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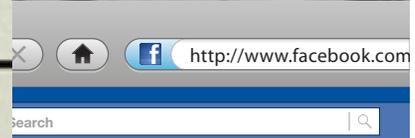
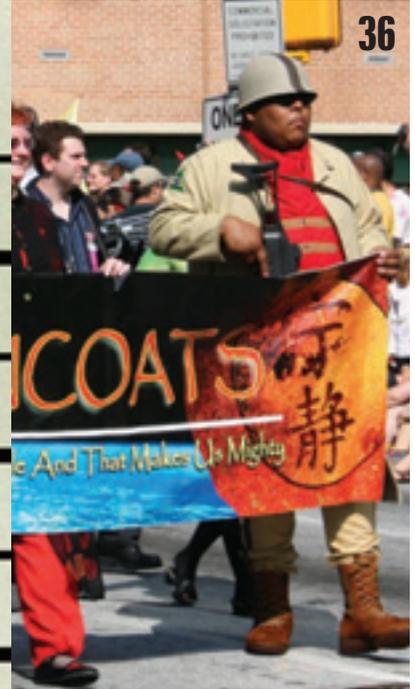
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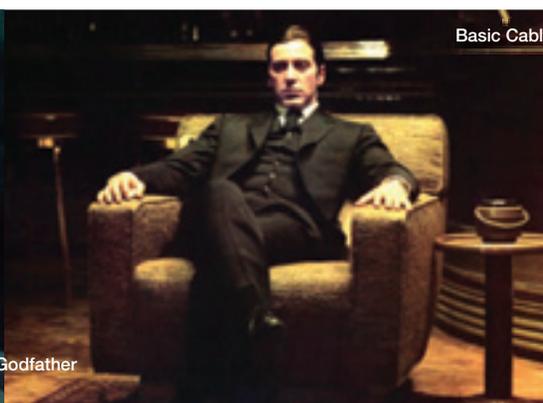
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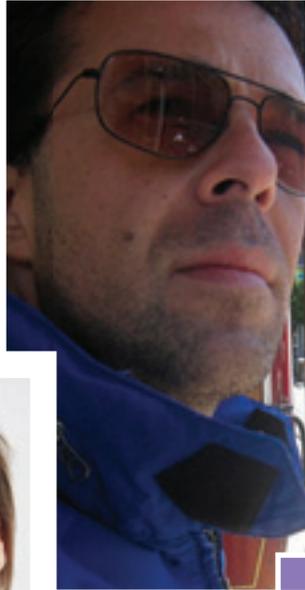
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Michele Anderson is a managing director at Activate. She focuses on developing strategy and building new businesses for media and technology companies.

Anil Dash is an entrepreneur, technologist and writer known for starting Dashes.com in 1999 as one of the earliest and most influential blogs on the Internet. He lives in New York City.

Paul Ford is a writer, programmer and content strategist who lives in Brooklyn, New York. He writes at Ftrain.com.

Maura Johnston is the music editor of the Village Voice. Her writing has also appeared The Daily, Newsday and NPR.

David Kirkpatrick is author of *The Facebook Effect: The Inside Story of the Company that is Connecting the World*. He hosts the annual Techonomy conference.

Kevin Purdy is a freelance writer, author of *The Complete Android Guide* and a former contributing editor at Lifehacker.com. He lives in Buffalo, NY.

Khoi Vinh was design director of NYTimes.com and is now one-half of a New York City startup creating software for tablets.

Richard Ziade is the founding partner of Arc90, and the creator and founder of Readability. Rich currently resides in Brooklyn, New York.

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MEDIA >>

PUBLISHER
KENNETH FADNER
KEN@MEDIAPOST.COM

EDITOR-IN-CHIEF
JOE MANDESE
JOE@MEDIAPOST.COM

CREATIVE DIRECTOR & EDITORIAL DIRECTOR
JONATHAN MCEWAN
JONNYMACK@MEDIAPOST.COM

ASSISTANT MANAGING EDITOR
CARRIE CUMMINGS
CARRIE@MEDIAPOST.COM

ART DIRECTOR
NATHANIEL POLLARD
NATE@MEDIAPOST.COM

ART ASSISTANT
JENNY LEE

PHOTO EDITOR
ROBERT BAJNATH

COPY EDITOR
MICHAEL DHAR

CONTRIBUTING ILLUSTRATORS
& PHOTOGRAPHERS

**MAURA JOHNSTON, CAROLYN JONES,
MERLIN MANN, DAVID NEEDLEMAN,
VLADIN PETROV, KRISS SZKURLATOWSKI,
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MEDIAPOST COMMUNICATIONS

CHAIRMAN
KENNETH FADNER

PRESIDENT
JEFF LOECHNER

SALES DIRECTOR, PRINT/ONLINE
SETH OILMAN
SETH@MEDIAPOST.COM

ONLINE/PRINT SALES MANAGER
NICOLE FADNER
NICOLE@MEDIAPOST.COM

ONLINE/PRINT SALES ASSOCIATE
SAM BUCCIERO
SAMANTHA@MEDIAPOST.COM

VICE PRESIDENT, EVENT SALES
JON WHITFIELD
JON@MEDIAPOST.COM

SALES EXECUTIVE
LIAM FLEMING
LIAM@MEDIAPOST.COM

DIRECTOR OF CONFERENCE PROGRAMMING
ROSS FADNER
ROSS@MEDIAPOST.COM

SENIOR MANAGER, CONFERENCES & EVENTS
ELAINE WONG

DIRECTOR OF MARKETING
ROBERT MCEVILY

MEMBERSHIP AND CIRCULATION MANAGER
SERGEI KOGUT

MEMBERSHIP SERVICES REPRESENTATIVE
CHRIS CARNEY
CIRCULATION@MEDIAPOST.COM

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Hacking for Change

When *MEDIA* made the permanent shift to guest editors more than a year ago, I made a mental list of people whose point-of-view I'd like to turn this magazine over to. One of them was Michael J. Wolf, the influential media-industry-management consultant and former chief of MTV Networks, whom I've known for much of my career covering media. Wolf, who pretty much invented the concept of an entertainment and media-industry practice at Booz Allen and then at McKinsey and now at his own firm, Activate, has helped shaped the industry for more than 20 years, as one of the most trusted advisors of some of the most powerful people in media — from Ted Turner to Rupert Murdoch to Brian Roberts. So who better to talk about the subjects of change and transformation in the media industry than the man, who more than any other, has helped manage those changes?

But it wasn't until a few months ago, when Wolf began telling me about his new manifesto and approach to managing change during a breakfast at — where else — Michael's, that I realized he should take the helm of this very issue. The manifesto he and his Activate partner Anil Dash came up with was

called, "Hacking the Org," and when he described it to me, it made perfect sense for guest-editing this magazine, because when we turn the issue over to a guest editor, we are fundamentally looking for someone to hack our organization — or at least an issue of our magazine — by turning its perspective over to an outsider and infusing their thinking and sensibility into what we publish.

When I look back at the guest editors we've had — Bob Guccione Jr., Alex Bogusky, Dale Herigstad, David Skokna, Dr. Carl Marci — I can tell you, it's not always been an easy process. It's not easy for our professional staff of editors to let

go of the process. And it's not always easy for the industry pros to think like editors. But hopefully, somewhere between those two extremes, some inspired thinking, points-of-view and writing have come across. From that process we've discovered what happens when you bring new perspectives — the perspective of a great consumer-magazine editor, a great creative director, media designer, Web designer or neuroscientist — to bear on the subjects and themes we're all constantly scrambling to unravel, and

the constant change that makes them a moving, unanswerable target, at best.

Actually, it was during a roundtable discussion organized by our first guest editor, Guccione Jr., that I realized just how smart and visionary Wolf truly is, because he was saying some of the smartest things in the room. More importantly,

IT WAS DURING A ROUNDTABLE DISCUSSION ORGANIZED BY OUR FIRST GUEST EDITOR, GUCCIONE JR., THAT I REALIZED JUST HOW SMART AND VISIONARY WOLF TRULY IS, BECAUSE HE WAS SAYING SOME OF THE SMARTEST THINGS IN THE ROOM. MORE IMPORTANTLY, HE WAS ASKING SOME OF THE SMARTEST QUESTIONS.

he was asking some of the smartest questions. Better ones, for the most part, than I was asking as a moderator. So that's probably when I really started thinking that Wolf should guest edit this magazine. I hope you'll agree, because we're taking part of our cue from Wolf's manifesto, which is that, "Media companies will create more value from building, rather than acquiring, emerging digital businesses. 'Hacking' — creating a virtual start-up outside the organization."

Best of all, we discovered how much Wolf actually values the role of magazines as a

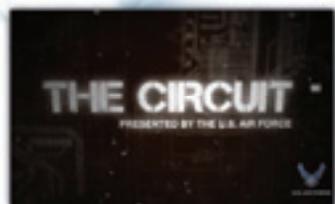
unique story-telling platform. You can see his comments on that later in this issue, but for now, I'd like to leave you with an insight he provided during our September 2008 roundtable:

"Magazines — especially large, consumer magazines — are likely to persist because they're not just about the physical format. They're like drugs unto themselves. I mean Oprah's magazine or *Vogue*, or a lot of things that women read, just don't port over well to a screen," Wolf said, which, in retrospect, could have been said today, whether you are reading this particular magazine in print, or not. 


JOE MANDESE, EDITOR-IN-CHIEF



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Who Will Redefine Your Business – If It’s Not You?

BY MICHAEL J. WOLF

It couldn't be a more exciting and remarkable time to be in the media business. Over the next couple of years, billions of media-growth dollars will be created through new experiences and new applications on new devices.

But the leaders of companies are concerned, and I think rightly so. They're witnessing the transformation of media-company revenues into technology-company revenues. More importantly, the real challenge is from the *redefiners* — a new generation of upstarts that can create a better user experience or a better way to market to consumers, and can scale quickly with new, cheap technologies. From LivingSocial, to Steam, to Zynga — these are examples of companies that have come out of nowhere to become major players in established industries.

Whatever you do — whether you produce films, create TV advertising, develop apps, edit magazines or publish Web sites — you have to expect that you could wake up tomorrow and find that someone else is in your marketplace in a way that you never expected. You have to plan for a world in which there will be a new device or a new application every couple of weeks. Frankly, you don't have a choice but to look at your business as someone else would and ask the question: "What would I do if I were a tech start-up? What could I do to redefine this business?"

And yet, of course, many companies have assets far beyond those of a start-up — deep content, established brands, long-

term advertiser and consumer relationships, and, of course, access to capital.

That's why this issue of *MEDIA* is about redefining the media company. Building new businesses that will drive growth will require *hacking the media company*: working from the outside in, setting up virtual start-ups within the organization — new, agile organizations that can work independently from the legacy rules, hierarchy and compliance of a big company.

One of the latest examples of a business that was built by hacking an organization is Grantland. A team within ESPN created an entirely new business that is redefining sportswriting. It's the kind of Web site you would expect someone else to create to compete against ESPN — but this time it was built by a virtual start-up that can take advantage of the mothership's marketing muscle to reach an entirely new audience.

There are other examples to show that hacking an organization works — all created within the last couple of years, and all following the same philosophy: A company lets loose a small team that can act like a start-up and take advantage of technology to redefine the business. The team at Hulu took the best from NBC and Fox to create the standard in a digital-video experience. My firm, Activate, helped Conde Nast create the team that redefined *Gourmet* into a digital experience that is part content, part social game — all the while redefining the concept of a magazine. Google acquired the team that built Android, keeping that group away from the constraints of the core, search business, and Android is now the fastest-growing mobile operating system, ahead of Apple's iOS.



PHOTO: DAVID NEBLEMAN

Our clients are asking us to look around corners, while the rest of the people in their industries haven't even gotten to the end of the street. Where will they find the ideas for new businesses? You don't have to look too far to see what tech innovators are going to create. Recognizing new models in their early stages gives you time to move. Then a virtual start-up can build something even better, based on the product experiences that are working today — whether they're on a television set, a tablet or a mobile phone.

I have to admit that the idea of editing an entire issue of this magazine was a scary one. What was the best way to describe this transformational moment in the media business? As the pieces came in — Rich Ziade describing how he built a com-

pany around better reading experiences, Nick Denton discussing the Gawker redesign, David Kirkpatrick introducing the next wave of companies to watch for, Paul Ford on how advertisers need to redefine the ways they think about the Web, or my partner at Activate, Michele Anderson, explaining what it takes to create a virtual start-up, and many others — I realized that I had no reason to worry. There is a lively, active discussion going on everywhere — in large, established companies and in new, nimble firms — about the best way to adapt. And what I think you'll find in the pages of this issue are some new ways of seeing the problems we all face — and some new solutions.

I'm very upbeat about what media companies can do to win in this new era. Technologies we could only dream of a couple of years ago are bucking the conventional wisdom that taking a media brand into the digital realm makes content less valuable. Today, I believe it will make them ever-so-much *more* valuable. Above all, I strongly believe that hacking the organization — making real changes from within — can bring start-up-style innovation to big media-companies. **M**

BUILDING NEW BUSINESSES THAT WILL DRIVE GROWTH WILL REQUIRE HACKING THE MEDIA COMPANY: WORKING FROM THE OUTSIDE IN, SETTING UP VIRTUAL START-UPS WITHIN THE ORGANIZATION

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Independent directors of News Corp. are beginning to discuss whether or not Rupert Murdoch can stay on as the CEO of the company he founded and has almost completely dominated, Bloomberg is reporting.

Murdoch has been at the head of News Corp and its Australian predecessors since 1952, and he and his family have maintained an iron grip on the company ever since. Yet, citing two anonymous sources, Bloomberg writes that people within the company "have begun questioning the company's response to the crisis and whether a leadership change is needed."

Despite his making move after move to contain it, the phone hacking scandal surrounding Murdoch shows no signs of letting up. If anything, the scandal has only gotten worse, as it has engulfed Scotland Yard and threatens Murdoch's American holdings. In addition, Murdoch, his son James and his former top British deputy Rebekah Brooks all face what is sure to be a highly uncomfortable session before Parliament on Tuesday, in which their collective crime and to have known about the massive phone-hacking operation at their highest

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Rupert Murdoch Under

JULY 18, 2011

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One scenario is that Murdoch will become chairman and James Murdoch will take the mantle of CEO. Another possibility is that Murdoch will be forced to step down and James will take over. A third possibility is that Murdoch will be forced to step down and a new CEO will be appointed.

James Murdoch's Control Of News Corp Under Threat

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peration at their biggest British newspaper will be put to the

himself seemed to personify the puzzlingly slow response to the
hen he claimed that News Corp had only made "minor mistakes"
lling of things. Since then, the company has hired a top PR
d quickly set about making far more public displays of
. However, it may not be enough to save Murdoch.

rio that has been discussed in the press recently is for him to
airman of News Corp, with COO Chase Carey assuming the
CEO. This would sideline James Murdoch, who many see as too
the hacking scandal to credibly become the new CEO of the

I've always been a voracious reader. Back in 2009, I found myself hunting around for the "print view" button more and more while reading on the Web. I didn't actually want to print anything. I just wanted a version of the same Web page that was more readable and free of clutter.

It was useful, but "print" views weren't very consistent from page to page and often weren't available at all, so I decided to try to hack a way to find the readable content of a page and display it for reading. Over a couple of weekends, I pieced together an algorithm that studied a Web page and then carved out the body of content worth reading. The code was originally written in Javascript and took the form of a "bookmarklet" (in essence, a bookmark link that called external code). The first version of "Readability" didn't work on every Web page. But it worked on many and, after a couple weeks of use, was a revelation. Underneath the clutter of the modern Web was a totally different experience — clean typography, easy reading and a sense of control.

VOICE OF AN INNOVATOR

*Readability: reinventing
Web content for readers
and publishers alike*

BY RICH ZIADE

OF COURSE, STRIPPING OUT A PUBLISHER'S ADS CAN CONCEIVABLY COST THEM REVENUES AS WELL, BUT WHILE PUBLISHERS CAN OPT OUT OF READABILITY, NONE HAVE DONE SO TO DATE.



Still, Readability needed work. Fortunately, some incredibly gifted programmers worked alongside me at Arc90. They brought my idea-as-code to a whole new level, rendering it effective on just about every Web page. As with many other projects, we released Readability as open source under the auspices of the Arc90 Lab.

I didn't expect much to come of it. I was wrong. Usage exploded. People downloaded it and used it everywhere. They hadn't known that it was possible to enjoy reading on the Web. We gave them a new option, and that felt good. Readability has since been ported to just about every programming language and is leveraged in many applications.

In early 2010, labeled as "Reader," Apple made Readability part of its flagship Safari Web browser. That was a wake-up call. Readability had been

deemed a necessity by a company known to be very, very careful about features. Soon after, Amazon integrated Readability into a refresh of its popular Kindle e-reader (labeling it as, "Article View"). It didn't stop there. Readability has become an important part of the plumbing of the Web. It runs everywhere, on just about every device.

As all this activity took place, the Arc90 team felt we had to do more with the technology. In mid-2010, we decided to make Readability into a full reading-platform, which launched this past February.

The new offering is pretty straightforward: Users pay a set rate of \$5 or more every month, and as they surf the Web, they can either turn on Readability's reading view or queue articles for reading at a later time. At the end of the month, we look at everything that has been read and distribute 70 percent of the user fees on a

pro-rata basis to the domains visited. Any publisher — from a national magazine to an individual blogger accruing more than \$50 — that registers its domain then gets a check.

Of course, stripping out a publisher's ads can conceivably cost them revenue as well, but while publishers can opt out of Readability, none have done so to date.

