tech vendors are still fighting to prove that their businesses can be sustainable over the long term while under the shadow of constant layoffs, bankruptcies and fire sales.

What's the real purpose of Cannes?

Cannes Lions was created to be a celebration of creativity in advertising, but that can be hard to tell when so much time and money is spent on boozy parties, giant yachts, castle dinners and everything else that happens away from the Palais des Festivals.

Cannes now is so sprawling it has many different ecosystems. Talk to one person, you'll hear it's a meaningless boondoggle. Talk to another, you'll hear it's the most important part of their year. In a Digiday+ survey, 47% of 218 media and marketing executives said Cannes is still about celebrating creative work in advertising; an almost equal amount, 44%, said it used to be but isn't now.

"Every time I go there, it's just a gathering of people who rent boats to speed-date and party on," says a top executive at a prominent digital media company who will not be attending Cannes Lions this year. "People are spending millions of dollars to compete with each other -- Snapchat had a roller coaster or something? [Editor's note: It was a Ferris wheel.] -- but it's not the place you go to have the most productive, authoritative conversations about your business."

It's fair to argue that Cannes was not envisioned as a place for the business side of the media and marketing industries. It's a "Festival of Creativity," after all, and therefore the focus should remain the creative side of media and marketing.

But it's also true that what Cannes Lions was originally intended for is not what the festival has become today. What began as an event attended by creative production companies and ad agencies has ballooned into a gathering of all corners of media, technology, entertainment and marketing. And many of these companies are coming to Cannes to do business.

"Cannes hit peak Cannes when you started to see 10 people from a single platform or ad tech company and when you'd ask them what they were doing here, they'd say, 'We're here to sell,'" says an ad agency CEO. "That was never the goal."

If the festival has increasingly, albeit "unofficially," skewed more toward the business side of media and marketing, then it's important to talk about the state of those businesses. The outlook there? It's not rosy.

A more serious party

To some degree, sobriety has come for Cannes. Facebook, for instance, will have staffers on-site at its beach space to answer any and all questions attendees might have about how users can control privacy on Facebook; and in closed-door meetings with clients, Facebook will share information on what a more private Facebook looks like in the future.

"A big part of the conversations we are having with partners, both in the beach space and in closed door meetings, is talking through some of the actions we have taken in the last 18 months to two years around election integrity, data privacy, brand safety -- as well as how we are building toward a more privacy-focused future," says a source familiar with Facebook's plans.

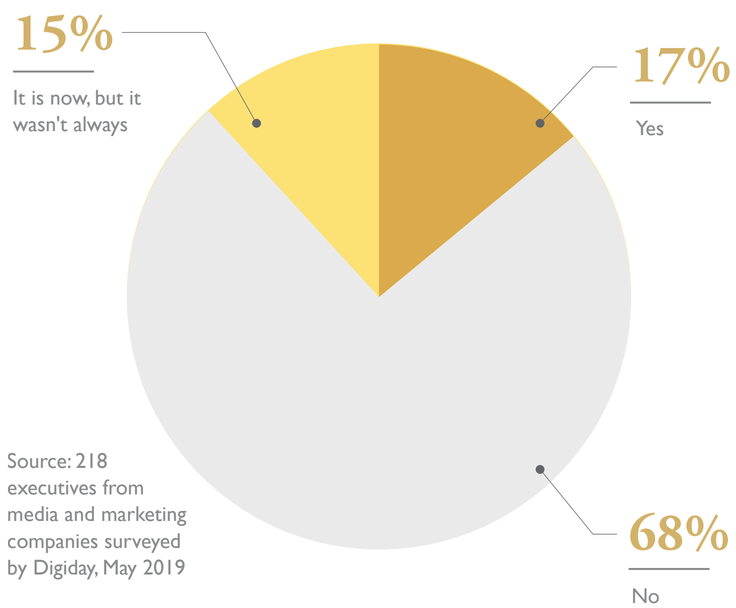
The big media companies will make their respective streaming plans a key part of almost every pitch, according to sources at those companies. Even if there isn't a specific product to show, broadcasters want to lay the breadcrumbs now as they seek ad commitments at a later date.

Executives at agencies ranging from Leo Burnett to McCann Worldgroup and Wunderman Thompson told Digiday that business remains a key part of their Cannes itinerary -- whether that's catching up with clients, finding new partnership opportunities for them, or in some cases, even putting the moves in place to win some new accounts down the road. (Talent recruitment will also be a big part of what some top agency execs are planning for this year's festival.)

How far these conversations will go in having a material business impact and solving real problems that every corner of media, marketing and technology face is still anyone's guess.

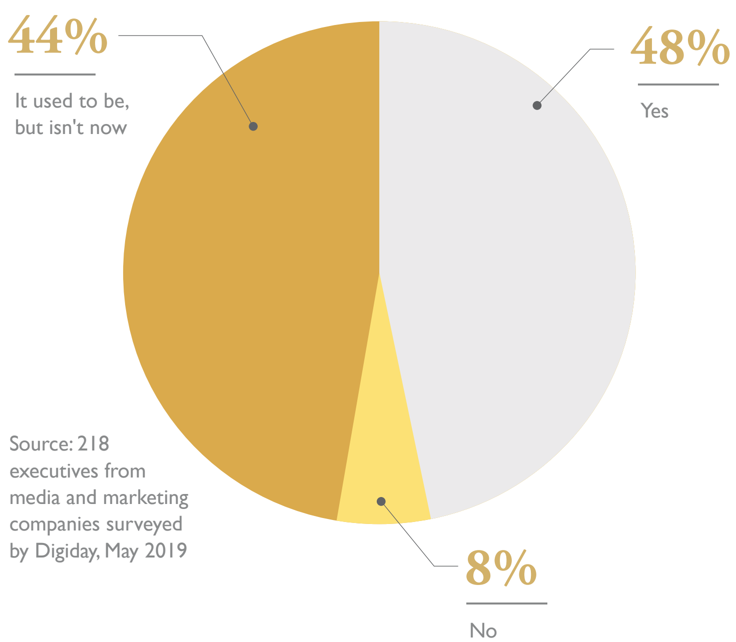
But bring on the show.

Is Cannes a boondoggle?



Source: 218 executives from media and marketing companies surveyed by Digiday, May 2019

Is Cannes about celebrating creative work in advertising?



Source: 218 executives from media and marketing companies surveyed by Digiday, May 2019

"People are spending millions of dollars to compete with each other -- Snapchat had a roller coaster or something? But it's not the place you go to have the most productive, authoritative conversations about your business"

David Droga

'I Want to Stay Relevant'

With Droga5 bought by Accenture, its founder doesn't plan on stopping.

By Shareen Pathak

David Droga is feeling relaxed. The chairman and founder of Droga5 is only a couple days into what was one of the most surprising -- and perhaps telling -- acquisition deals in the industry to date, when consulting giant Accenture Interactive bought the storied agency for an undisclosed amount.

Digiday caught up with Droga to talk about "selling out," Cannes and making sense of the creative economics of the industry.

OK, what's changed?

This is going to sound underwhelming and weird. We officially closed the deal a few days ago. The biggest change once it was announced was I could get back to talking about the work. And have my meetings about the work.

As opposed to?

As opposed to, tip-toeing around and not having news get out. It was a long and thorough courting. But it was almost a relief. Time to get back to the business at hand.

What was it like in your head?

Clearly it's very personal, it was also emotional. I went through all the necessary emotional points through that. I enjoyed it. I was surprised at how easy -- no, not easy -- how seamless it went. I assumed there was there is a nasty twist or turn. But we didnt put ourselves up for auction. That was the most interesting part of the deal. Neither of us had to do it. It was sort of a meeting of the minds. But nobody was a passive partner. They are the bigger player but in my delusional mind we bought it.

It's interesting looking at this in the lead up to Cannes, the place where creativity theoretically abounds. And here is this storied creative agency, seemingly, what? Giving up? Preparing for the inevitable future?

I assumed it would mean something. It's been interesting. People are going to have to have an opinion on it. Either this is the future of advertising, or this is the death of creativity. People had to pick a side that in their favor. I've never made a decision based on the industry will think, for better for worse I've done what we're trying to do. I relished and enjoyed our independence. But moving forward, does my pride and ego about being independent, does that help us move forward? Or do I align with something else? I'd be a fool to not explore that.

There's this idea that you sold out creativity.

There are people who think I wanted to sell out and other people that know im competitive and motivated. We have to be smarter. Do they bring a skillset or discipline or reach or experience or an ability we don't have that'll elevate what we do? Do we bring a strategic rigor or unvetted creativity they could benefit from? We kind of both need each other.

You've had a couple stumbles financially. But you've pulled yourself out.

We've grown every year, 30% a year. We had some problems. We had a horrendous first two quarters of 2018, we pulled ourselves out of it. The momentum and work was there. The stumbles that hit the industry we'll navigate our way out of. It's not growth at all costs. I'm looking at how do I make sure I have stability. I just want to have relevance. And I want to stay relevant.

Creative agencies are overall going through a bad time. Margins are squeezed. The work isn't commanding a premium.

For a select handful of consistent agencies, the creative economics are good. Us and Wieden have the best margins in the business. I don't think the creative model is disappearing. But it's under duress. I don't want a bigger piece of a smaller pie. It's one thing for us to want great and grand ambitious creative thinking that positions a brand. But our fees are one chunk of that. It's not all. There are things that a consumer experiences about the brand that don't touch a creative agency. Blue chip brands give AORs fees of $10 million or $15 million. But the people who are controlling customer experience, they're getting paid an ongoing fee of $100 million a year. I don't need that number, but what I want is to be that important and that influential. I want CMOs to love us and CEOs to love us as well.

Is it difficult to get creatives on board with the idea of this consultancy suddenly being involved?

We spent a lot of time talking to people about what this represented. There were some more innocent questions. Does this going to mean we're not going to make creative ads? Is accenture going to sit in the creative pitches? You assume the worst. The scale of this thing beyond the ego does mean it's not in Accenture's interest to screw it up. They're open to get this right.

Do you see more acquisitions coming this summer?

I think some people will wait and see what happens. I think some people will race to get acquired.