This may be because the people who truly care about elegant reading are a small minority of the overall Web audience and don't represent a large number of ad impressions. But these people are an important, influential audience — including bloggers, writers and other media professionals.

Publishers also know that Readability doesn't share or pirate content, and doesn't resell content without permission. Rather, it saves a clean version of the content and makes it easier for the user — and only the

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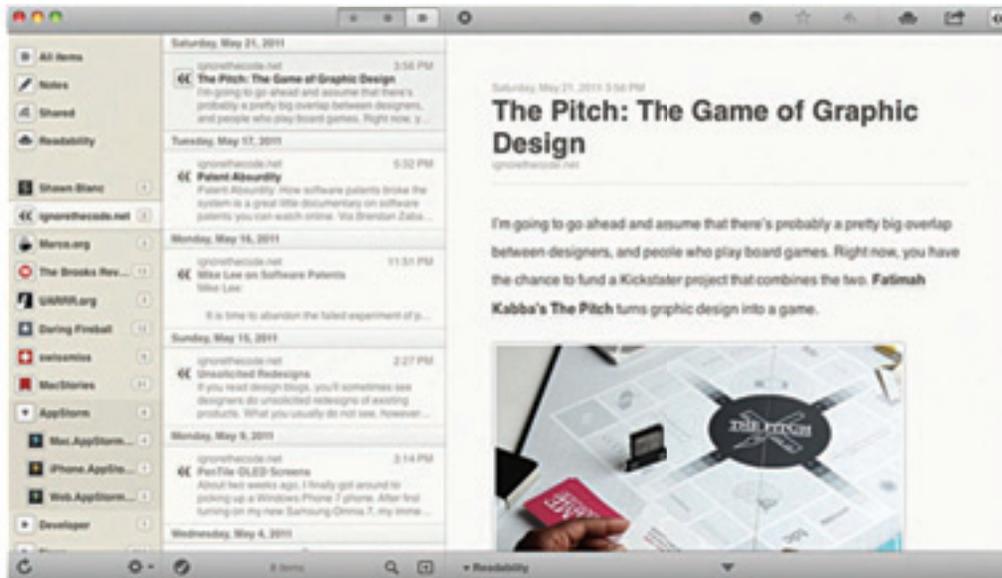
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Indeed, Readability strips out *everything* but the article copy. It shows no mercy. Ads are just one part of a page. Readability also strips out lists of related articles, lists of links, embedded Twitter feeds, etc. — anything that distracts from the story itself. In many ways, Readability represents a reboot of the Web — an attempt to recapture what makes the reading experience so enjoyable: a distraction-free environment in which one can read comfortably. By setting up a more-direct link with readers who care about long, serious, written work, publishers have an opportunity to reclaim good will they may have lost on the Web. Hopefully, this will be a lucrative link for the publishers.

We sell the service as exactly that — a *service*. We're in the business of making the Web easy for consumers to read — and rewarding those publishers who wel-

come a more-readable Web.

We're also sure that advertisers can find a place inside the Readability platform, since the reading view represents exciting, new context for publishers' content.

As I spoke with publishers prior to Readability's February launch, I was told repeatedly that cluttered, noisy pages ruin their brands. Many publishers have even created their own campaigns to foster better reading experiences, so they were impressed by Readability's respect for writers and editors, as well as readers.

The relationships built during these talks with publishers have proved critical to Readability's success. We were even privileged to have Sarah Chubb, former head of Conde Nast Digital, join our board of advisors.

Readability now has several thousand subscriptions and we will soon cut our semi-annual checks to publishers.

Despite our success, we don't think we've found the perfect model yet. But

the reality for big publishers is that the Web broke *their* model and they no longer have a monopoly on distribution. For some time, their solution was to keep adding content — ads, links, etc. — that would raise impressions and click-throughs.

But that solution ended up changing the very nature of editorial content — as people wrote to gain Google hits rather than to please readers. But search results are not why we read, and not why we write. It's not why people got into the media industry.

Part of Readability's goal is to help people have a conversation not about what gets published on the Web, but *why* it gets published. We believe we've succeeded in starting that conversation. But another Readability goal is more concrete: to build a platform that explores new ways to support writers and publishers who create the content readers love. **M**

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An iPad Killer Every Week

How publishers face the platform glut

BY KEVIN PURDY

It's part of *Wired* magazine's mission to take risks with new technology — after all, this is the magazine that wasn't afraid to exclaim last August that the "Web Is Dead." And so, a full year before the iPad officially existed, senior management at *Wired*'s monthly tech meeting were trying to figure out how to make their magazine work with the next new thing.

That lead time — and some serious effort — made *Wired* the first major media presence on Apple's new tablet, and the app sold well. It looked just like the print product and offered a number of interactive extras — maybe too many. "There was a tendency, like the early days of the Web, to 'put a video on there because we have a



video,' ” says Mark McClusky, special projects editor at *Wired*. These days, the planning for each iPad issue parallels the print process from the very first steps.

“At pitch meetings, we’re asking, ‘What does this look like on the tablet?’, but not just the visual elements,” McClusky says. “The trick is to figure out how you can use it

to tell stories differently, and the most satisfying ways to take advantage of these tools to get information across.”

As *Wired* went, so goes the world. Most publishers are facing similar problems: The iPad takes up most of their attention, because that’s where the interest and money are, but a new host of tablets and mobile platforms

are coming online — not to mention that the Web itself is increasing in capabilities and openness as new technologies arrive. This leads to a big question: How can publishers like *Wired* make the work they’ve already put into digital properties — in particular their huge investment on the Web — pay off on other devices?

Choose your devices and know them well

Wired’s app is crafted so that it could run on the Web or any computer desktop; the iPad happens to be where *Wired* wants to work at the moment. The app is put together with Adobe InDesign desktop-publishing software, which is also used for the print magazine. Designers

IT'S UP TO EVERY PUBLISHER TO DECIDE WHERE TO MEET THEIR CUSTOMERS WITH A RICH, UNIQUE EXPERIENCE; WHERE THEY WANT A MINIMALLY FLASHY, BUT USEFUL APP OR WEB PRESENCE TO SUFFICE; AND WHICH PLATFORMS HAVE THE MOST PROMISE FOR THE FUTURE.

The Daily's Carousel and interactive elements create an engaging environment for iPad users.

can float easily between tablet work and straight-ahead page design. To add an interactive element to an existing visual — like letting readers trigger the fire extinguisher that gets the ingredient-by-ingredient treatment in the magazine and see its foamy spray — doesn't require a whole-page rewrite.

And the app runs on Adobe Integrated Runtime, or AIR, which allows developers to work in Flash and incorporate basic Web elements for results that run across desktops and mobile devices. While *Wired's* app remains iPad-only for the moment, AIR is supported on Android and potentially other platforms.

But the iPad is the best of what's available right now, and it's where eyeballs and credit card numbers are headed. Of the estimated 6.4 million tablets shipped in the first quarter of 2011, seventy-four percent were iPads. Among tablet-owning consumers surveyed by Nielsen, 82 percent own iPads, and 9 percent have other devices, mostly running variants of Android.

The average price of an iPad app was just under \$5 in November 2010, about \$1 more than the average iPhone app, according to Distimo, a research firm specializing in app stores. But among the top 100 iPad-specific apps, the average was \$5.80; for the top 100 iPhone apps, it was only \$2.14. It seems that, for apps on their "in-between" tablet

devices, people seem willing to pay somewhere between what they'd spend on impulse smartphone purchases and what they'd spend on dedicated desktop software. And more than just screen size is appealing.

"It's just a hugely engaging platform," McClusky says. "People spend a huge amount of time interacting with our content on the iPad... There's a sort of immersiveness to the content experience on the iPad that perhaps other digital platforms haven't shown yet."

It's understandable, then, why the iPad is such a popular proving ground, while digital subscriptions and Web paywalls are still being hammered out. But the iPad's market dominance has a lot of inherent advantages that may gradually recede.

The earliest Android tablets were unofficial tablet projects, and the later official releases were unwieldy and tied to cellular contracts. Thinner, more retail-friendly models are now on their way. At first, too, popular app and game developers stuck to Apple's platform, but 58 percent of the Apple ecosystem's 50 most-popular publishers have since moved their wares into non-Apple platforms.

Amazon is rumored to be developing its own tablet devices; the latest rumor suggests both standard-size and much-larger offerings with serious processors — and understandably big market-

ing behind each. Meanwhile, Amazon's Kindle readers get cheaper nearly every quarter, and the Kindle reading-app itself is running on iPads, Android devices, and nearly everything that's remotely a computer. BlackBerry's maker is in the tablet game, too, and Barnes & Noble's NOOK e-book reader just picked up some tablet-like powers. Windows will be late to the game with its supposedly tablet-intensive Windows 8 release, but Microsoft is always at least a force in the enterprise/corporate market, if not in consumer devices.

Build one app from scratch, or start small everywhere?

As these alternate platforms evolve, they may develop the same kind of reader engagement and enticement as the iPad. If they do, publishers will face the same conundrum again: write once and publish everywhere you can quickly, or make an engaging app for the few platforms they know?

News Corp.'s *The Daily* arrived on the iPad in February with much fanfare, being the first new publication entirely dedicated to delivering news via tablet, and powered by Apple's new subscription model. It was written to take specific advantage of the iPad's hardware and capabilities, and it required more than four months of 70- to 80-hour workweeks by its software-



development team — to say nothing of the usual pre-publication efforts by writers, photographers, layout teams and editors.

Patrick Hughes, a freelance developer from the Rochester, N.Y., area, worked

many of those long weeks. He wrote code for *The Daily's* “carousel,” where users can flip through stories and past issues, for the “hotspots” that appear via screen touches to reveal additional content, as well as for the crossword and

sudoku components and other pieces. He was one of the developers summoned to Apple’s headquarters shortly after the initial launch, as Apple executives, reportedly including Steve Jobs, were unhappy with the app’s tendency to crash.

Hughes is proud of the work he and others from *The Daily's* development firm did in crafting a custom layout engine and delivery system from scratch. But if he had to advise another tablet newcomer, he’d likely suggest taking a breath before leaping in.

“I would start with something simple, then iterate on top of that,” Hughes says. Looking back, he believes *The Daily* is “very much what News Corp. wanted, [but] I don’t know if that’s 100 percent what’s needed to break in an entirely new digital publishing model.”

Starting simple, and maybe starting on a few different platforms at once, is certainly an established path by now. One way to do that is to work inside a platform like Titanium, which ports the JavaScript, HTML and CSS elements that most Web developers

work in to the languages required for development on iPhones, iPads, Android devices, BlackBerrys and, presumably, more platforms to come.

Scott Schwarzhoff, vice president of marketing for Titanium maker Appcelerator, says his firm’s media and publishing clients usually move through three distinct phases of development. “It’s similar to how publishing on the Web evolved... You can almost map them and mark the turning points,” he notes.

The first phase is just to get content onto device screens — in some way only slightly different and customized from getting it onto an established Web site. An outside firm is often hired; the app is usually for one or two platforms, and is, as Schwarzhoff puts it, “brochure-ware.”

Next up is acceleration, where Schwarzhoff sees the majority of modern content apps. The buzzword is “engagement.” The Apple and Android app for NBC’s *Late Night with Jimmy Fallon*, for example, not only shows clips from previous shows and previews of what’s next, but allows fans to, say, dress like a character from the perennial, ironic-touchstone show, *Saved by the Bell*, and upload them for use on the show. The acceleration phase is also when publishers start bringing the mobile strategy, and maybe the development, in-house.

Finally, brands want to innovate. They reforge their

apps to provide companion viewing experiences, to provide in-app downloads and push notifications, and, though not as instantly impressive, to unify their look and feel across platforms — so they can head quickly into new markets. Most importantly, Schwarzhoff says, it's when firms start updating and upgrading their apps every two-to-four weeks, rather than two-to-four months.

But Titanium and other frameworks don't reach every phone or tablet, at least not yet. And smaller firms may never intend to reach

the level of in-house app development, to say nothing of having the resources to plunge into the buzz-worthy. So how do you make sure your content has a shot on the crowded home screens of tablet owners?

Clean, simple, and (maybe) monetized

The simplest way to read an article on any screen, from tiny BlackBerry browsers to iMac Cinema Displays, is to click the printer-friendly or "single page" link offered on pretty much every article published on the Web. That streamlines the text and

images to a single column, provides loads of white space — and strips out most of the ads. The popular Web and mobile app Instapaper does its own clean-up job on articles and saves them to a reading list. It's ideal for longer text that readers come across on their browsers at work, or on their phones during idle moments — it time-shifts reading, much like a DVR time-shifts TV watching.

In a similar way, apps like the increasingly popular Flipboard and Pulse pull links and similar stripped-down content from all the

updates posted across a user's Facebook or Twitter networks — and also offer bundled packages of food, design and other topics.

Serious enthusiasts of longer works follow curated lists like longreads.com or longform.org. The Longform site, launched by journalist Max Linsky and editor Aaron Lammer, is developing its own iPad app to deliver its chin-stroking material directly to fans.

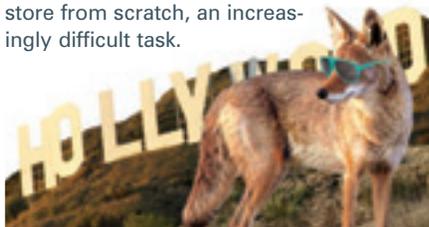
At the moment, the majority of Longform content is accessed through traditional computer browsers. But that bodes well for the iPad app Longform

The iPad Killers Around the Corner

Amazon's rumored "Coyote" and "Hollywood" tablets

Strengths: Amazon's willingness to put its full marketing, price-cutting and market-moving force behind a new product or service, and the built-in Kindle-owner market. From early leaked specifications, the smaller "Coyote" and more-widescreen "Hollywood" pack some pretty powerful hardware.

Drawbacks: Unless it piggybacks off Google's Android Market, or Amazon's own Appstore for Android, Bezos & Co. would need to start an app store from scratch, an increasingly difficult task.



Windows 8 tablets

Strengths: Put simply, the ability to modify and run Windows applications, alongside tablet-specific apps. Add in Microsoft's stronghold on corporate computing and large-scale deployment, and it's got a good head start.

Drawbacks: After the failure of the Zune and the middling Windows Phone 7, developer enthusiasm isn't exactly running hot for Microsoft initiatives.



Android tablets

Strengths: Numbers and connectivity. Google's Android Market now has more free apps than Apple's App Store, and Android has a larger share of the smartphone market. Those with Android phones have an easy tablet setup.

Drawbacks: Early negative reviews of "Honeycomb," the tablet-specific Android software, may stick with the platform for a while. Upgrade fragmentation seen on Android phones may occur with tablets too.



plans to offer for sale.

"We're hoping to be a gateway drug," Lammer says. "You read a few stories while you're at work, a few paragraphs each, and you might remember that you have an iPhone for the subway, or an iPad for your bed, where you can concentrate and enjoy the whole thing."

Longreads and its brethren pull their print-friendly links from a wide field of Web content, often fed by eager readers and Twitter coincidences. Even with its links pointing to less-monetized, print-friendly pages, the response from publishers has been, "over-

whelmingly positive."

"For a smaller publication, when we put something up, it sends them a lot of new, meaningful traffic," Linsky says. "For larger publications, this [model] is super new, and nobody's quite sure how it will play out... Publications have, however, changed the way they're doing things in response. *New York* [magazine] just redid its printer page, which used to be filled with cruft, and it's much nicer."

Nice, sure, but not necessarily profitable. For that, publishers might need what Jeff Jarvis, professor at

the City University of New York's Graduate School of Journalism, described as a YouTube for publishers.

"I'm 'Mr. Let It Flow Freely,' but I was appalled when I finally saw Flipboard," Jarvis says. "If I were *The New York Times*, I wouldn't support Flipboard. You've got to carry business support with the content."

That support might look a lot like the way Avril Lavigne or an anesthesia-addled toddler makes its way across the Web. Articles, like videos, should carry with them analytics for creators — along with their own advertis-

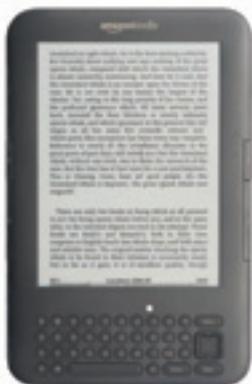
ing and branding — but be highly spreadable and embedable, Jarvis says. "Why shouldn't there be a standard that lets Flipboard spread your content, but with your own reasonable monetization with it?"

For now, it's up to every publisher to decide where to meet their customers with a rich, unique experience; where they want a minimally flashy but useful app or Web presence to suffice; and which platforms have the most promise for the future. The hard part, as ever, is providing content worth experiencing. **M**

Kindles and Kindle Apps

Strengths: Large, dedicated base of Kindle owners, along with the near-ubiquity of Kindle apps on nearly every tablet and smartphone

Drawbacks: As tablets and smartphones start covering more and more functions, single-purpose devices (cameras, camcorders, e-readers) like the Kindle are often squeezed out.



Barnes & Noble NOOK

Strengths: Very low price (around \$250) for an e-reader that suddenly turned into an intro-level tablet with select Android apps. A newer version is due out soon.

Drawbacks: Eventual downward price pressure from Android or Amazon tablets could squeeze out the still reader-centric Nook.

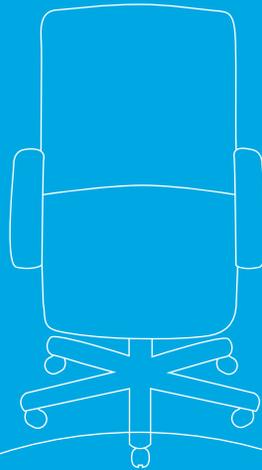


BlackBerry PlayBook

Strengths: Notably good hardware and build, potential Android-app compatibility, BlackBerry pairing advantages.