Will it mean a less sober Cannes?

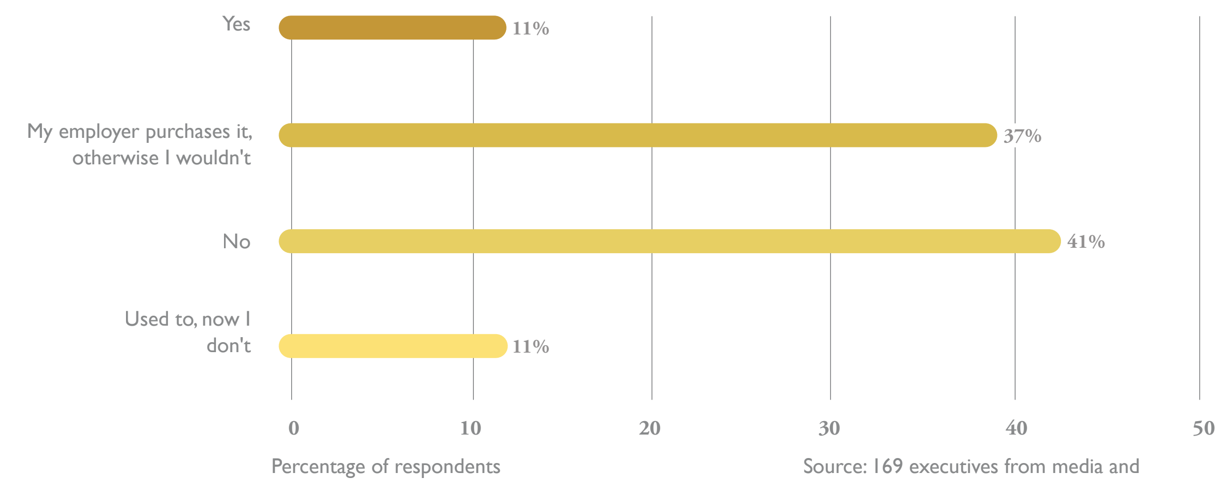
Last year felt sober. Everyone was nervous. Everyone felt guilty about, the late capitalism. There was a lot of personal industry scandals. Everyone was anxious. I think the industry is getting its confidence back. Things are heading in a better direction. More open conversations about diversity and gender. Fewer scammy ads.

Speaking of ads, favorite work?

I have a big crush on our New York Times work. Not just quality of work but what it represents.
From outside, it's hard not to like Colin Kaepernick and Nike. It's about what it represents. It's a CMO award.
I'm also very happy on Sustainable Development Goals Lions where I'm jury president. It's the most worthy one. It's another way of answering your other question. We need to start producing different work. If we can demonstrate our ability to contribute genuine value at our sustainable level, that's how we'll inoculate ourselves.

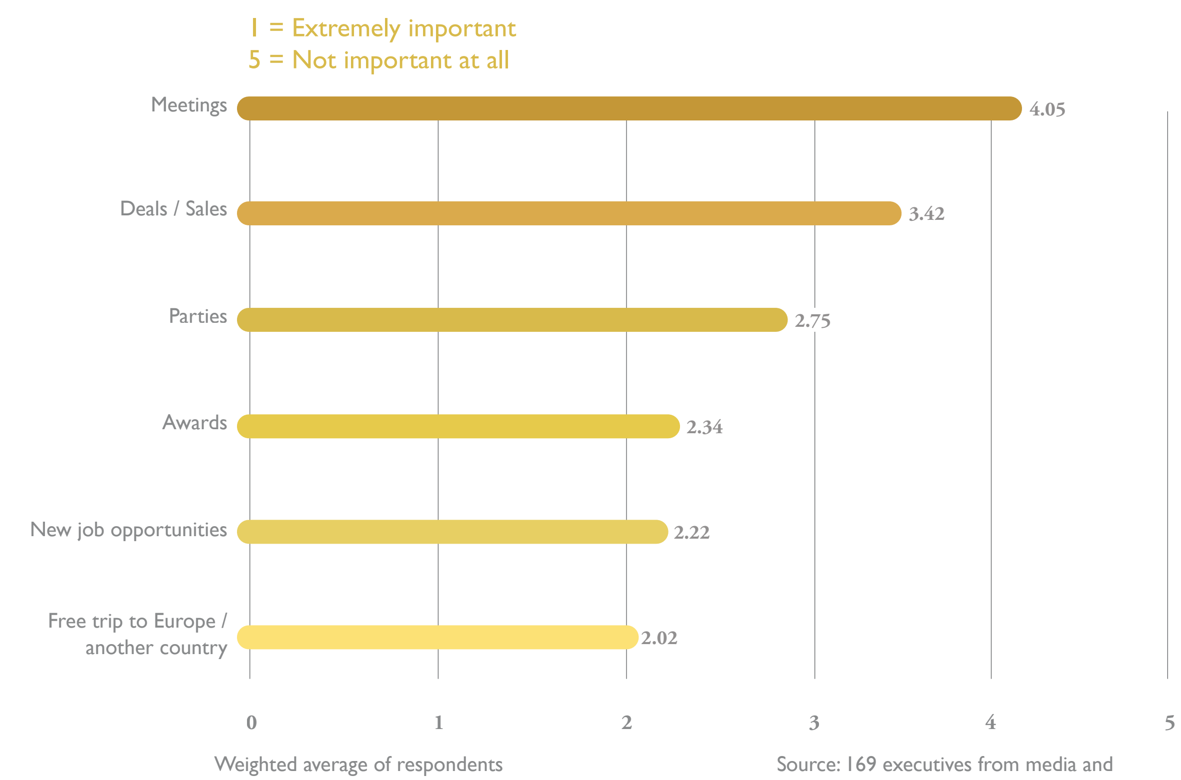
“We're trying to create an atmosphere [where] we can build ideas for the future.”

Do you buy a delegate pass at Cannes?



Source: 169 executives from media and marketing companies that are or have attended Cannes Lions, surveyed by Digiday, May 2019

How important is each potential reason for why you attend Cannes?



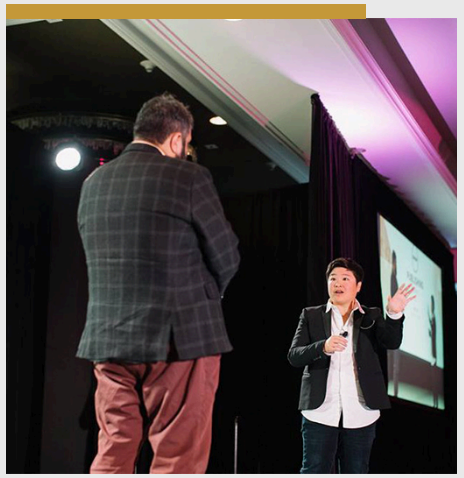
Source: 169 executives from media and marketing companies that are or have attended Cannes Lions, surveyed by Digiday, May 2019

Seen Around

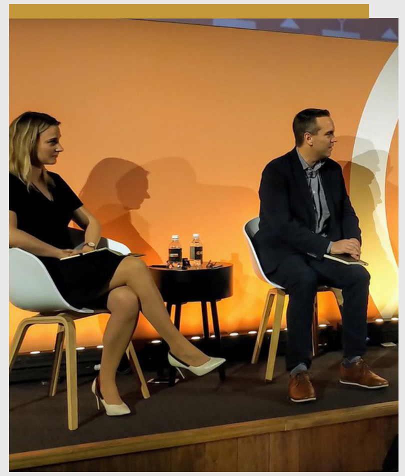
Here's some of what Digiday has been up to this spring.

Post-Digiday Publishing Summit Europe networking cocktail hour in Milan.

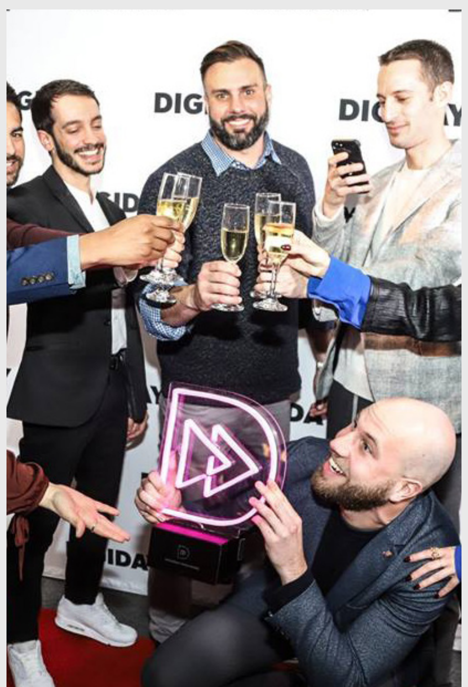
Digiday media editor Sahil Patel speaks to Jen Wong, COO, Reddit, at the **Digiday Future of TV Summit.**



Digiday UK editor Jess Davies moderates a panel on rethinking ads in a new era of viewing behavior at **Advertising Week Europe.**



Digiday managing director of editorial products Shareen Pathak speaks with Steve Williams, Global COO/ CEO Americas, Essence, and Louisa Wong, COO, Carat, at the **Digiday Media Buying Summit.**

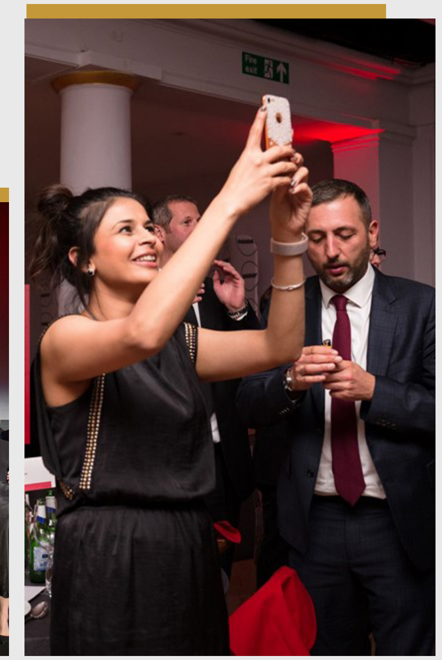


A post-win selfie on stage at the **Digiday Video Awards Gala** in New York City.