Drawbacks: Crucial elements missing from first release (email, calendar, etc.) garnered negative reactions. And the BlackBerry brand has been lacking in cachet of late.





VIRTUAL ROUND TABLE

*Madison Avenue's Big 3 weigh
in on change, culture and
the future of the advertising
business*

When *MEDIA* wanted to know how Madison Avenue's top brass were transforming their cultures and organizations to deal with the rapid change of the media and technology marketplace — not to mention traditional advertising business-models — we turned to three of the industry's most vocal leaders: Publicis' Maurice Levy, Interpublic's Michael Roth and WPP's Martin Sorrell — for a candid, round-table discussion. As it turns out, titans of industry have a pretty tight schedule, so we conducted it as something of a virtual round table, via a separate series of interviews based on a common set of questions.

What follows are some surprisingly reflective and revealing insights from Madison Avenue's Big 3 agency honchos into their strategies, as concurring and divergent as they may be.

Maurice Lévy

Chairman and Chief Executive Officer, Publicis Groupe

You made a huge bet by buying Digitas, and then merging it with other assets to create Vivaki. What have been the challenges in transforming your company into a technology and marketing-services business?

When we acquired Digitas, there were several ways we could have organized ourselves, but mainly they fell into two categories: The silo approach — we could put Digitas in a silo and let it grow and develop as a totally separate kind of business. Or we could place Digitas at the core of what we do — use this acquisition as an opportunity to transform ourselves. We decided that the way we could best serve our clients and help them reach for their goals would be to pick the second route. It was the more challenging solution, but it also held the most promise.

That was the easy part: making the decision. The toughest part of any structural or organizational decision is making it work in reality. You're changing the way a lot of people work — their jobs, their responsibilities, their culture and their lives. That's a very complex, very human process. We needed to have strong management, strong views and a compelling proposition so that all our people could see the advantage of collaboration versus silos, of sharing versus sitting jealousy on your client information and keeping it for yourself.

Fortunately, we have very skilled



leaders and a good spirit. We've been able to generate a lot of new-business wins and a high level of client satisfaction. So by those two, very important benchmarks, we have been successful.

What other capabilities are you putting into place to ensure that you're relevant for the next wave of marketing and so that you can solve the marketing problems of the future?



Ever since Publicis began, we have been innovators, creators and entrepreneurs. We look at all our operations with an eye to what we can do better, and we keep constant attention on everything that is new. We just acquired Big Fuel last week, because social media is essential to doing business today. We're developing technology platforms, because they're indispensable to our clients. Our approach is to include new services, new kinds of people and new thinking without delay, as soon as they emerge in the market. We are not afraid to test the new or to venture into unknown territory. We owe it to our clients. The next big thing for us? We're constantly exploring new approaches for making our clients' dollars work more effectively at building their brands and pushing their sales. Segmentation, addressability, the multiplication of tools and the combination of art and science are at the heart of what we are working on now.

New challenges require new talent. What kinds of people are you recruiting? Where are you finding them?

People: that's the most challenging issue we face. The resources are scarce, and competition for talent is huge: from Wall Street to start-ups, from platforms to media, from our classic competition to clients, everyone is looking for new, great talents. We need people who understand the new world and who have a feel for communication, strategic thinking, consensus understanding and creativity. It's not easy at all.

So we hire some great PhDs in mathematics, physics and computer science, but we also hire sociologists and marginal creatives. We don't try to cover our needs with a "one-size-fits-all" kind of person. And my feeling is that poaching

from competitors is sterile. It can fit some needs, occasionally, but it's not a solution. So yes, hiring is increasingly complex.

Almost overnight, social media has become critical for each advertiser's marketing mix. How are you aligning your organization against that? What works; what doesn't work?

With the Nerve Center, we have created a control tower that constantly surveys what is going on. That way, we have early signs of everything that is new and emerging, and we can figure out very swiftly how we can use it. We began working with Facebook and using some of their solutions long before any of our competitors did. By now we have developed that partnership, with new tools and training for our people, and so on. To understand how we at Publicis Groupe work and why we are ahead of our competitors, you have to understand that our very culture is about curiosity and innovation. That's what makes us so relevant to the platforms and to our clients.

How will the relationship between agencies such as yours and media companies change?

Blur is the name of the game. In the past, there were much clearer separations among the various roles and responsibilities. But digital is changing the role of media, the power of consumers, the ownership of a brand and the way content is created and distributed. And our role isn't limited to a box called, "advertising," or, "marketing services." No. Our role is in a box called, "Creative. Consulting. Content. Connect." Everything that will help our clients get another C — "Consumers" — to keep loving their brands and buying their products.

Michael I. Roth

Chairman and Chief Executive Officer, Interpublic Group

From day one, your challenge has been creating a new Interpublic. How have you been able to incorporate the specialties of each of the company's new acquisitions into the larger Interpublic?

The biggest challenge for us during the turnaround period was to evaluate the assets that we had and ensure that they were fit to compete and win in the marketplace. We also wanted to be as efficient as possible with our investment, and that meant an organic approach to developing new competencies. As you know, our core strategy in the digital domain has been to get all our agencies, no matter what marketing arena they operated in, to the point where they can deliver world-class, digital solutions. That's as true in PR as it is in corporate branding or sports marketing. So I'd begin by pointing out that our biggest step in acquisitions was to focus on talent. Over the past five years, we've hired some of the best thinkers in digital marketing into all our shops. Having those people on board is what allowed us to launch our "open architecture" model at IPG and lead the industry in organic growth in both 2008 and 2010.

Where we have acquired companies, we've done so to fill specific, geographic needs, particularly in high-growth markets, as well as in highly specialized areas of digital. For example, we bought Reprise Media when search-engine marketing was a relatively new discipline. At that time, we needed a great resource

very quickly to step in and help our agencies get up to speed. Our acquisition of HUGE has worked out very well. We've been highly respectful of their culture so that they can keep growing the business. But we've also paired them with Lowe to pursue major, multinational-client work

against that? What works; what doesn't work?

Social media is critical to every one of our clients and touches nearly every campaign we create. Which is why it has to be part of the vocabulary at every one of our agencies. Mullen does it for pretty



on an international basis. The team at W is energizing the McCann offering in Brazil, and that's also true of Cubo for Mediabrands in that market. Draftfcb made Blue Barracuda its European digital-hub this year. Overall, you have to be very targeted in your activity, get to know the leadership and do a deal that makes financial sense for all parties.

Almost overnight, social media has become critical for each advertiser's marketing mix. How are you aligning your organization

much all of its clients, including Panera. They've even morphed their chief creative officer into a leader in innovation in the social space.

Campbell-Ewald has led entire campaigns for the US Navy with its digital and social capabilities. And for our best-in-breed PR agencies, it's one of, if not the, key tool in their business arsenal. *Mashable* recently named Weber Shandwick one of the four best companies to work for if you're a social media professional — not among our competitors, but across all industries.

“OUR FOCUS IS ON HELPING SOLVE A CLIENT'S BUSINESS CHALLENGES — NOT JUST THEIR BRANDING OR MEDIA ONES. THAT'S WHAT WILL MAKE US A HIGHER-VALUE PARTNER — AND, ULTIMATELY, GET PAID MORE FAIRLY FOR OUR WORK.”

What works is hiring smart talent. What doesn't work is trying to isolate social media by putting it in a box. Most of our agencies blog, tweet and update — not just for their clients, but also for themselves. Social media helps amplify an agency's own, unique culture, which is what attracts clients and talent. For some of our agencies, their Facebook page is more important to their agency culture than the company's website.

What capabilities are you putting into place to ensure that you're relevant for the next wave of marketing and so that you can solve the marketing problems of the future?

The R/GA leadership talked about this at their seminar at Cannes this year, as did we. First, seek out diverse talent. Demographics are changing just as quickly as marketing technology, and we can't keep hiring from the same pool and expect to be successful. We think this is a real differentiator for IPG.

Second, our focus is on helping solve a client's business challenges — not just



their branding or media ones. That's what will make us a higher-value partner — and, ultimately, get paid more fairly for our work. It's what HUGE talks about in their new book, *Users, Not Customers*, and why the work they do for Pepsi on the Refresh project has been so noteworthy.

Next, we're making technology available quickly and cheaply to all IPG offices. We're putting video conferencing and the latest communications tools in place that can help teams work together across regions and disciplines. Again, we think our ability to deliver integrated solutions for clients is a differentiator for IPG, and leveraging technology is crucial to the equation.

And finally, don't rest on your laurels. Whether it's an agency like R/GA, which has been named the digital agency of the decade, or the emerging media thinkers at a major, global network or one of our media agencies, all of us need to embrace change.

New challenges require new talent. What kinds of people are you recruiting? Where are you finding them?

It's absolutely key to bring people with unusual or unexpected backgrounds into our world. We're working with ad schools to find kids with diverse ways of thinking and training as integrated, marketing practitioners. In our Associates Program, we onboard, mentor and track junior-level people of color, each one across multiple IPG agencies. This is a best-in-class program that is paying dividends. Increasingly, I believe we'll be focused on bringing talent from media, banking and other fields into our increasingly complex world, which will only make us a more exciting place to build a career.

Sir Martin Sorrell

Chief Executive Officer,
WPP Group

You've very purposefully broadened your business — you could argue that today WPP is a research, transactions and marketing-services business on top of the core creativity and execution. What have been the challenges as you transformed the organization?

Nobody likes change, including me. It disrupts your equilibrium, and brings uncertainty and unpredictable outcomes.

However, traditional or legacy companies, like traditional advertising agencies, have to change. Companies that are better positioned, like our direct agencies, have to change. And we have to take risks by investing in or acquiring better-positioned, new companies — rather like a strategic, venture capitalist.

It's not easy changing the engines on a plane that's flying and, apparently, flying pretty well — particularly when the measurement metrics are different for the new, in comparison with the old.

The temptation for management and boards, particularly non-executives, is to avoid change. That's the next generation's responsibility, and it's inherently risky. All in all, it makes you feel very uncomfortable.

What capabilities are putting into place to ensure that you're relevant for the next wave of marketing and that you can solve the marketing problems of the future?

The basics are the same: strategy, big

ideas and implementation. But it needs new types of people — software engineers — and the application of technology and the interpretation of data. Information is no longer power; the ability to interpret it is.

Incentive systems also have to change, as do structures. Internal, joint ventures and partnerships, along with joint P&Ls, are increasingly the ways used to bring people together. Clients are less interested in the operating brands and more in the people working on their business.

What kinds of people are you recruiting? Where are you finding them?

There will be more nationals, essential for growing our businesses, in the new geographies — back to the future of the nineteenth century. There will also be technologists, like software engineers, and data experts to interpret and analyze information.

The heart of our business is increasingly what we call media-investment management: direct, Internet-based, with interactive and data analytics. Starting again today, these would be on a par with strategy, creative and distribution.

Instead of "nicking" talent as we are prone to do as an industry, we have to aggressively recruit and develop the best talent from the best schools — universities, art and design schools, film schools, engineering schools, etc. But do it consistently, without interruption, come rain or come shine — just like McKinsey and Goldman Sachs.

How will you reshape the organization as the BRIC + 11 countries continue to be a strong growth engine for WPP?

The key is "nationals, not expats." In this way, the best nationals will continue to



“THE BASICS ARE THE SAME: STRATEGY, BIG IDEAS AND IMPLEMENTATION. BUT IT NEEDS NEW TYPES OF PEOPLE — SOFTWARE ENGINEERS — AND THE APPLICATION OF TECHNOLOGY AND THE INTERPRETATION OF DATA. INFORMATION IS NO LONGER POWER; THE ABILITY TO INTERPRET IT IS.”

join us. As the balance of power shifts increasingly to the BRICS and Next 11, these nationals have to have a greater say in the governance of the global company.

Regional and country management may not be appropriate. Why run Singapore or Portugal in the same way that you run China or India? It doesn't make sense. Direct reporting to the center of the BRICS and Next 11 may be necessary, as regional structures are changed or dropped.

Data has now become an important piece of your business. Do you believe that it is an advantage versus other marketing-services companies?

It's an increasingly critical differentiator, but we have not sufficiently woven data into our corporate structure or what we offer. The interpretation of information and

ROI analysis will increasingly be a major differentiator.

Almost overnight, social media has become critical for each advertiser's marketing mix. How are you aligning your organization against that? What works; what doesn't work?

Social media's biggest impact so far has been on public relations, and data and editorial influence become more important as a result. A social recommendation has become even more important than paid-for publicity, as we always knew from research.

Social media will eventually permeate all we do. We will have to adjust our legacy companies and make new acquisitions and investments, just as above in the case of change.

Invading social space carries risks and

requires patience. Monetization may have to wait.

How will the relationship between agencies such as yours and media companies change? Will you become a producer of programming?

“Walking with media owners” is almost as important as walking with clients. This is particularly true as new media disrupt old media, free models vie with paid models, consumers have to pay for content they value, consolidation continues and subsidies become more important. Developing tailored content for clients — sponsorship, product placement, sports programming and live content — will all become critically important over the coming years, as media further fragments, and there is not enough advertising to go around. **M**



The New 'New Media' Landscape

Facebook is best known, but other upstarts – from Minecraft to Rovio – are reinventing the content and marketing world

BY DAVID KIRKPATRICK

The age of the big, corporate media creator is over, and that of the small, nimble start-up has begun. The Web will look different; people will spend their time differently, and the old ways of doing things will no longer suffice. Companies now emerge from nowhere with no money, yet garner millions of users almost overnight. The implications for those in content and marketing are immense.

Companies that were started with astonishing ease by passionate people are emerging in gaming, travel,

art, transportation, news, and media and advertising itself. They use generic technology and tools, often paying nothing for the open-source software at the core of their products, and rent their back-end computer resources by the month from companies like Amazon and salesforce.com. Almost unlimited investment capital is available for these startups, both from traditional venture-capital firms and angel investors. But often they don't even need a great deal of money. It simply doesn't cost much to be an



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Minecraft quickly became one of the most popular games online and is expected to branch to mobile users, soon.

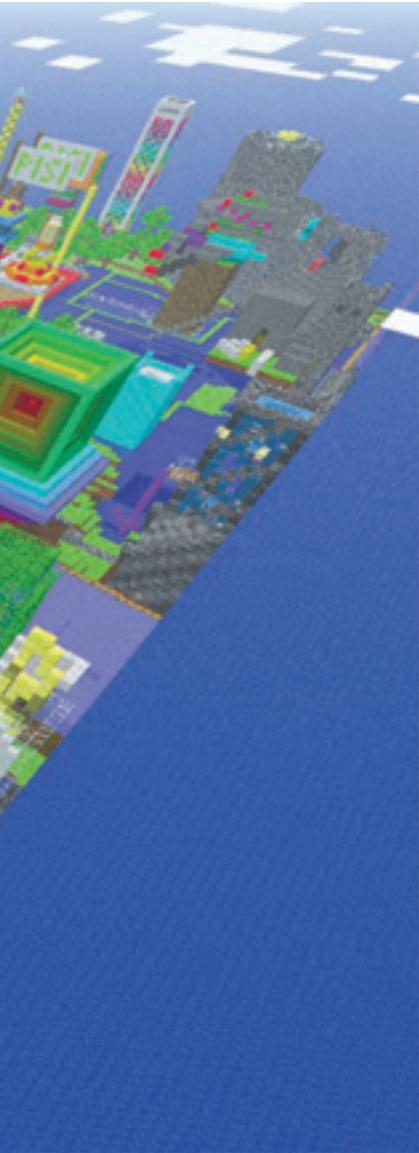
entrepreneur anymore, nor do you need to be a coder to start a tech business.

Facebook chief technology officer Bret Taylor recently summarized the current landscape: “Today the Internet is an interactive

social experience, defined by a person’s connections, interests and communities,” he said at a U.S. Senate hearing. “And thanks to the explosive growth of smartphones and mobile applications, people can access this personalized,

social Web wherever and whenever they want.”

It’s the age of the empowered individual, who wields these ever-evolving personal tools — social software on an often-mobile computer — with increasing deftness. You



A FUNDAMENTAL MISMATCH HAS EMERGED BETWEEN EMPOWERED PEOPLE WITH HIGH EXPECTATIONS AND BIG COMPANIES THAT TOO OFTEN STILL OPERATE AS IF CUSTOMERS REMAINED THE PASSIVE 'CONSUMERS' OF YORE.

customers remained the passive “consumers” of yore. Leaping into the opportunity created by this mismatch are fleet-footed new companies, often operated by people who closely resemble those consumers.

Nothing exemplifies the new business landscape better than Facebook itself, which 19-year-old Mark Zuckerberg launched with virtually no capital in that legendary Harvard dorm room. The site passed 500,000 active users in 2004 before the company, then called thefacebook.com, raised any significant outside investment. Today, of course, the success of this once-bootstrap startup is so gigantic that some might say it has become a colossal, corporate media company. Over 700 million users world-

wide spend time regularly on Facebook, and the company’s platform extends across other Internet platforms. Facebook is a fundamentally new communications medium, and the time and attention 150 million Americans spend there is exceeded only by television.

As Facebook’s success spawns more bootstrap media start-ups, it has achieved the rare status of a new platform for applications created by others. It is starting to rival the very Internet itself, since, by some estimates, as much as 35 percent of all Internet activity worldwide now takes place within Facebook. A new form of content distribution has arisen, including not only Facebook but also Apple’s iOS platform for the iPhone and iPad, and Google’s skyrocketing Android.