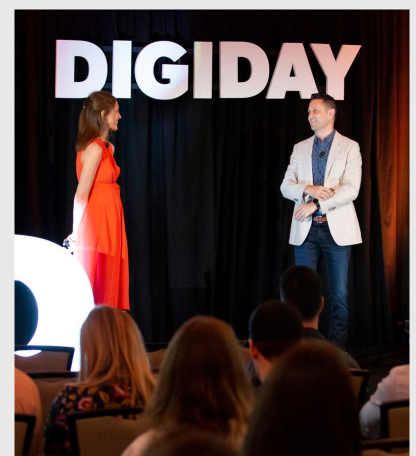
Digiday Publishing Summit Europe attendees take part in 8-Minute Meetings in Milan in February.

Sky News accepting their **Digiday Media Awards Europe** neon trophy for Editorial Team of the Year.

Attendees of the **Digiday Media Awards Europe Gala** take in the action.



Ciara Byrne, director of business development, Condé Nast International, speaks to a crowd at the **Digiday Publishing Summit Europe** in Milan.



Digiday retail editor Hilary Milnes interviews Noah Palmer, GM of Hill City, on stage at the **Digiday Retail Summit** in April.

Digiday platforms reporter **Max Willens appears on Cheddar** to talk about Apple's plans for taking on Amazon and Netflix.

C-level execs from the UK's biggest publishers gathered in London for Digiday's first-ever **UK Media Leaders Dinner.**

Ahoy Polloi

An oral history of the ad-tech marina.

By Jessica Davies

Forget the Lumascape. For the last decade, the ad tech marina in Cannes has become a microcosm of the independent ad tech industry. A saunter along the marina gives a decent snapshot of which vendors are flourishing and which aren't. Splashing out on a 150-foot yacht for approximately €150,000 ($168,000) in order to treat senior ad tech, agency and media owner execs to breakfast meetings, boozy lunches, lavish dinners and evening parties, may seem extravagant. But to many, the outcome more than justifies the cost. Here's the story of how the marina became what it is, from the people who were there.

Origin story

In the mid 2000s, a smattering of yachts flying creative agency colors were visible in the marina. But from 2012 onwards, the area became a magnet for independent ad tech vendors flush from IPOs or courting acquisitions, all vying to differentiate themselves and win kudos for the best parties. Towering above them all was the Daily Mail's yacht, the marina centerpiece during 2015 and 2016. Here, celebrities like Kim Kardashian, Kylie Minogue, and Gary Barlow were frequent guests. The Mail's late-night parties were a key attraction for Cannes delegates, with the neighboring ad tech flotilla content to scoop up any spillover.

Jay Stevens, president of Hudson MX and former gm, international at Rubicon Project: It was 2012 when we first recognized Cannes' importance and that we needed to be there. The major DSPs were all going strong. The following year we took a villa. It was quite successful but way out of town. The same year I walked through the marina and thought, "Wait." We need meeting and events spaces, a place for staff to sleep and here were all these boats. I started researching what I affectionately refer to as yacht porn, and we grabbed a boat for 2014. That kick started it, there was a gravitational pull.

Oliver Whitten, COO, Adform: My earliest memory of the ad tech marina was of Vibrant Media which had a big yacht there and used to host the cigar and whiskey parties. Around 2010 there weren't that many boats, it was a random mix of creative agencies and a few tech companies. It was much quieter.

Melanie Scott, CEO of Hyphen Social and former MailOnline CRO: The Mail was one of the first publishers in the marina. That was the time when Cannes became not just about ad tech but digital advertising. We focused a lot on our ad tech partners and ensured we saw them, as that was becoming a big part of the Mail Online business. You were competing with a lot of events so having a nice dinner wasn't a guarantee you would get the top CEOs. You had to do something special. But Cannes is split into specific time zones: you have breakfast, lunch, twilight period, or late-night blocks. So you targeted people within those blocks.

Ciaran O'Kane, CEO of WireCorp: Cannes is where ad tech goes to shop itself out to potential buyers. A lot of the M&A conversations start there because it's where the connections are made. When I first went I couldn't believe how ridiculous it all was, I sensed the opulence with all the yachts. But then I started having chats with some really senior execs. You're rubbing shoulders with the power brokers across TV, out-of-home, digital -- everyone is there.

Glory years

Typically, events have their peaks and troughs. Most marina frequenters refer to 2015 and 2016 as the marina's peak years. That was when the ad tech market was flush from the rise in programmatic advertising demand, a vibrant M&A market and sky-high IPOs. That optimism was mirrored in the ad tech flotilla.

Whitten: Between 2013 and 2016 it began to get pretty crazy. It became the luma yacht scape. It got all a bit egregious. But that early stage of the ad tech marina was exciting and innovative. You had rapidly growing tech companies doing innovative things. It was a microcosm for the ad tech industry.

Stevens: They were glory years. Sounds crazy to say but it [renting a yacht] is good value. You've got six meetings rooms so can run concurrent meetings. You have space for entertaining, doing panels. You have overnight accommodation for 8-10 staff. You have the ability to take the boat out. Once you do the math it is broadly the same as what we spent on Dmexco.