Empowered people want to help create their own media experience. The extraordinarily successful new game *Minecraft* invites users to build the environment in which they encounter obstacles and battle enemies. This extraordinary product was invented by one guy in Stockholm — Markus Persson. He didn’t even have a company until more than a year after releasing the “alpha” version of *Minecraft*. Hundreds of thousands purchased and played it, while enthusiastic reviews poured in. There was no advertising. Promotion was word-of-mouth.

Persson, by now heading the fledgling company, Mojang, unveiled a “beta”

version in December 2010. In less than a month, total sales had reached more than a million units. By late April 2011, more than a million more people had paid 15 euros to buy it. Persson says Mojang has total sales of 23 million euros, 2.3 million paying customers and, including its free version, over 8.2 million registered users. Mojang has a mere nine employees. Revenue is now gushing in at the rate of \$25,000 (U.S.) per day.

Minecraft still has one traditional element — it is a downloaded application you install on your computer desktop (though a mobile version is promised soon). But many new companies could not have emerged until the age of the smartphone. Uber is a good example. Aiming to transform local, personal transportation, this iOS and Android app lets users tap their location on their phone’s map. Uber then sends a car to them, usually within minutes. They can also watch their driver’s progress on the map.

Matt Cohler, a venture capitalist at Benchmark who has invested in Uber, calls it, “the best example I’ve seen of a totally compelling new consumer service that would never have been possible before smartphones.” Uber is already operating in New York and San Francisco, and plans to expand quickly. Is Uber just a transportation service? Is staring at the screen while

may recognize yourself in this description — do you wield an iPhone or an Android? But a fundamental mismatch has emerged between empowered people with high expectations and big companies that too often still operate as if



YouAreTV aims to create a social game show where viewers compete for air time.

manes, public art projects, literary periodicals or anything else somebody thinks up. The company takes 5 percent and insures no money goes to the recipient until the full amount requested has been raised. However, individual donors are responsible (or, if you prefer, empowered) to decide which projects merit funding based on the creators' pitches.

Other new businesses presume a democratization of markets that formerly were the province of elites. One example is 20x200.com, an online business launched by New York art dealer Jen Bekman. The company publishes original art prints in editions of 200, for \$20 per print. Bekman's ambition is to expand the art market and make it open to everyone. She explained in an interview with the Marketing

blog: "I see these \$20 prints as the gateway drug of the art-buying world. The first one might not be for free, but it's damn close... I want more artists to make their living making art, and I want the people who want to buy art — but feel that it's too rarefied for them — to actually buy it." The existence of the Internet as a universal pathway to the public makes that possible. In the new world of individuals empowered by technology, everyone can be a TV star on youare.tv, and everyone can collect art at 20x200.com.

These rapidly emerging start-ups with populist

you're waiting for a car a media experience? Could it be accompanied by ads? Why not?

Some 24-year-olds are more directly targeting traditional media. A little company called YouAreTV aims to reconceive television for an empowered, interactive age. In the process, it might revive "appointment TV" and undermine — at least some of the time — the relevance of that earlier technology disrupter, the DVR.

YouAreTV emerged from another start-up, collegeonly.com. Begun by Princeton undergraduates, collegeonly.com was an attempt to recre-

ate the appeal of the early Facebook, when it was only targeted to campuses. The attentive founders observed that a live video feature was especially popular, so they pivoted toward that and spun it out as a new company. Youare.tv remains in semi-stealth mode, but it essentially invites "viewers" to compete in real time for the chance to appear live in an on-screen game show. (For now it works on Macs and PCs, or any device with a browser that works with Flash.) Major media companies have come calling, and YouAreTV's investors include Facebook board member

Peter Thiel. The company works out of a crowded, co-working incubator space called General Assembly near New York's Union Square, surrounded by other 24-year-olds working on start-ups with a wide range of media-related goals.

Turning part of the process over to customers seems at the root of a surprising number of new companies. Some aim at the fund-raising process, both on behalf of for-profit and nonprofit ventures. New York start-up Kickstarter, for example, helps creative people solicit donations to produce films, Web sites, dance perfor-



ambitions have profound implications for industry incumbents. Just look at the biggest recent global entertainment phenomenon — the cell phone game *Angry Birds*. Like *Minecraft*, it was created by one guy, this time in Finland. Today more than 200 million people worldwide use the app on their smartphones or iPads to catapult round avian weapons at recalcitrant

pigs hiding in complex pyramids. The game is so popular that the company that makes it, Finland's Rovio, is furiously licensing content for a book that emerges this summer, as well as for lunchboxes and toys.

Rovio's content has become so ubiquitous in pop culture that *Business Insider* recently declared that Disney should acquire it to

avoid the cannibalization of its own business. Wrote *BF*'s Pascal-Emmanuel Gobry: "Disney and Rovio are in the same business ... Rovio built an amazingly beloved, global brand in a record-short amount of time, and [is] already busy monetizing it through awesome merchandising deals." Rovio has many qualities in common with Pixar, which Disney

bought not long ago.

Who had even heard of Rovio a year ago? Who thought TV would move onto the PC? Who thought a 19-year-old would create the most popular communications and media product in history? None of us can predict what happens next, but whatever it is, it will be very different than what we have been used to until now. 

The Web as a Customer Service Medium

*Documents may inhabit the Internet, but communities
have taken over the ruling reins*

BY PAUL FORD



I've spent my entire career as a Web developer, Web editor, and writer. And consistently over the last 17 years, I have found that when publishers and media professionals talk about the Web, they tend to assume that it is, at its core, a publishing medium. After all, that conclusion makes sense: The Web was created to transmit and link documents together. From its humble roots as a service for sharing physics research papers, it has grown into a linked database of newspaper articles, video assets, games, and billions of other media objects. At the center of the Web is the concept of the document — the blog post, the TV show,

the YouTube clip. The document is the important thing, and everything else — like the comments on a video, or the Facebook “likes” for a news article — is there to support the document.

I've come to see things the other way around. Yes, the Web began as a publishing medium, and it has a document-centric view of the world. But when people read The New York Times on the Web, or watch a program on Hulu, each of these properties is not actually native to the new digital environment; rather, the nytimes.com is emulating a newspaper and Hulu is emulating a TV, down to the ad spots. They are not truly born digital. This is

not their fault, of course. Both are excellent products with dedicated, intelligent staffs who ship reliable product. And the Web is so flexible that it can emulate any medium: Newspaper people see the Web as a giant newspaper; TV people see the future of TV; book publishing people see a potential book.

What's harder for people in these industries to see is that maybe the Web is not necessarily the medium they expect it to be. It may not be a publishing medium at all. I believe, in fact, that the Web is actually something very new: a customer service medium.

What does it mean to be a customer

Fans of the defunct *Firefly*, meet in person to celebrate the show



service medium? It means that customer service itself is the reason people come to the Web — that customer service is the main, dominant, driving experience that has caused the blossoming of Internet services, especially Web 2.0 ones. It means that the documents — the media — are there to prop up the comments, not the other way around. It means that the community, the conversation, and the quality of service are the Web's key elements, more important even than the media that most people think of.

Here's a thought experiment: Imagine you release a TV program to the Web every week, and there is a forum where

people can discuss that program. The program has been running for a few months and the forum is very active. Now imagine that the program is cancelled and stops production. What happens to the forum? Does it survive without the show?

Sometimes it does. Take, for instance, the fans of Joss Whedon's show *Firefly*, which premiered on Fox in 2002, but was cancelled after just a few months. The community around *Firefly* is large and enthusiastic; members call themselves the Browncoats, after the costume of characters on the show. They meet in person; they discuss the show; they consume all manner of connected media. It might

seem ridiculous at first glance — but their community is vibrant, and browsing through browncoats.com shows that while fans might, as is the nature of fans everywhere, tend to take things too seriously, the community is, in general, positive and enthusiastic and united in their affection for the show. It was this fan enthusiasm, in fact, that allowed the producers to justify a theatrical film extension of *Firefly*, called *Serenity*, which was released in 2005.

The Web abounds with stories like this — people who come together around an abandoned product, service or media event and take it upon themselves to pre-

serve their communities online. Nearly 20 years after Commodore Computer ceased operations, for instance, people still come together online every day to share memories of their favorite Commodore moments — software, hardware or history. Thousands of people remain invested in a brand that is long gone.

At a certain point I think we would do well to ask ourselves: What is the real product? In the case above, is it the retired media brand, the long-gone computer computer company? Or is it the community each left behind?

It can be hard to think about your product or message not being the center of attention. That's not what clients pay for. It's not why actors audition. But the truth remains: What people do on the Web is talk. They build relationships that are bigger than the thing that got the relationships started. Yes, as a society, we like documents and we like products. Documents and products can be associated with revenue models and marketing plans. But when it comes to the Web, we should question our traditional assumptions. Building communities around *Firefly* or old computers is one thing — the brands these communities love, for the most part, are moribund. For living brands, however, the opportunities are amazing. Because communities can form around your message. How big or how small depends upon the message.

Now, though, the responsibility is on brands to partner with those communities. Joss Whedon, who created *Firefly*, is expert at drawing his fans into his work without bowing to their every whim. He channels that energy to promote other events and media products that he creates. Commodore nostalgists have been promised a new personal computer that looks exactly like a Commodore 64, the most popular computer platform of the early 1980s.

Note that Whedon and the new Commodore are providing service direct-

ly to the communities, giving their members opportunities to gather and share experiences.

Metafilter.com is one of the world's greatest Web sites — an oft-repeated example of a vibrant, involved user community that creates wonderful content collaboratively. Metafilter founder Matt Haughey told an interviewer why he feels the site is a success: "I'd like to think it's intense moderation and customer service." Talk to any community leader and you'll find much the same story: Success comes from deep involvement and connection with the community, constant contact with members, and mutual respect. Whether your community is on Twitter or Facebook, in the comment boards on your Web site or the comments section of your blog, the need for customer service is the same.

But what does "customer service" mean in this context? Traditional customer service is relatively straightforward: People with concerns contact an organization and receive advice on how to resolve their problems with a product or service. But in a social media world, where Twitter can erupt into a mockery of your message in a matter of minutes, customer service requires a different sort of model. So instead of waiting for people to reach out to you, you need to go to the community ahead of time.

Wherever people talk about your product or message, you need to become a participant — not a passive participant, and not a shill, but an engaged, honest

IT CAN BE HARD TO THINK ABOUT YOUR PRODUCT OR MESSAGE NOT BEING THE CENTER OF ATTENTION. THAT'S NOT WHAT CLIENTS PAY FOR. BUT WHAT PEOPLE DO ON THE WEB IS TALK. THEY BUILD RELATIONSHIPS THAT ARE BIGGER THAN THE THING THAT GOT THE RELATIONSHIPS STARTED.

advocate. Then watch how people interact. Listen to their questions and respond promptly. Make sure they feel heard — after all, the fundamental question on the Web is "Why wasn't I consulted?" Consult everyone you can. Give them the tools they need to communicate your offering — not simply to understand it, but to communicate it to others. And keep an eye on trolls and people who would sow distress.

If the Web is a customer service medium driven by community — more than it is a document-driven platform — then the model for marketing changes from "tell everyone about your product and staff a call center to answer questions" to "support a community and educate its members about your message, so that they feel consulted and can educate each other."

The focus changes from broadcasting to listening. Rather than trying to be the document that is the center of attention, you've allowed attention to shift to the listeners, watchers, users, and fans. And you're giving them what they need to be engaged, involved participants. In short, the Web allows for preemptive customer service. One only needs to look at how Twitter can drive Web traffic to understand the power of educating a community in an engaging way, so that they can take a message, share it, and make it their own. When you see how groups of people online can rally behind a message — such as by sharing or liking it — you see how critical messaging can be. And you see how much it can pay off to provide a deep level of preemptive customer service by asking rather than waiting to be asked. **M**



YOU CAN'T BEAT TRAFFIC

*Gawker Media's Nick Denton talks
with Michael J. Wolf*

By 2002, Nick Denton had found success, first as a British journalist, then even more success as an entrepreneur, cofounding and selling two technology companies — early social-networking Web site First Tuesday and news-aggregator/business-intelligence firm Moreover Technologies.

That's when Denton decided to return to his roots as a muckraker and launched *gawker.com*, a gossip Web site focused on New York City. Fueled by an overwhelming desire to annoy people in power and his own fairly deep

pocketbook, Denton hired an unproven 25-year-old editor, Elizabeth Spiers, and set to work redefining how media could work.

Sometimes loved, often loathed, Gawker went on to define what a “blog” means in the larger media landscape. It has broken stories about congressmen posting on Craigslist, released videos of Tom Cruise despite warnings from the Church of Scientology and revealed the secrets of the iPhone 4 long before Steve Jobs would have preferred.

Today, out of his New York offices, Denton, 44, oversees

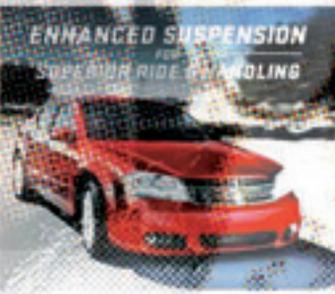
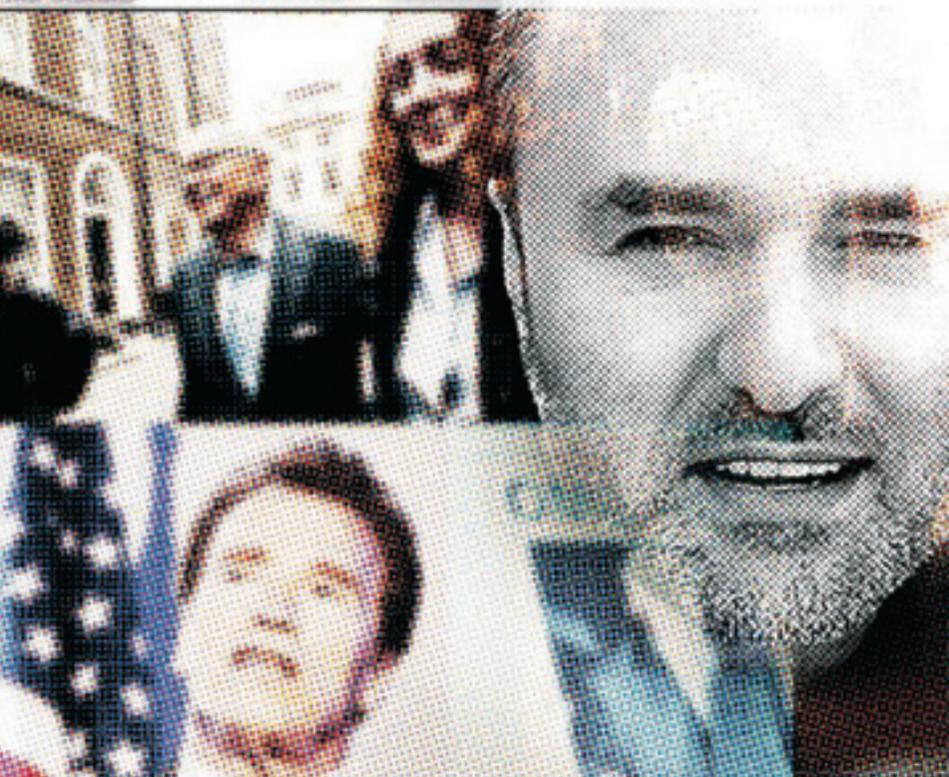


MUSIC Share Like

Mark Zuckerberg Really Likes Jay-Z and Taylor Swift

Adrian Chen — We're not hip or cool enough to have been invited to the amazing social music service Spotify. But here's what Mark Zuckerberg listens to on the service: Jay-Z, Taylor Swift and electronic music.

His playlist "Like a G6" is named after the obnoxious boss from Fast Forward (part of the same name). Aside from electronics (Deft Punk is a particular among his favorites), Zuck's taste also includes the underdog. He's got playlists for Green Day, Nirvana, Jay-Z

DAILY Share Like

I Had a One-Night Stand With Christine O'Donnell

Anonymous — Three years ago this week, an unrepentant Christine O'Donnell showed up at the apartment of a 27-year-old Philadelphia guy. I ended up spending the night in his bed. Here's a gallery of photos of his encounter with the would-be Delaware Senator.

I barely knew Christine when she turned up at my door at around eight o'clock on the night of Halloween. We'd met for the first and only time three months earlier when my two roommates and I signed the lease on our apartment. Christine's aunt owned the place we were moving into, and she happened to be up from Delaware visiting at the time. But we only spent about five minutes together that day and we hadn't spoken much, and I hadn't thought of her since.

But she was standing outside my door with a friend. And both of them were pretty to




SPICY Share Like

Happy Drunk Lindsay Lohan Cries and Screams Alone at Bar

Maureen O'Connor — Lindsay Lohan seems drunk only into the void. Kristin Bellari's fiancé dumps her. Leighton Meester sees her number. Chris Evans is blowing in "reigning insecurity." Ben Affleck Bieber hair. Monday gossip is a lost cause.

Lindsay Lohan got trashed at a series of bars on this weekend and ended up alone, crying, screaming, and

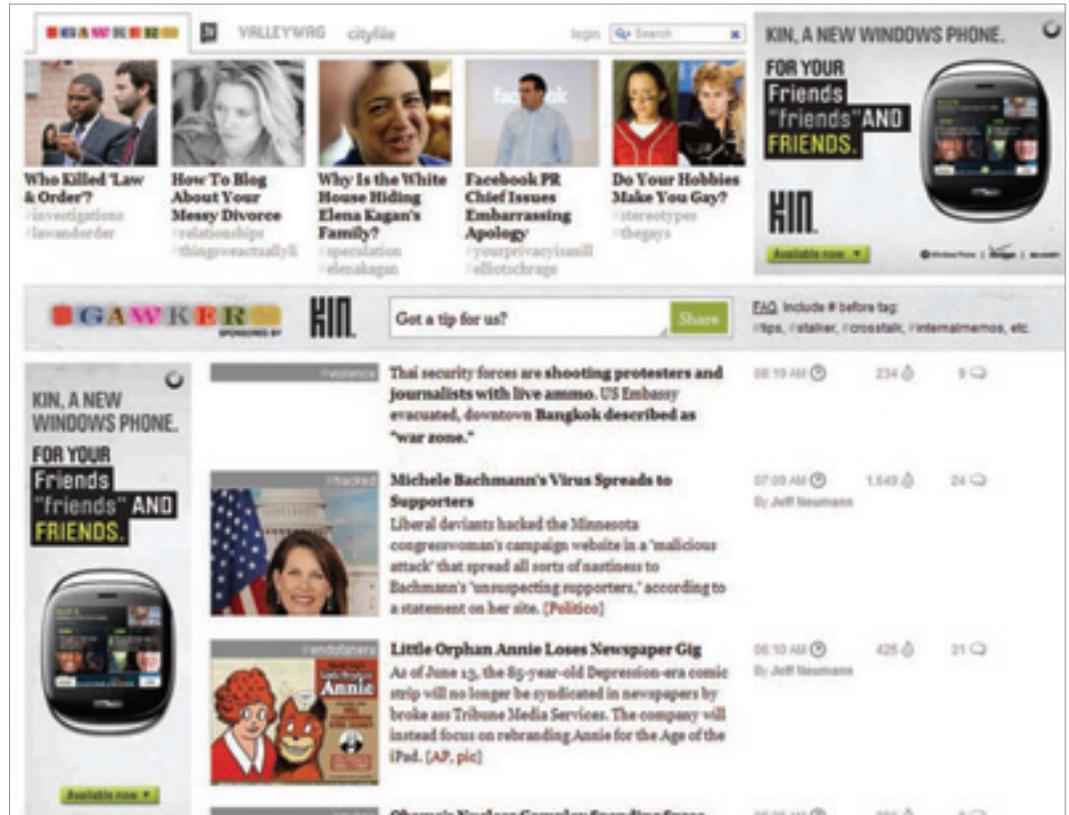



one of the most powerful and controversial suites of brands in the online-media landscape, with a reach in the millions: flagship gawker.com, Gizmodo for gadgets, Kotaku for video games, Jalopnik for cars, Deadspin for sports, Lifehacker for productivity tips and others. Like many of Gawker's alumni, Elizabeth Spiers has gone on to larger things as editor of the *New York Observer*.

MEDIA guest editor Michael J. Wolf recently spoke with Denton about the perils of publishing online, finding talent for a new medium and the risks of redesigning.

You seem to truly enjoy tweaking people who work in traditional media.

There's no one way to do media, but there was one way that people *did* do media. I've always been inclined to choose the opportunities that have been neglected — whether neglected talent or story opportunities that arise if you're able to pay for scoops. Whatever traditional media takes as being a given, a holy law that thou shalt not pay for stories, it's productive to ask, "Well, why?" If [paying] gives you content that people want, [and gets it] more cheaply than other people can acquire it, then why wouldn't you want one to do that? Why not, say, write stories based on rumor and correct them if the rumor turns out to be wrong? Why not?



And to feed that, you pay writers bonuses based on page views?

I saw that the writers had Web-traffic charts as screen savers. It was a natural step to attach money to performance.

How do you acquire talent that can handle that pressure?

Early on we didn't have the money to pay people competitive rates. There was a certain amount of satisfaction in finding writers that might not fit

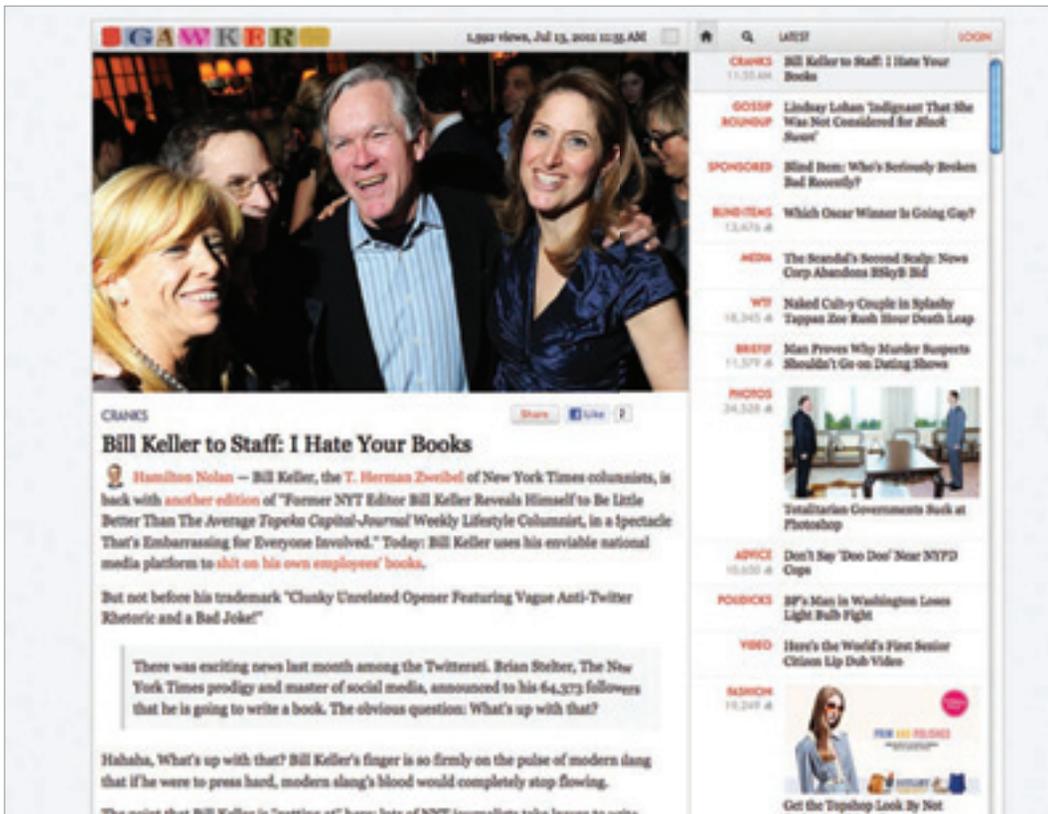
The previous format for Gawker Web sites did not allow important stories to be featured.

elsewhere, were not discovered elsewhere — who couldn't go out in public, even. We could use a different way of evaluating them. We evaluated people almost entirely not on their track record, not on what university they went to, not on their social ability, but on their ability to produce blog posts. And maybe I couldn't get a writer out of bed in the morning, but the readers could. They'd be emailing in the morning saying, "Where

are the posts?" The page-view system panders to a writer's giant narcissism in a way that no manager ever could.

Doesn't that make you a kind of content farm?

The content farms actually made Gawker Media look more familiar and approachable to mainstream media companies, because there are certain values that we do share with traditional news organizations — like the primacy of the story. And when Demand Media and other content farms came



“THE TWITTER MOB IS NOT REPRESENTATIVE. A LOT OF PEOPLE ARE SCARED. ALL THIS TALK ABOUT INFLUENCE HAS GONE TO THE HEADS OF THE INFLUENCERS TO A POINT WHERE THEY THINK THAT THEY ARE THE SOLE SOURCE OF LEGITIMACY.”

What did readers think?

You can't talk to your regular readers. You're looking for a design that is going to bring you a new, larger audience, and they [regular readers] are going to give you a bad signal. The core audience is hyper-empowered, and they speak in your comments. It becomes like Twitter. They can get into your head; they can get into the heads of your writers. They can get into the heads of other people who work in the company. It's frankly terrifying to push through a change these days. You will have this collective scream of, "Why wasn't I consulted!"

So you shouldn't listen to people complain on Twitter?

The Twitter mob is not

along, they had a purer, pay-for-performance model than we did. And right then there was a lot of press coverage of Gawker. I'm guessing it was partly because we were newish and successful — but also familiar. I characterize us as being the friendly barbarians, the ones that are themselves fleeing from the more rabid tribes to the east.

You redesigned the sites in your network, and there was a great deal of talk that the redesign just didn't work — that it cost

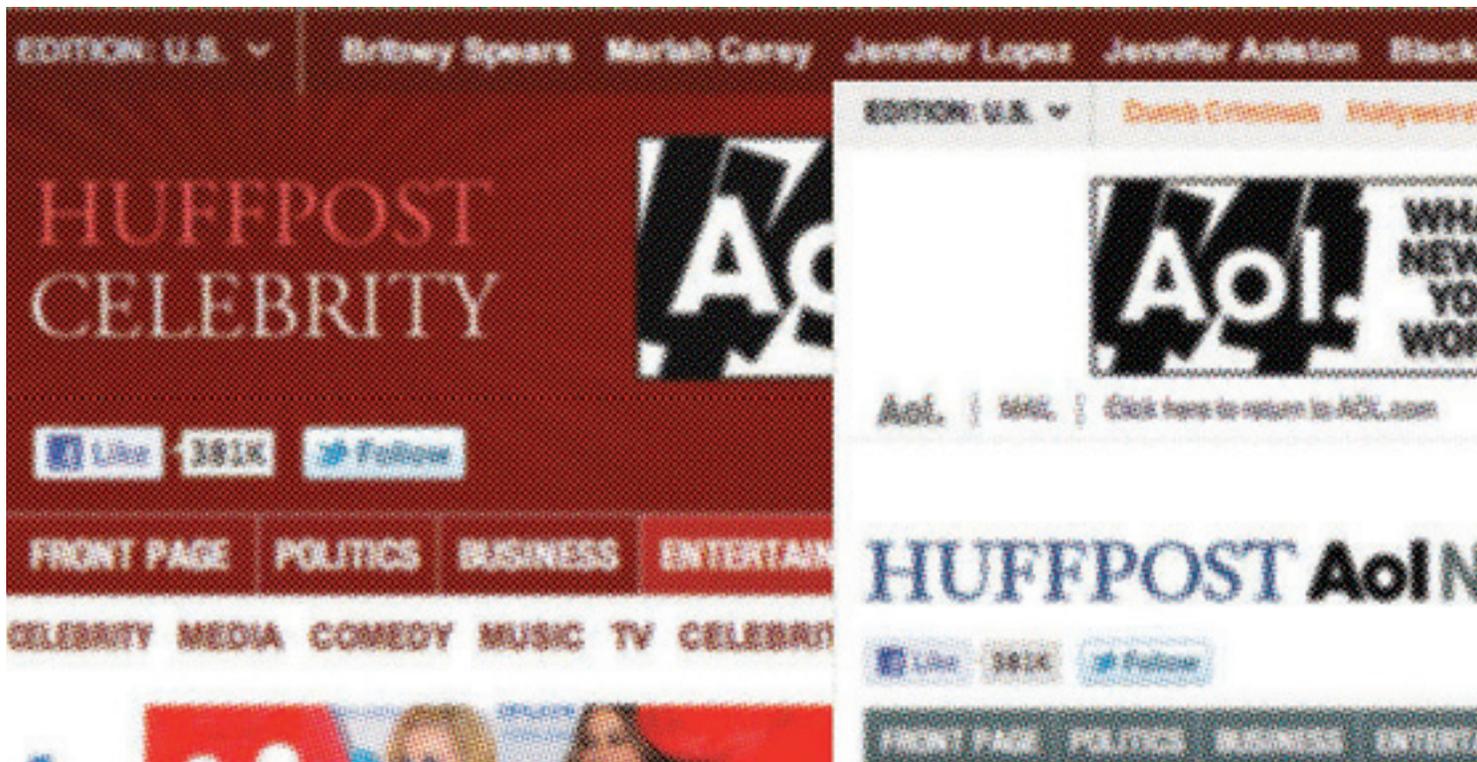
you a tremendous amount of traffic.

We felt we were trapped in a niche "blog" market — that our sites weren't growing as rapidly as we wanted. Take our iPhone 4 story — that was worth 10,000 times more than some throwaway blog post, so we had to stop publishing for the entire day, because if we had continued to publish, then the story would have fallen down the queue. So that was the primary motivation for a change — to have a section for the scoopiest, most exclusive, most visual

stories, and then to retain a reverse-chronological flow for the relatively small minority of readers who come back many times a day. So it seems inevitable that one would divide up the page left and right — top stories on one side and later stories on the other, and I've never heard any argument that has undermined my conviction that that's the way to go.

What kind of research did you do?

It was not tested. We did a mockup and we ran it in beta for a long time.



representative. A lot of people are scared. I say that as somebody who has pushed the Gawker audience as being an influential audience — but all this talk about influence has gone to the heads of the influencers to a point where they think that they are the sole source of legitimacy and enduring popularity, that they are the conduit through which all media expansion needs to occur. The idea that “influencers” are the only route to a mass audience, which is, I know, orthodoxy, needs to be challenged. I’m not saying it’s entirely wrong. But it certainly needs to be challenged.

People are so earnest about their influence.

We had this brief period of Web irony. Now irony is dead again. You can’t afford to be ironic.

What happened to traffic after the redesign?

The dip was about 25 percent in audience numbers. And a large part of that wasn’t reader backlash, loud as that might have been — it was search engine problems due to the technical implementation. Traffic driven by search engines fell two-thirds, which was a large part of that 25 percent.

“WHAT MISERY ARIANNA HUFFINGTON MUST BE GOING THROUGH TO HAVE TO TAKE OVER ALL THOSE LAME AOL PROPERTIES. I’M SURE SHE KNOWS THE LEGEND OF THE AUGEAN STABLES. THOSE STABLES WERE NOTHING COMPARED WITH THE MESS AT AOL.”

And then?

We’re fixing the technical problems. Page views per visit are up 40, maybe 50 percent.

Why are they up?

I think it’s hard to tell. But now when you come in, you see the *story*. Every single page on the site has a clear area on the right side which is like a miniature front page. And in the old blog model, when you click on a story, you then have to go back to the front page and then scroll down in order to get to the next story. It was four clicks. Now, with the headline index, it’s one click. I’d like to think that as people get more used to that, to the reduced



friction, they'll start to say, "I'll just click once more."

Was the redesign to enable new advertising units?

No. We built the advertising strategy around the audience strategy. The logic of the advertising offering is that we have this focus on big stories, and big stories depend on visuals. Half of the top stories in any one month are based on a video or gallery or photo comparison. The Web is a visual medium. Therefore we have a primary, 640-by-360-pixel element on every page, including the front page. If you have a strong visual element on the page, and that's dominant,

then marginal ads lose some value, and they're crowded out by that primary visual. So the only place to put high-impact advertising is right there in that 640-by-360 slot, as opposed to in the margins, which is the way that most sites are organized.

Most Web-born sites can't effectively use a pure pre-roll model because so much of our content is curated as opposed to owned. And if one was to limit the advertising only to the owned video, you'd be running the high-impact advertising against 1 percent of your total viewership. And so we wanted to run the advertising within that high value, 640 by

360 slot, where the reader's attention is.

And we wanted to decouple the pre-roll from the content so that one could run video advertising against non-video content and non-video advertising against video content. And to standardize that unit across the entire inventory of the site. So the unit that we came up with is a sort of interstitial — but it's an interstitial that fits within the grid, that doesn't take over the entire page.

It's not jarring?

I think we can actually fit more advertising like that into the site without generating reader backlash.

Online advertisers have been trained in the way that, say, TV advertisers haven't been. Online advertisers have been trained to want to break the grid. They want to disrupt the grid. So that's a slight challenge — to explain that it's better if readers see your ad without getting angry at you, without your disrupting the reader experience.

Your readers value the experience?

Yes. And our audience is genuine. Advertisers don't always care about that. But the people who read Gawker, they read Gawker. People who read Gizmodo read Gizmodo. They have an attachment to the brands. They identify with the character, the ethos, the sensibility. It's not that they have simply stumbled upon the site. We have never, ever bought traffic.

Why haven't you sold Gawker Media?

I flipped two companies before. I don't need to do it again. Why would one *want* to sell? In order to take one's life work and, you know, have it be destroyed by some larger company? Look at the Huffington Post being purchased by AOL — what misery Arianna Huffington must be going through to have to take over, you know, all those lame AOL properties. She's Greek, and I'm sure she knows the legend of the Augean Stables. Those Stables were nothing compared with the mess at AOL. **M**

MUSIC GOES SOCIAL



Everyone Gets a Producer Credit

Crowdsourced funding moves into indie music marketing

BY MAURA JOHNSTON

What happens when you ask people to pay for music before a single track is even laid down? The rise of crowdsourced funding sites — like IndieGoGo and Kickstarter, where users commit money in advance to planned ventures like recordings, books and statues of RoboCop — has caused many artists to think about whether such sites could replace the world of music distributors and record labels.

Sometimes, the results are golden — or at least green.

“Kickstarter is the new middleman, and he’s nice,” says Eef Barzelay, who records under the nom du rock Clem Snide. Barzelay and Chicago micro-indie label Foreign Leisure used a campaign on Kickstarter to fund the pressing of a vinyl EP of Journey covers. The idea was sparked by a cover of “Don’t Stop Believin’” that appeared on the Web site of the culture guide AV Club.

The Clem Snide campaign needed \$5,000 to cover the costs of pressing 500 copies of the EP; as of May 26, the campaign had raised \$18,904, with five people donating \$1,500 each so they could get a host of goodies that included an acoustic solo show at each pledger’s house. (Barzelay says he’ll, “keep the kids fed and the lights on” with the extra money he’s raised.)