Scott: The late-night [Mail] parties were born because there was a gap at that time when nothing else was happening. So you had a captive audience from 10 p.m. to 2 a.m. That's when the Glitter Bar was born, which was like the upmarket version of the Gutter Bar.

Not just a jolly

Cannes has long been described as the top-of the-funnel, tentpole event in the marketing calendar. Global CEOs can meet and talk while knocking back several bottles of chilled rosé, gazing at a glistening mediterranen sea. But while more deals are closed in Dmexco in September, critical seeds are sown in Cannes.

Stevens: I've closed some of my biggest global deals at Cannes. Certainly the rosé helps lubricate the discussions. It's a relaxed atmosphere and the only time global media owners are in one place. It's undoubtedly expensive, but you have to run it like a military operation. There is nothing comparable to Cannes in terms of its joie de vivre. People have a good time but also do business.

Scott: There is an element of showmanship but convenience and accessibility were also big reasons for being in the marina. It was practical and meant we could offer people a chance to get out of Cannes. You have a captive audience for seven hours or so on a boat.

Post peak years

Gradually, the harbor has evolved to reflect the changes in the market, with more management consultancies taking boats and vendors increasingly sharing boats to split the exorbitant costs. That too comes with its own challenges, as sharing meetings space between four non-competitive companies isn't easy. But companies are looking to cut down on frills.

Stevens: My favorite day was Thursday. We would sail to Saint-Tropez with 25 clients, push out around 9.30 a.m. and have lunch at Le Club 55 and sail back. It's not cheap as the gas is expensive and you're taking the boat away for a whole day. It's cheaper to helicopter everyone there for lunch now than to sail. There is a lot more pressure now to demonstrate the ROI and rationale.

Whitten: The marina was a microcosm. But it wasn't integrated into the rest of the festival. The shame of it was that a lot of people didn't stray from the marina: That was the silo bubble. Cannes Lions tried to change that at one point, by offering space for tech vendors in the Palais and insisting everyone in the marina bought passes. The silos are now breaking down more.

Hold the Rosé

Digiday's sober guide to Cannes.

By Jessica Davies

For many, the thought of attempting Cannes Lions sober evokes a feeling of cold dread.

Cannes Lions is an endurance test. For that reason, boozing can be a useful prop to help sustain mind and body through the week's conveyor belt of non-stop networking, meetings, long lunches and evening parties.

That can sometimes lead to issues. "One year I was so hungover, tired, and confused, I got trapped in the revolving doors of the Carlton Terrace," she recalls. "Did anyone help me as I crumpled due to my body's [alcoholic] ketoacidosis? No, they took pics for Instagram and my world took on even more weirdness when Marilyn Manson pushed the door and set me free."

But for some of the more seasoned Cannes veterans, memories of their previous drunken debacles and hangover guilt are enough to justify their swapping the rosé and bad dancing at 3 a.m. for the fruit smoothies, early wake-ups and genuine productivity. An increasing number of execs, tired of enduring the fumes of alcohol dispelled from their own pores during meetings, are taking on Cannes sober.

Early bike rides

If you want a shot at meeting a global CEO, you won't find them in the gutter bar. You're far more likely to encounter them on one of the numerous organized bike rides. Usually there are several early-morning 20-kilometer cycle rides and a couple of half-day cycles along the coast. You need to get on the right lists, but once you do, they're a must-have. "The conversations are very relaxed, and usually a lot about cycling," says Andrew Buckman, COO of Sublime. "It's a nice sedate pace so people can chat. But we'll always get to talking shop and they will always make introductions to the people who can take it further with me. These introductory meetings [with global CEOs] happen like this, with a swim, a jog or a cycle ride in Cannes. Contracts are then signed in Dmexco."

Find new ice breakers

Nothing quite breaks the ice like sharing a bottle (or three) over lunch or dinner on the beach. It can lubricate awkward conversations, even if in hindsight, it acts more as a much-regretted truth serum. But there are other, perhaps even more effective, ways to gel with people in Cannes. One tip: If the only time you can squeeze someone into your packed schedule is during your 7 a.m. swim -- offer for them to join you. This is becoming a common go-to method, particularly for very senior executives.

Morning Carlton Terrace tips

By day the Carlton Hotel's terrace is an elegant sun trap where visitors can quickly spy celebrities and CEOs enjoying a ferociously overpriced breakfast. For early birds there are gains to be had, according to Rob Schwartz, CEO of TBWA. "If you get there early enough you'll be able to snag a good table on the patio out of the sun, and get a great view of the industry's movers and shakers plotting their world domination," he says. "You'll also have your pick of the best smoked salmon as it goes quickly from the buffet."

Evening Carlton Terrace tips

By night the hotel descends into a heaving, sweaty pit of drunken ad execs happily and noisily jabbering at each other. But being sober makes for an effective people filter. "Scan the terrace to find your soulmates: the pregnant women, Narcotics or Alcoholics Anonymous members, people from California," says Austen. "I can negotiate my way around the Carlton Terrace better because I don't get stuck in conversations -- it's a lot easier to extricate yourself from a drunken conversation when you're the sober one in the group." Mastering the Irish goodbye is a must. You won't regret it, and no one will remember you did it.