Foreign Leisure is run by A.V. Club editor Josh Modell, who first used Kickstarter to fund a small vinyl pressing of an EP by the band Crooked Fingers. “I remember being aware of it very early in its existence,” Modell says of Kickstarter. “I do remember thinking immediately that it was a great idea — a nice, low-pressure bridge between fans and artists.”

But what happens when an artist is just starting out? Clem Snide, it should be noted, is a band that’s been around for

years and has had a fair amount of notoriety (its song “Moment In The Sun” was the theme of *Ed* during the NBC sitcom’s second season); likewise, A.V. Club is one of the higher-profile culture sites out there. Is it wise for a newer band’s initial marketing to involve asking for money before a note has been put to tape (or hard drive)?

“I don’t think you could do a music project of much size without a solid number of diehards already in place,” says Modell. “I could see it working better for something like an indie film, because you can pitch your idea for a movie to people — and people know how costly it is to make a movie. With music, it’s essentially a pre-order, and if there’s no interest, you just don’t manufacture it.”

Kickstarter has had quite a few music-related projects fail to reach their goals by

“IT’S HARD TO IMAGINE AN ARTIST WITH NO PRE-EXISTING NETWORK BEING ABLE TO RAISE A SIGNIFICANT AMOUNT OF MONEY WITHOUT SOME SORT OF MUSICAL HISTORY OR PROVEN TRACK RECORD,” SAYS HIP-HOP ARTIST BRYAN WINCHESTER, WHO GOES BY THE NAME BRAILLE.



IndieGoGo is a social-networking site created so artists can raise money for projects.

their appointed deadlines. Many of them were maiden recording voyages by artists who were trying to fund their passion projects in a creative way; others seemed more sunk by their ambition.

“I think every situation is unique,” says Bryan Winchester, a Portland-based hip-hop artist who goes by the name Braille. Winchester used IndieGoGo to raise money for production costs stemming from his

album *Native Lungs*, which he planned to record in five days in Denver. “It’s hard to imagine an artist with no pre-existing network being able to raise a significant amount of money without some sort of musical history or proven track record. I don’t think it’s as simple as someone saying, ‘I want to make a record, I’ll just put up a campaign and it’ll be fine.’”

IndieGoGo is an appealing option for

some artists who are starting out because its constraints are a bit different than Kickstarter's; people in search of funding don't need to reach a financial goal in order to get the money pledged by fans. "We have learned over time that campaign owners are creative in accomplishing their goals no matter how much they raise, and that funders get upset if the money is returned to them," says Erica Labovitz, senior vice president of funding for IndieGoGo.

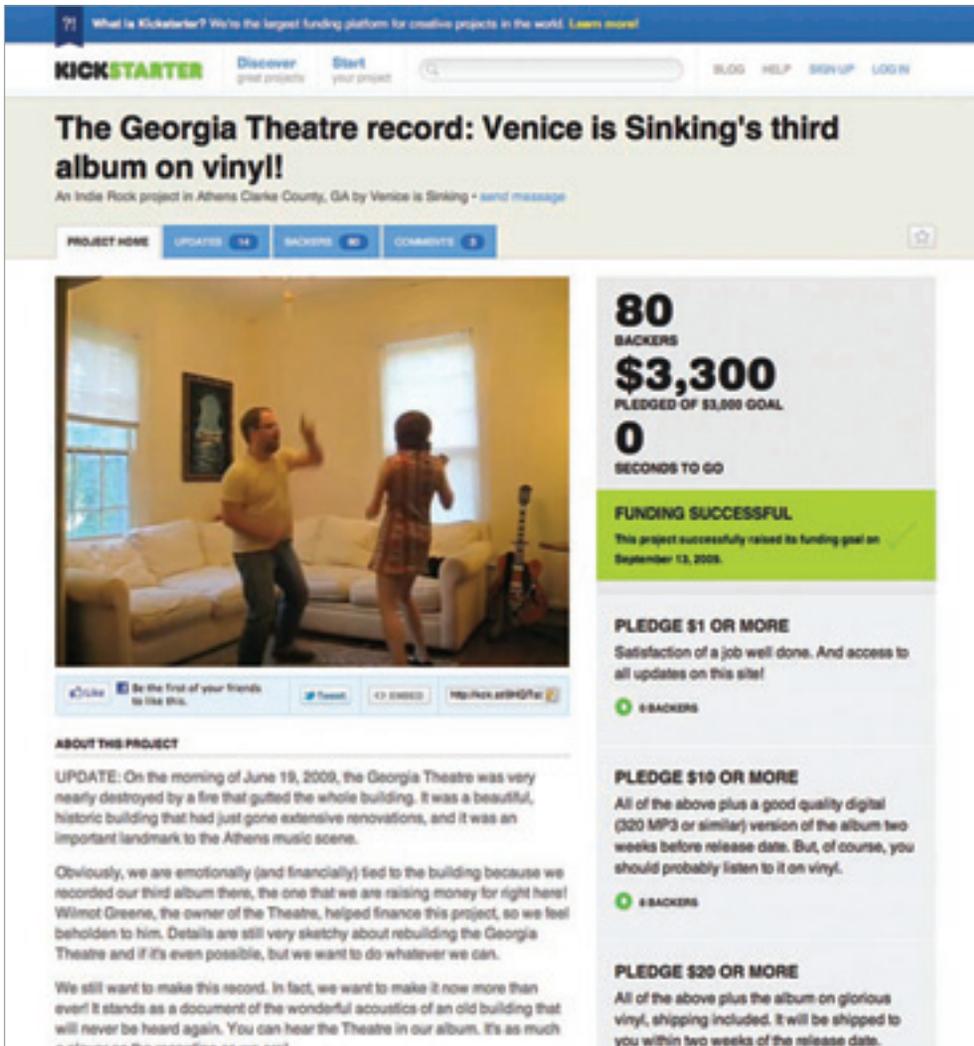
Getting the money is just one aspect of music-making that has little to do with music itself — but has fallen into artists' laps in the post-record-store world. Moreover, the nature of the process by which word gets out about a record has been time-shifted; marketing the funding of an album can turn into marketing for the album itself. This is tricky to navigate in an era of heightened promotional cycles, hundreds of teaser MP3s dropping via thousands of blogs, and a ton of music available for people to pay attention to in a passing way, let alone spend money on. Then there's the matter of squeezing in time to tour throughout all of this — because the idea that bands need to go on the road to make money still holds true in some quarters.

Some artists have essentially used the crowdsourcing systems as a way of pre-selling albums, with bells and whistles — like Barzelay's private concerts — thrown into the packages should people feel compelled to pay more than the cost of the CD or record itself.

"Kickstarter is a double-edged sword," notes Lucas Jensen of the Athens, Ga., chamber-indie outfit Venice is Sinking, "because you are often hyping music people haven't heard yet. Which is a good *raison d'être* for self-promotion — but also, by the time the thing shows up, it's old news. I felt like our album was already over in a lot of people's minds because they'd been hearing about it forever."

And using social media to get the





“I REMEMBER THIS ONE GUY — A FRIEND ON FACEBOOK — WHO MADE A POINT OF COMMENTING EVERY SINGLE FREAKING TIME I ASKED FOR MONEY: ‘DUDE, NOBODY HAS ANY MONEY’ OR ‘WILL YOU GIVE IT A REST?’,” RECALLS JENSEN.

the actual PR campaign for the album yet.”

Having a plan in place before kicking off crowdsourcing campaigns for musical endeavors is crucial; having a fan base, or at least some sort of seed money, can only add to the riches being brought in.

“I would suggest artists starting out get as far as they can

word out about a ticking campaign can be a double-edged sword. The sheer volume of information people consume daily means that bands who seek funding — particularly as they approach their deadlines — need to send out reminders to keep themselves at the top of their friends’ and colleagues’ timelines. Jensen’s campaign, which helped his band release a vinyl copy of an album recorded at the Georgia Theatre in Athens, hit a snag about midway through

its fund-raising, and tensions ran high during the campaign’s promotion.

“I remember this one guy — a friend on Facebook — who made a point of commenting every single, freaking time I asked for money: ‘Dude, nobody has any money’ or ‘Will you give it a rest?’,” recalls Jensen. “And I feel like for every guy like that, there have to be 20 lurkers who feel the same way. Near the end of the process I felt spent. It was like running a PR campaign, and we hadn’t even run

with their own resources [before resorting to crowdsourcing funding],” says Winchester. “Show people the progress they made, and then build a campaign when they truly feel it would be mutually beneficial for the artist and the fans of the artist. If you can create a scenario where everyone wins in the end, [if] there is a goal that everyone reaches together and everyone benefits from [it] in some way, I think it makes the incentive to support more tangible.” 

One Source Feeds All



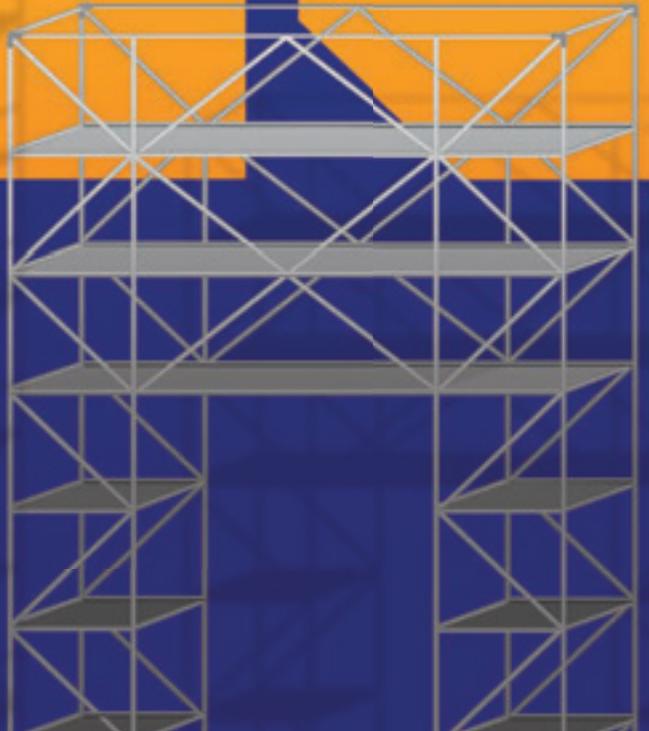
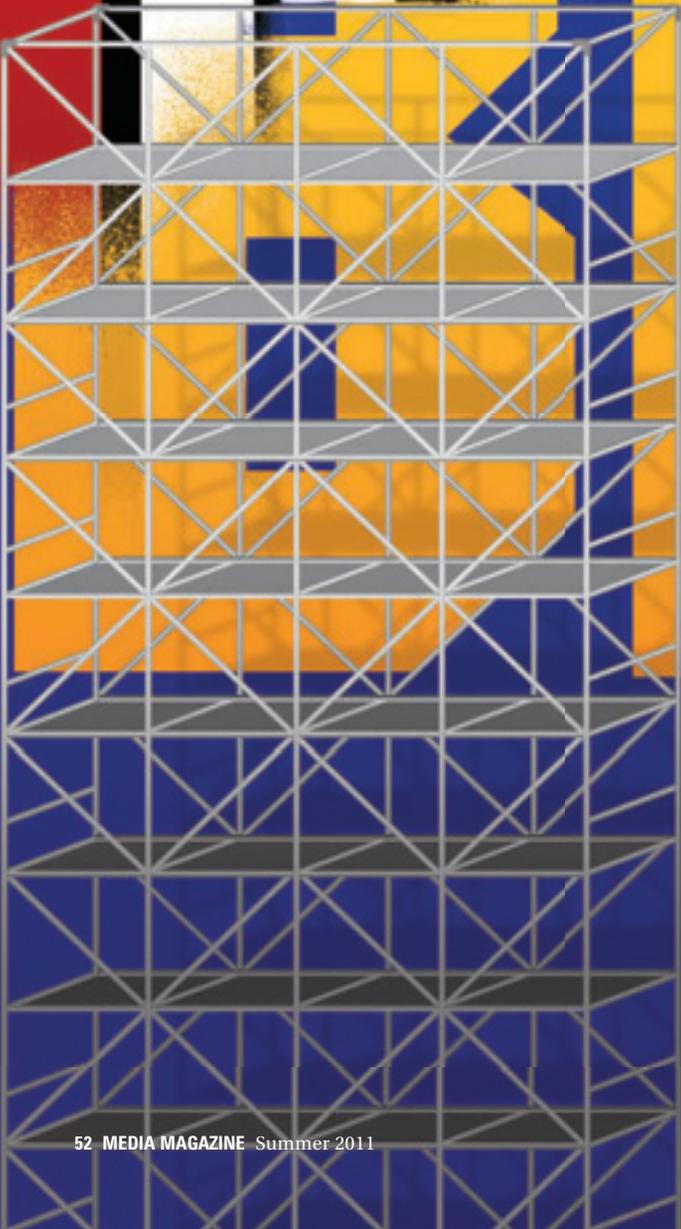
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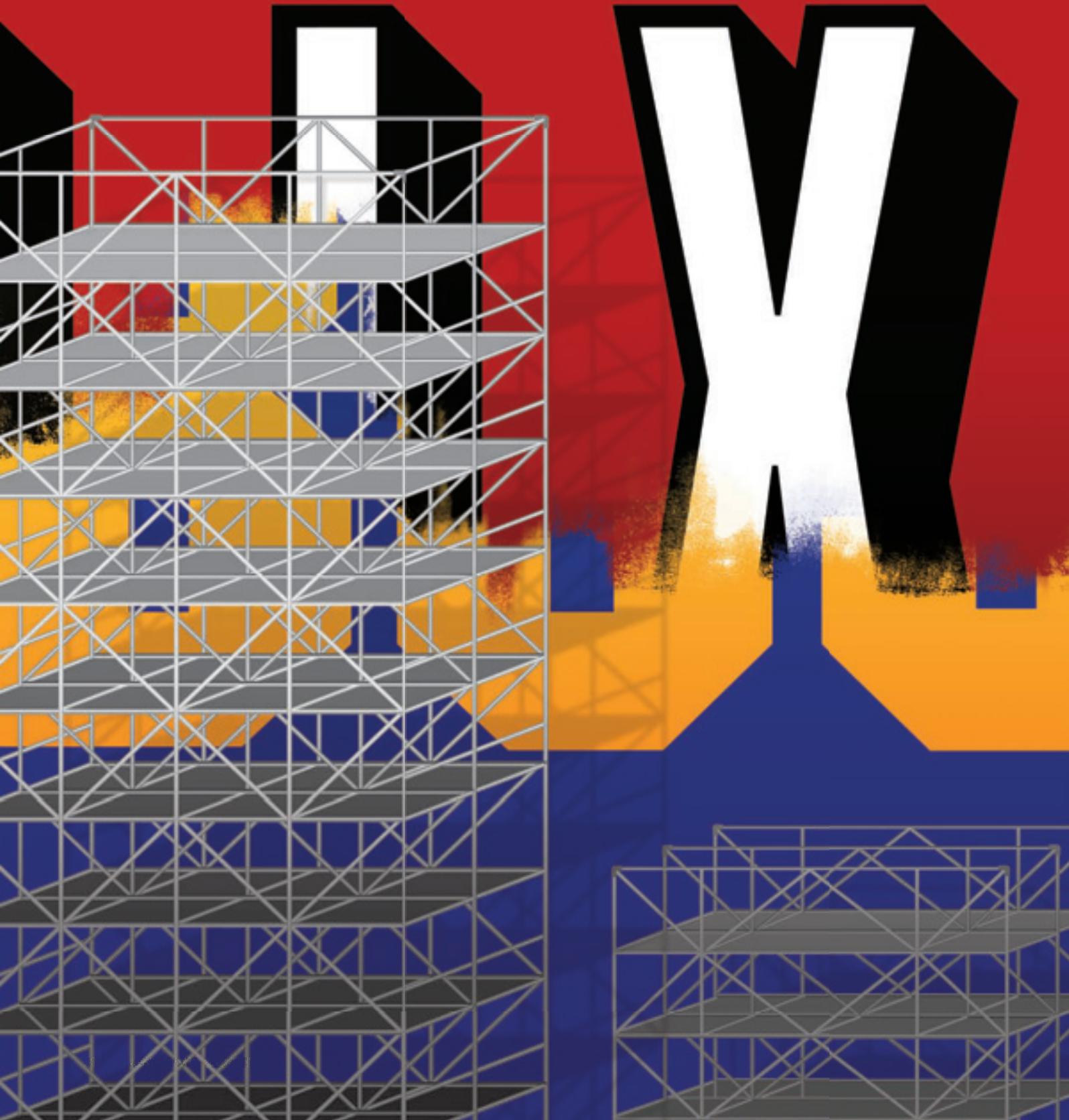




THE DISRUPTORS ARE DEAD — LONG LIVE THE REDEFINERS

Today's media start-ups seek to build on legacies, rather than tear them down **BY ANIL DASH**

REDEFINERS





The World Wide Web is now two decades old. Back when it was still a mainstream novelty, you'd hear a lot of talk about "disruptors." Those were the companies and the people who were going to turn the world on its head by using these new technologies in unexpected and scary ways.

The language describing the disruptors seemed designed to be especially frightening to traditional businesses, peppered with language about "cannibalization," "eyeballs" and other terms that the button-down crowd only uses at Halloween.

And their goals actually *were* disruptive: They wanted to make traditional media companies kneel before the might of what was then called, "new media." If that happened to take all the revenues out of a market as collateral damage, then so be it; this was a small price to pay for a brave, new digital world.

Nothing can remain disruptive forever. In time, the Web, and the people who first made it, grew up. Now, a whole generation of workers has had the Web in their lives for almost as long as they can remember, and in

today's job market, they're sure as hell not looking to tear down the companies that still give them paychecks. More importantly, their ambition is more constructive than destructive.

Today's digital upstarts, whether in the form of independent start-ups or virtual start-ups that are incubated within established companies, can still have an absolutely transformative effect on a market. But their goal isn't to simply *tear down* what's there. Instead, they want to make new, sustainable, substantial businesses. The fact that they also rede-

NETFLIX'S GOAL WAS NEVER, "LET'S DESTROY THAT BAD, OLD COMPANY"; IT WAS MERELY TO OFFER CUSTOMERS A BETTER EXPERIENCE — AN EXPERIENCE THAT INCIDENTALLY REDEFINED THE VIDEO-RENTAL MARKET'S ECONOMICS ALONG THE WAY.

fine the markets containing legacy companies is just an interesting side effect.

Take Netflix. Now that it's reached huge scale, it's obvious how it changed the video-rental market from the previous physical businesses of Blockbuster and the like. But Netflix's goal was never, "let's destroy that bad, old company"; it was merely to offer customers a better experience — an experience that incidentally redefined the video-rental market's economics along the way.

Looking at things this way, we can see modern, digital businesses as redefiners, not

disruptors. This means our conversations about digital media transformation can't take anything for granted — we must take into account what's changed in the generation since the Web was born.

Experience, not technology: Disruptors were driven by the sheer, geeky joy of using technology, often creating features for features' sake. Redefiners are native to the Web and apps era — keenly focused on customers' actual experiences, and so seeing technology as an important enabler, not as an end goal in itself.

The best customers, not the most customers: Instead of attacking traditional companies by saying, "we want to steal all your customers," or by settling for just a small, geeky subset of early adopters in an audience, today's redefiners have a laser-focused strategy of targeting the most valuable, influential and profitable customers of a legacy business.

Live 'Freemium' or die: Disruptors might have been content with a business model of "lose money on every sale, but make it up in volume," but redefiners have a default assumption of a "Freemium" business model. Payment systems have matured to make subscriptions or purchases a one-click process, and combining a paid tier with a free entry-



SINCE BIG MEDIA COMPANIES BRING EXISTING ASSETS LIKE LARGE AUDIENCES AND DEEP CONTENT CATALOGS TO THE TABLE, THEY MAY EVEN HAVE A SIGNIFICANT ADVANTAGE IN THIS NEW ERA.

level service now helps companies across the media and technology world build serious new businesses.

The goal is sustainability: If the disruptors of old were content to merely cause trouble or mischief for legacy media companies, the ambitions of today's redefiners are much broader, seeking to establish substantial, growing companies. A Web, media start-up today has significant revenues, lots of employees and maybe even a credible publicly traded stock, all in contrast to the original dot-com bubble.

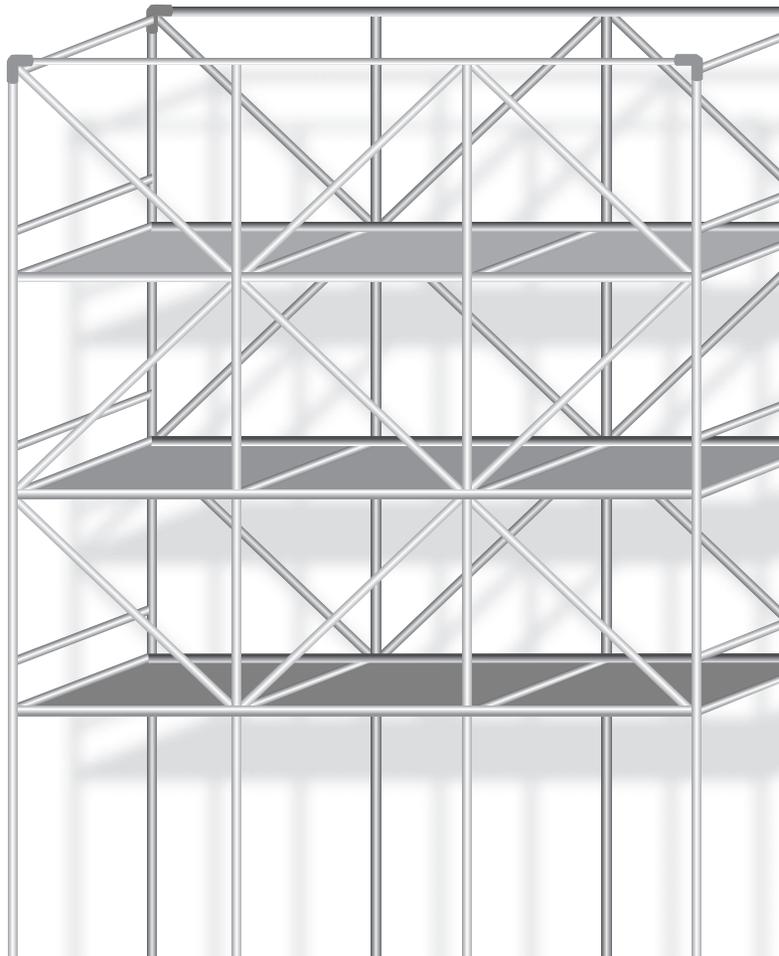
It's important to highlight these distinctions, because many making decisions in the media

world today still cling to an outdated view of the goals, and the successes, of new technology players.

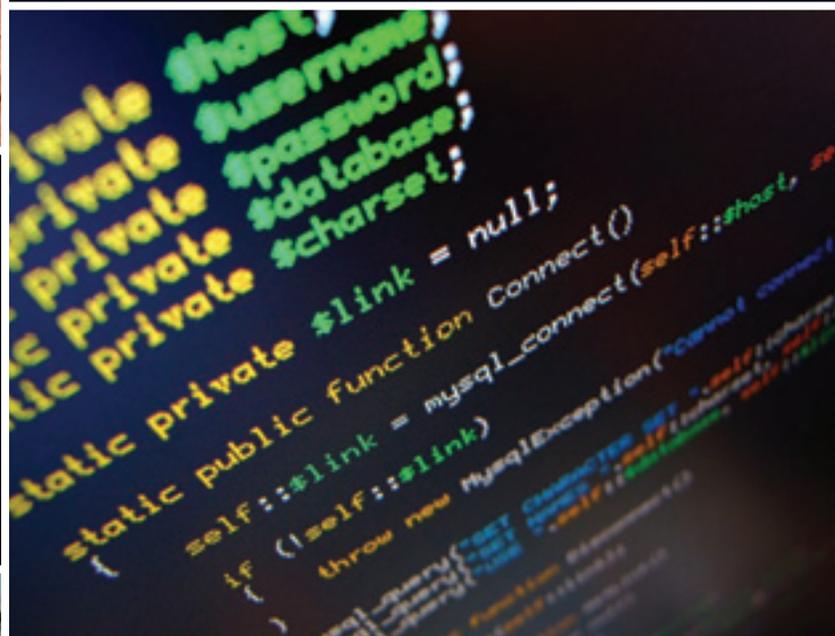
Just as importantly, the era of the redefiner is *not* limited to start-ups: Big companies can play, too. By adopting the virtual start-up model, building a redefiner business is not incompatible with the culture of a big, established company. In fact, since big media-companies bring existing assets like large audiences and deep content-catalogs to the table, they may even have a

significant advantage in this new era.

The intersection of tech and media is no longer about turning things on their heads and hoping that some good results come from it. Instead, it's about redefining markets by building meaningful new businesses that are free from the encumbrances of their analog ancestors. And this time around, the combination of start-up-style energy with the discipline of the biggest media brands in the world may truly result in the best of both worlds. **M**



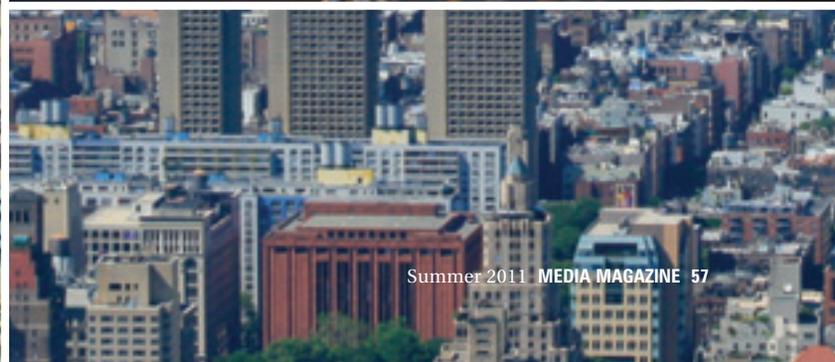
THE VIRTUAL LAUNCHERS



The Perfect Heist

Building the Virtual Start-up

BY MICHELE ANDERSON



Twenty-five-year-old Silicon Valley programmers are nipping at your heels, and your Web strategy expired in 2003. Your mobile apps haven't performed. You know you need to build a new platform that takes into account all the new tools of media and marketing — mobile platforms, online gaming and social networks.

So what do you do? Should you acquire? Or build internally? It is a regrettable fact of life that most acquisitions do not work. The acquired firm rarely sits well inside the larger firm; in fact, it typically results in a kind of corporate indigestion. The grand hopes of synergy fade away. Talent moves on.

So, conventional wisdom goes, you should build a new business. You should put your brightest folks together in one room to generate ideas.

But again, experience shows this doesn't work. Your best and brightest already have more than enough work. They end up distracted; the bold effort they are charged to create never materializes, or if it does, it solves yesterday's problems. No one can build a new business between 5 p.m. and 7 p.m.

There is, however, another way. Do not attempt to build from within. Don't seek to acquire. Instead, create a "virtual start-up."

At Activate, where I am a partner with Michael Wolf, this issue's guest editor, the virtual start-up is core to our strategy. For media and marketing organizations looking for radical, difficult change, and who have been burned by acquisitions, the virtual start-up is a way forward — a "third way" that allows large organizations to become full participants in the digital world with as little waste and disappointment as possible.

What is a virtual start-up? It's a small, agile enterprise that you build by drawing on the best talent you can find, both inside and out. Once the team has created a product, you "acquire" the start-up by migrating the new business into your organization.

I like to think of the process as a kind of heist — as in the film *Ocean's 11*. You define the business and then you build the team. And afterwards, everyone goes their separate ways. What's left behind is a new product with new customers.

Casing the Joint

If a virtual start-up is like a heist, what exactly is being stolen? In this case, it's the assets of your own organization — whether an archive of content sitting underutilized on hard drives, or a database of consumer behavior with metrics for every neighborhood in America or data about attendance at large stadium entertainment events. Any media or marketing organization of significant size has key assets that are underutilized.

What we're stealing are not the assets themselves, of course,

**A VIRTUAL
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INTO YOUR
ORGANIZATION.'**

but the value that is locked within them.

How to start? First find the right *question* — not an answer, but a question — about the latent assets and capabilities of your organization.

A leader of a media organization might ask: What sort of online application could give millions of people access to my archives?

A head of a consumer-marketing firm might ask: What sort of new, geography-aware, mobile-platform advertising units could reach those millions of consumers in their neighborhoods?

An event-marketing expert might wonder: Can a sponsored, social-media platform/game be created that allows people who attend large entertainment events to find and connect with each other?





The answer to each question is not just strategy, not a new business unit, not a new marketing plan, but an actual, discrete *product*.

And to have a product, first you need a prototype.

Assembling the team

Once you've framed the question and understand what kind of product you'll be creating, your next job is to assemble a team with the required set of skills.

This is not a typical human-resources effort. These are people who may be around for only a few months. They don't want healthcare — they have their own. They don't need an office — they work from home. They may be highly resistant to meetings. These are "alpha practitioners."

Alpha practitioners can take some work to find. Reach out into your community. Find out who built the products you respect. Do not be afraid to talk to strangers. And be prepared to meet some resistance. These are people with more work than they can handle. You may need to contact some of them more than once. They need to understand that you are serious — that you are willing to fund and support them.

Where can you find these experts? Look for the most revered industry conferences — the ones where it's hard to get a ticket — and see who is speaking or appearing on panels. The best senior developers of mobile apps, information architects, user-experience experts and graphic designers are utterly connected. They have thousands of followers on Twitter. Read through their slide shows and blogs to get to know them. This will have



the side effect of giving you an education on the current thinking in their disciplines. And when you reach out to them, make sure they understand that you are truly familiar with their work — that you understand what they do, and that you specifically need and value their skills.

Don't forget that you have something these practitioners want (something besides money!) — the chance to work on large, complex problems and find solutions that work glob-

ally. You may need to educate them to work at the scale of your enterprise. But never forget that what these experts crave, more than anything, are truly hard problems to solve. Don't scale back your ambition. Stay in selling mode: Most of these people would never have any interest in working for your company full-time.

One absolutely critical member of the team is the "inside" man or woman. He or she is the bridge between the larger orga-



nization and the new enterprise. This person should have a good grasp of technology — and be able to understand the project in all of its ramifications, from the number of servers needed to host it, to the expected audience metrics that will indicate success. And he or she should be free to be part of the project and to do whatever it takes to ensure success.

The kickoff

Where do you find room for a virtual start-up? In a virtual office. It's very unlikely that you'll find the best people all in the same city or even time zone. This is not a concern: Hire based on skills and experience, not location, and count on airplanes, instant messaging and emails to solve the problems of geography.

That said, the kickoff is key. You want to bring the team together at least once, to allow them to get to know each other and give them the ability to form a cohesive unit before letting them return to their various homes.

A properly presented plan — which shares your current business goals and outlines the new work you'd like to do — can save countless hours later on. Define the metrics for success; help the team under-

stand your current business and your larger goals. Be willing to hear criticism. You are paying top dollar for this team. The team as a whole may see problems with your starting strategy that you never expected.

The kickoff shouldn't simply be about meeting and greeting. There should be a real product plan for moving from "question" to "answer" before all the team members depart back to their offices.

You won't be presenting a buttoned-up plan. You'll be leaving open spots to get input from your team. And, after the kickoff, don't dismiss the team — start with an actual development session where everyone is in the room. Much of the color and richness of the project will come from product creation. Remember, code can be written quickly; working Web sites and data-gathering tools can be developed in hours, not months; assumptions can be tested and changed. Absolutely any idea is open to be discussed, tested or thrown away if it doesn't work.

And remember: Experience comes first. At this stage, customer experience is more important than a revenue model. You need users first; then you can monetize.

Traveling without baggage

This is a start-up — the goal is not to preserve order, but possibly to destroy it in search of a larger success. Accounting rules, legal compliance issues, fundamental issues of copyright, the silos preserved by various business units — all these should be brought into question by your team.

There can be tremendous pressure from the larger organization to seek more immediate return on investment, or to use the team to solve existing business problems. But that's not the purpose of this team. It exists to create a new business — to use new approaches and new ideas, to reuse existing assets. The team should have no respect for silos or for the differences between business units. And no baggage.

This is why, once you've built the team, you must — and this is critical — keep it separate from the larger organization. Keep team members away from legal; keep them away from accounting. You are not simply solving a problem — you are building a business, moving quickly, and focusing not on the organization but on the consumer.

That doesn't mean you must invent everything from scratch. Technology is now a commodity. Many once-difficult problems — such as adding game elements to an Internet product, connecting users to social networks and creating communities — now have off-the-shelf (or off-the-Web) solutions that can be implemented in weeks or days.

The job of the virtual start-up is to build a thin layer over existing services. Do not reinvent. Reuse.

While regular meetings and presentations are fine, don't overburden your team members and require them to demonstrate progress with long slide-decks and long, on-site meetings; these people are self-directed and, given that they are solving totally new problems, it's better to just let them try and see what happens instead of attempting to guide the process — because the "process" doesn't actually exist.

At the same time, you can keep a close eye on progress by monitoring the "ambient communication" around the project:



Code is written and checked in; groupware is used to communicate; email lists and chat logs are available for review. Constant development and iteration are the norm, not the exception. Create policies to encourage this and be very wary of anything that might slow it down. Find the fastest way to check in — maybe a regular, brief conference call rather than a report.

Fencing the goods: the handoff

One major cautionary word, learned from hard experience: Development schedules can be very difficult to predict. Code is complicated, and the new ecosystem — including mobile vendors, “app stores,” and a number of hard-to-control-for variables — all contribute to a slowdown in coding. No matter how great your developers are, they’ll always need more time; despite the best efforts of thousands of project managers, software develop-

ment remains an inexact science. So add time in to your schedule: Pad it by at least 30 percent. Fifty percent is better.

After just a few months, the team should have something to show, not just a prototype but a real, tested product — whether an application to be sold by Apple or in the Android marketplace, a collection of new code ready to deploy on millions of Web sites or some other new, virtual product that can be used by hundreds, thousands or millions of individuals.

Now it’s time to start the acquisition. The virtual start-up is, by definition, temporary. Your heist team, having extracted value from the assets inside your organization, will stay with you through product launch and will help you serve your product’s first customers. But ultimately the team members will leave and move on to other projects.

Your organization, however, will be left with a new (and hopefully thriving) product that has customers and support needs, and which must be integrated into your larger portfolio. Thus, while your heist team is working, you must also build a longer-term team that will nurture the new company — and bring it back into the fold of the larger enterprise.

This is when your inside man or woman comes back into play. This person serves as ambassador for the new product, educating both existing employees and new ones as to its role inside your company. He or she helps them understand what the product offers (and also keeps them calm when they realize the new product might disrupt current ways of working).