Admire the view at sunrise

The view of the bay at sunrise is stunning, and more so when soberly appreciated. "A morning walk towards the south allows you to experience the bay as a sheet of glass, magnificent light and a gorgeous purview of all of boats and yachts," says Schwartz.

Stock up on fresh, local fruit and vegetables

With so much happening along the Croisette itself, it's easy to forget there's a dizzying array of beautiful, quieter cobbled streets running parallel to it. For the more adventurous, there's a very nice farmer's market selling fresh fruit and veggies a couple of blocks behind the Carlton.

> "One year I was so hungover, tired, and confused, I got trapped in the revolving doors of the Carlton Terrace."

Hammering Through

A day in the life of Rich Antoniello.

By Max Willens

In 2019, the "day in the life" story format has become a near-parody of itself, with people eagerly rising at 5 a.m. to perform a sun salutation before crushing a smoothie made of kale and nut milk. As a corrective, we have decided to profile people we know will shoot straight with us. Here, Complex Media CEO Rich Antoniello talks through a Monday in mid-May.

The conversation has been edited and condensed.

Part I: "It's not getting through emails"
I'm an early guy. I'm like a six, but not with an alarm clock.

My kids just flipped that switch from "I'm up at 5:30 a.m. every day, and I want to make pancakes" to "I don't want to get out of bed, ever." Now I get up early to just kind of get some shit done, for me. It's when my mind is least cluttered.

It's not getting through emails. I want to be clear about that. From like 6 a.m. to 7 a.m., before my wife gets up and we have to start waking the kids up, that's my time to think of the big things we need to be thinking about. It's so easy, in this day and age, to get lost in the speed and the iterations and all the crazy shit going on.

I get here anywhere between 8 a.m. and 9:30 a.m., but I'm working from 8:15 a.m. when the kids go to school. Then the phone comes out.

Part II: "I don't do that Michael's thing"
I do a lot of breakfast meetings. What I love is the breakfast at the Knickerbocker Hotel. It's on the fourth floor, there's almost nobody from our business that goes there. It's a lot of foreign tourists, so you can have almost any meeting with anybody and not get known. You can talk about anything out loud and not worry about it. I'm not a see and be seen kind of guy. I don't do that Michael's thing.

Today, I took the subway in.

Part III: Zero Inbox
I am a zero inbox guy. I'm not saying I answer everything, but what I do is categorize them. The actionable stuff, I'm probably getting 100-125 actionable emails a day, and 50% of them are actionable in a yes-no type type of way. I went from having 850-900 emails a day of actionable stuff three years ago, when we hired Christian Baesler, to over the past 14 months, 15 months, I've gotten my directs down.

I'm aware of everything that goes on, but I'm not as operationally involved. You can't run a company, allocate 5-10% of your time to strategic stuff and continue to stay ahead. As the bets get bigger, you need to allocate more time.

Part IV: Meetings, meetings, meetings
I usually start my days with the most important meetings of the day. On Mondays I do my catch-up with Christian: Are we on-pace from a year perspective, and a quarter perspective? Are we making the right bets on the maturation of those businesses?

Rich Antoniello

I used to hate the departmental meetings. When we were more executionally focused, we were spending 90% of our time talking about executional issues, rather than making sure our strategy was correct.

Three years ago, we were 98% advertising-driven. It was very similar stuff, so you could spend more time talking about execution. And then we spent three years talking about how we were going to diversify. Now we're at less than 50% advertising. We have a nice events business, we're about to start our second ComplexCon. Our licensing business is doing well. And we have an e-commerce business that supports those other businesses.

Each of those is not nascent anymore. Now we should think about how we can improve them, versus execute better.

Part V: Hammer through
For lunch, I don't go out anymore. I try to get home for my kids. If I made the choice to be crazy and stay in the city, to not be home [at a reasonable hour] and see my kids on both sides of every day would be crazy. I hammer through the day.

My assistant controls my schedule, and she is a master at rejiggering things when situations come up. I try to get out of here by 6 p.m. Not that I'm done working, but I try to get out of here by 6 p.m.

Part VI: Math Dad
Everybody grabs dinner. My wife and I do the divide and conquer thing. By the time everybody does get home, there's an hour of family catchup.

I end up doing math homework a lot with both my kids. My wife is super-creative. She's the other side. I've become "Math Dad." High school math is gonna be interesting. I know I remember how to do it. I was pretty good at it before, but that's theoretical stuff.

I usually do my catchup from 10 p.m. until like 11:15-11:30 p.m. I'm a huge sports guy, so I'm a second screener on my emails and modeling and notes. The NBA Playoffs have been great, but I'm a big baseball guy. I have MLB Network on constantly. I'm a Yankees guy, but I'll watch the Royals play the Mariners.

Lauren Santo Domingo's Guide to Paris

The co-founder and chief brand officer of runway fashion retailer Moda Operandi shares her favorite haunts in Paris, where she and her family have had a home for 20 years.

By Jill Manoff

Sip

"Coffee Cuillier, which is a short walk from my home in Saint Germain, is my go-to. I'll start the day with a cappuccino à emporter and walk to my first meeting or to the shops in the Carré Rive Gauche -- I love browsing the galleries of Félix Marcilhac and L'Arc en Seine."

Eat: Dinner

"Coffee Cuillier, which is a short walk from my home in Saint Germain, is my go-to. I'll start the day with a cappuccino à emporter and walk to my first meeting or to the shops in the Carré Rive Gauche -- I love browsing the galleries of Félix Marcilhac and L'Arc en Seine."

Eat: Late-night

"In October and March, Caviar Kaspia is the unofficial clubhouse for fashion types. It's not really a trip to Paris without the obligatory caviar potato shot for your Instagram feed. I tell first-timers to order caviar as they would wine: Choose high or low, depending on your mood, your threshold -- or your expense account, if you're an editor."

Travel

"I don't know how I functioned in Paris before Uber. Getting around in Paris was impossible. There was an interview I did 10 years ago where I was asked what I shopped for in Paris, and I said I didn't shop in the city because I spent all my money on car services."

Read

"I first started in fashion as a Vogue assistant, before digital archives existed. To expand my visual and historical references, I would spend my time in the Condé Nast library in New York. In Paris, it was at Librairie Galignani. It's the oldest English bookshop on the continent, and it's the most elegant bookstore in the city of Paris."

Shop: Art

"My favorite art gallery is VNH, in the former space of Galerie Yvon Lambert on Rue Vielle du Temple. The owner, Victoire Pourtales, has an incredible eye for contemporary art. I usually follow a visit with the bento du jour at Nanashi, a Japanese restaurant a five-minute walk from the gallery."

Shop: Fashion

"The famed Puces de Paris Saint-Ouen flagship flea market at Paul Bert Serpette is having a rebirth. It seems the dusty antiques purveyors have relocated to shops in the countryside and have been replaced by young, modern vendors with a great eye.

Meet

"If I'm meeting a designer or potential partner during fashion week (when one's seating is sacred), nothing seals the deal like a table at the Ritz. If you manage to snag one, whoever you're meeting will know you mean business."

Cannes Reboots

This year promises a slightly less brash celebration of late capitalism.

By Brian Morrissey

The Cannes Lions has long been a bellwether for the state of the media and advertising industry, ever since it began its expansion from a festival about ads to one that brings together agencies, clients, publishers and tech companies. The late-capitalism setting in Cannes -- a somewhat-faded Riviera town a bit past its 1970s prime -- is fitting.

For all the hand-wringing over "does Cannes still matter," it clearly does. Our own poll of those in industry insiders confirms that the trek to the Croisette is about more than rosé, yacht parties and four-hour dinners. (The bacchanal, to be sure, is still a critical part of the experience.) For all the talk of inspiration, Cannes is probably not the place for that. But that is not to say Cannes is useless or a relic. One year, almost a decade ago, I asked an ad holding company exec the point of it. Spend a week in Cannes, sipping fine wines, talking non-stop and observing all manner of excess, it's easy to get introspective. His response: "It's the one time of the year when we get to put down our guard because we're always out trying to kill each other all year."

This exec was referring to agencies, which still ruled the roost at Cannes at that point in time. But nowadays ad agencies are in pronounced retreat. The Publicis Groupe "boycott" last year caused many eyes to roll since the move appeared much more about cost cutting than anything else. By all accounts, the haircut Cannes organizer Ascential took last year -- Cannes revenue was off 8% -- paid off in a quieter, more useful Cannes. Yes, like CES and Dmexco, Cannes is all about the meetings, an opportunity for execs to explore partnerships, make deals and poach top talent in a place seemingly tailor-made for poor decision making.

The week also provides a glimpse into who is up, who is down and who is trying to make a move. As detailed in Sahil Patel's piece, we see this year's Cannes through the lens of threats. Agencies under threat from consulting groups and clients; publishers under threat from an ad market dominated by platforms; and platforms themselves under threat from governments looking to rein in their overwhelming influence.

For all the talk of creativity, Cannes long since became about capitalism in its rawest form. The prime perches at the beaches along the Croisette years ago featured agency groups and production companies. Nowadays, giant tech platforms set up shop, with Twitter, Facebook, Google and Pinterest occupying the choicest real estate. A few years back, as chronicled by Jess Davies, ad tech had its day, turning the sleepy Cannes harbor from being filled with yachts from dodgy Russian billionaires into a flotilla of ad tech intermediaries. The competition became about whose boat was bigger, whose party was more extravagant. No more. Ad tech is quickly consolidating, under threat on multiple sides from marketers and publishers scraping back margins, platforms eating the ad world and new regulations rendering the fast and loose days of consumer data to the dustbin of history.

Cannes is due for a bit of a turnaround this year. For all the threats hanging over all parts of the media ecosystem, there are reasons to celebrate, most notably the unprecedented global economic expansion that continues. The Cannes that then-WPP CEO Martin Sorrell called "a bit too brash" two years ago is still a bit brash, but has dimmed somewhat.

DIGIDAY