In the handoff, don’t forget to bring your ad sales and marketing teams in to learn and experience the product. They need to understand what they’ll be selling (or selling against) and to understand the competitive landscape — because your product will, of course, have competitors, often a new class of smaller, agile ones.

And then comes launch day, when the product goes out to the world.

Launch day is a wonderful opportunity for your organization to demonstrate its willingness to engage with new business models and its desire to seek out new opportunities. It’s also the first chance you’ll have to bring the power of the larger organization online to support and promote the efforts of the new start-up. This is where the advantage of the virtual start-up is felt most keenly: It combines the awesome power of a large media or marketing organization with the agility and efficiency of a new, digital product. Rather than an also-ran app, for example, you’ll be promoting something that truly belongs to the new, digital ecosystem — something designed to reach the mass audience of the future.

And once you’re done, once the product has been launched and is thriving, you’ll have the knowledge to execute on the most difficult aspects of digital strategy. And that’s when you can do it again — by creating a new virtual start-up. **M**

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BACK TO THE FUTURE

One button is a constant across the Web

BY KHOI VINH

On the Web and mobile apps, user behavior is constantly evolving — the messy result of a complex and unpredictable calculus involving expectations, experience, technology, brands and a hundred other factors. Unless you're replicating an existing, proven Web site note-for-note and down to the last pixel, it's very difficult to predict how users will behave. After well over a decade of Web designers working to define "best practices," there's almost nothing we know for certain about what users will do.

Except for this: Users will always click on the back button.

The back button is the one unassailable, reliable element in Web design that every user knows and employs. It is the immediate, instinctive refuge for anyone who is confused. It will always take you

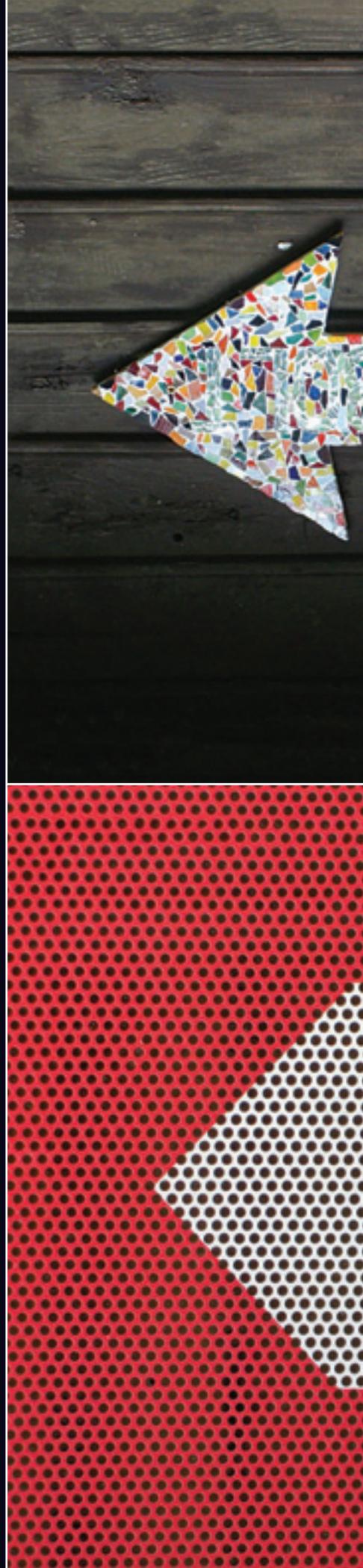
back to the last point of familiarity and provide a stable return path as you explore new avenues — a life-line to normalcy when something strange, disorienting (or even offensive) pops up unbidden.

Try to imagine the Web without it. Try to imagine a day without it. You can't.

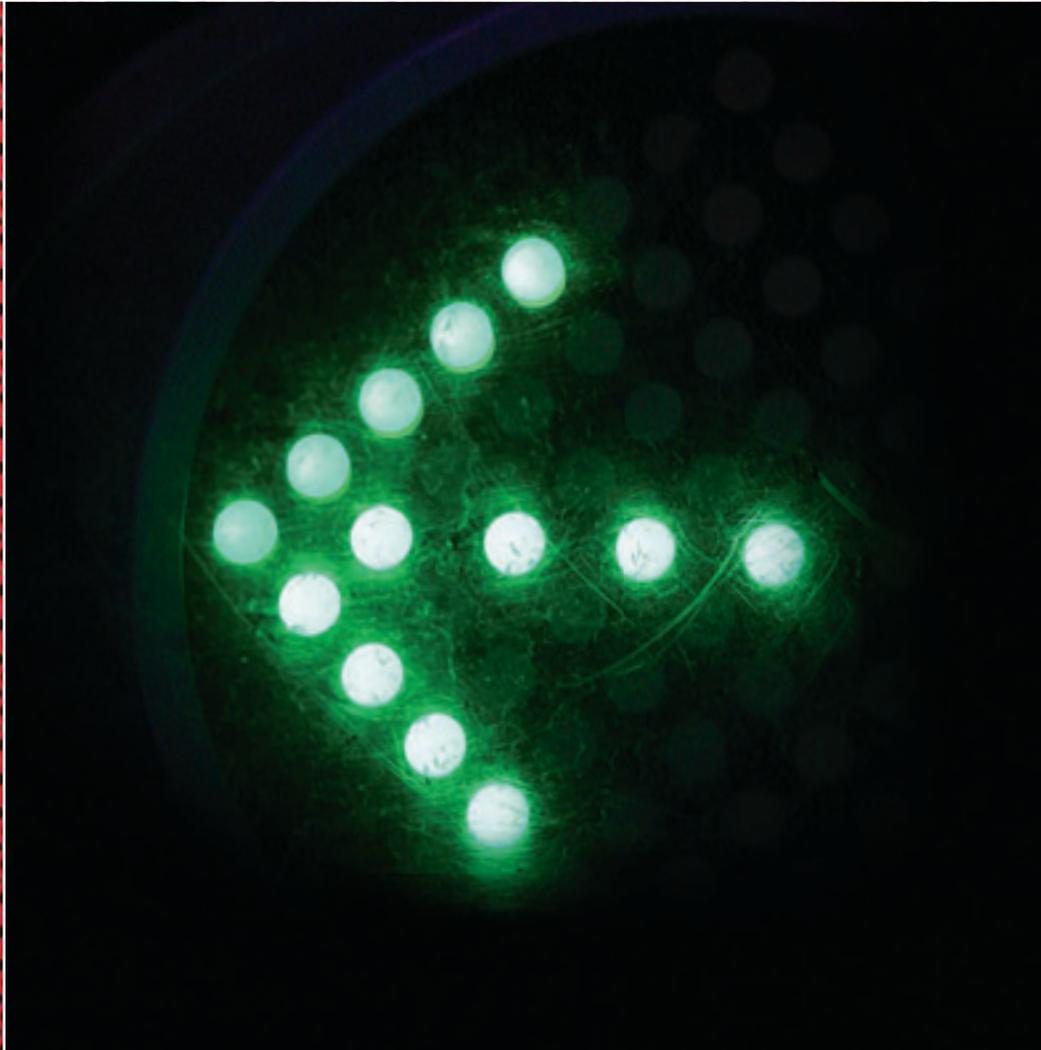
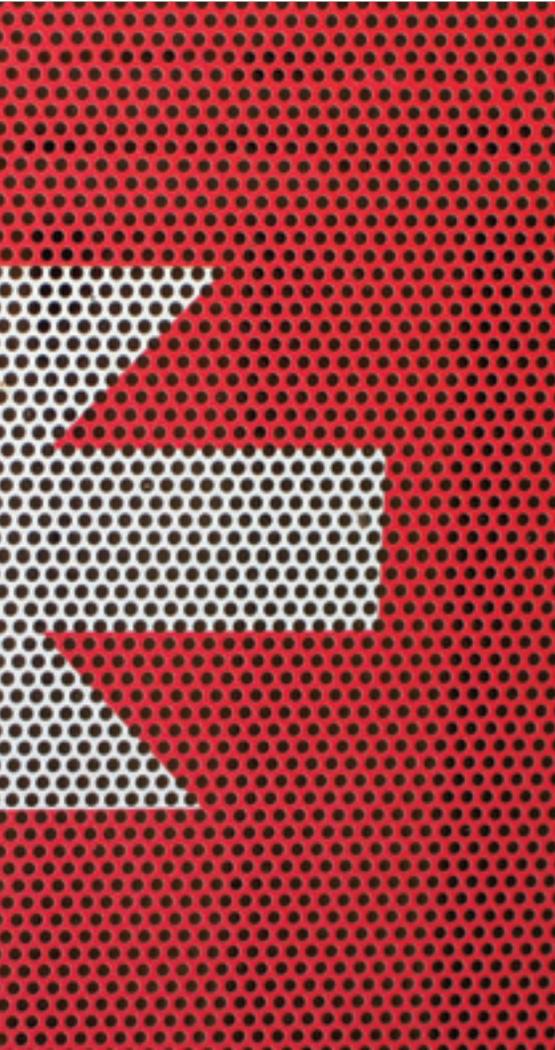
It's no accident that the back button is built into every Web browser. Nor is it an accident that so many mobile apps replicate the back button within their own designs. It's one thing every user knows and trusts.

And this speaks volumes about how incomplete our toolbox is for constructing truly intuitive Web experiences.

Jump into any automobile and you'll find a steering wheel, gear-shift, gas and brake pedals that



PHOTOS: TOP LEFT TO BOTTOM RIGHT, JORJA PEE, DAVID BITTER, KASIA MULAR, JUDAKOVA SVENSEN



IT'S NO ACCIDENT THAT THE BACK BUTTON IS BUILT INTO EVERY WEB BROWSER. NOR IS IT AN ACCIDENT THAT SO MANY MOBILE APPS REPLICATE THE BACK BUTTON WITHIN THEIR OWN DESIGNS.

exactly where you'd expect them, regardless of how vintage or novel the design of the car. Even the glove compartment is located in the same place, whether on a new Toyota or a vintage Chevy.

But with any given Web site, the only thing we can really know about how it works is that its links will take us somewhere and the back button will get us back.

That has enormous implications for anyone creating online media. When the only truly reliable interface element is outside of our purview — built into the browser itself — designers are obliged to try and supplement it with their own reliable cues: home buttons, search boxes, navigation bars and link types that behave as consistently and with as much order and logic as possible. At the same time, we want to keep our users returning, moving forward and looking at more of our Web sites, more of our mobile applications.

A million approaches, a million best practices, and yet one consistent, almost sacred rule: The user can always take a step back.

That's the true nature of interactivity. 



PHOTOS: TOP, OWEN WAHL; KRIS SZKULATOWSKI

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DAVID OGILVY | Advertiser

What would Ogilvy do? At the height of his reign on Madison Avenue, *Time* called him “the most sought-after wizard in the advertising industry.” It’s been over a decade since his death, but given the rapid changes in advertising, media and marketing, we decided to ask him, albeit posthumously,

about his thoughts on the ever-evolving culture and business on Madison Avenue. In a candid, insightful and largely fabricated mashup of his verbatim responses to *MEDIA*’s contemporary questions, the father of modern advertising reflects on its future. **CARRIE CUMMINGS**

How much has the business changed since the “Ogilvy Era,” and what do you make of the shift toward performance and ROI, and away from general branding?

We Directs belong to a different world. Their gods are not our gods. Generalists regard us Directs as inferior citizens. They think they are the Brahmins of advertising and we are the untouchables. They pride themselves on being “creative”—whatever that awful word means. They cultivate the mystique of “creativity.” Some of them are pretentious poseurs. Their ambition is to win awards at the Cannes Festival. They go

there every year like Muslims going to Mecca. They are the glamour boys and girls of the advertising community. They regard advertising as an art form and expect your clients to finance expressions of their genius.

How does this play into the convergence of all forms of media that we see today?

People who work in Direct do not regard advertising as an art form. Clients don’t give a damn whether we win awards at Cannes. They pay us to sell their products. We in Direct Response know exactly, to a penny, how many products we sell with each of our advertisements and each

“DIRECT IS THE BACKBONE OF ADVERTISING. IN OUR HEADLINES WE PROMISE THE CONSUMER A BENEFIT. GENERALISTS DON’T THINK THAT IS ‘CREATIVE.’ AS BENTON AND BOWLES SAY, ‘IF IT DOESN’T SELL, IT ISN’T CREATIVE.’”

exposure of our commercials. We sell — or else! [All the new media allows us to] pack our advertisements and our letters with information about the product.

Are you saying there is no place for creativity in advertising even as the industry continues to evolve and change with myriad outlets for selling?

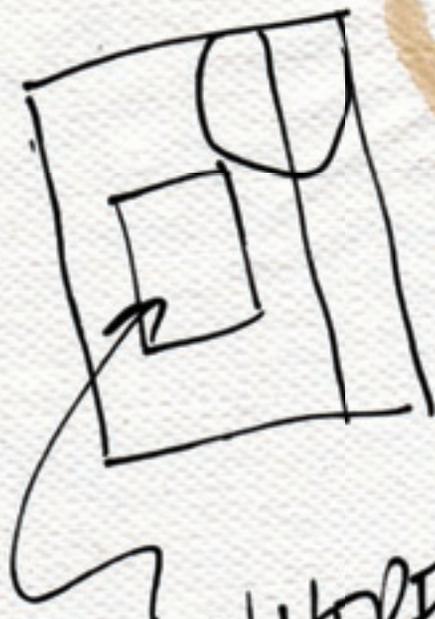
No, not at all! According to *Advertising Age*, I am “the uncrowned creative king of the advertising world.” But in the presence of Direct Professionals, I am a humble amateur. Sooner or later clients will begin saying, “we want our advertising to be as professional as our engineering.” Direct is the backbone of advertising. In our headlines we promise the consumer a benefit. Generalists don’t think that is “creative.” As Benton and Bowles say, “If it doesn’t sell, it isn’t creative.”

So, by that logic, anything that sells is creative?

That’s right, but one must always keep in mind that advertising is salesmanship — it is not fine art, literature or entertainment.

Even though advertising is undergoing pivotal changes in terms of the way information is disseminated with new technologies and mediums, the fundamentals of the business stay the same?

Absolutely. Doesn’t matter if you’re on Mars. Every advertisement should be thought of as a contribution to the complex symbol which is the brand image. Quality is of utmost importance — always give your



WHERE DO
BRILLIANT
IDEAS GO?



Ogilvy's 1958 Rolls-Royce advertisement, sometimes referred to as the most famous advertisement in history.

consumption... Stress the fact that no cook can make her Aga burn

more fuel than this, however stupid, extravagant or careless she may be, or however much she may cook. If more fuel is consumed, it is being stolen, and the police should be called in immediately." Simple, honest and, most importantly, it sold. I wrote that in 1936, and I'd write the same thing in 2036.

You came into the industry rather late, but you became a game-changer and made Madison Avenue pay attention.

I opened my agency when I was 38 with little advertising experience. Madison Avenue thought I was nuts. What could this Scotsman know about the business? I read every book on advertising. I studied direct-mail advertising. I listened.

Any evergreen advice for MEDIA readers?

Hire people who are better than you, and pay them more if necessary. That's how you build a great agency. I always say, if we hire people who are smaller than we are, we will become a company of dwarfs. If we hire people who are larger than we are, we'll become a company of giants.

"HIRE PEOPLE WHO ARE BETTER THAN YOU AND PAY THEM MORE IF NECESSARY. THAT'S HOW YOU BUILD A GREAT AGENCY. I ALWAYS SAY, IF WE HIRE PEOPLE WHO ARE SMALLER THAN WE ARE, WE WILL BECOME A COMPANY OF DWARFS. IF WE HIRE PEOPLE WHO ARE LARGER THAN WE ARE, WE'LL BECOME A COMPANY OF GIANTS."

Invest in your people. Look at it this way: great hospitals do two things. They look after patients, and they teach young doctors. You should look after clients, and teach young advertising people. That's how you make the cash register ring.

Is that the secret? The people?

The right people bring the big ideas, and unless your advertising is based on a big idea, it will pass like a ship in the night. **M**

product a first-class ticket through life.

Does the changing landscape have any impact on how you treat the consumer?

I don't think so. Listen, the consumer is not a moron; she is your wife. Never write an advertisement you would not want your own family to read. You would not tell lies to your wife. Don't tell them to mine.

Throughout your decades in the industry, you've maintained the same principles for selling?

When I was 25, I sold Aga cooking stoves door to door in Scotland. I had no experience, but I sold so well that the company charged me with writing the manual on how to sell the stoves. I never lied. I said, "The Aga is the only cooker in the world with a guaranteed maximum-fuel

Sources (in order of answers): David Ogilvy, 1986, Paris France; Kenneth Roman, November, 2004, "David Ogilvy: The most famous advertising man in the world," The University Club, New York, New York; "The Men on the Cover: Advertising," Time, 1962; Ogilvy & Mather, "David Ogilvy Biography"

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GUEST EDITOR

Michael J. Wolf

Founder and Managing Director, Activate

For years, you've operated behind the scenes influencing the media and marketing industries as a consultant and advisor to some of the biggest companies in the world. Why did you want to edit a magazine about the industry and what did you hope to get out of it?

It's a very exciting moment in the industry. There are so many different things going on in the business today that it was a good point in time to be able to put them all together, and wrap them into this one issue. I'm really grateful to the team at *MEDIA* magazine for allowing me to do this.

But why did you need a platform like a magazine to achieve that?

While we can all access articles and information in so many places now — across blogs, in newspapers, on video — there is something very powerful about putting it all together into an edited format in a single issue that has a narrative stretching across the themes. And the central theme here is about change and transformation in the media business. And every one of the stories in this issue has been carefully selected to fit into that overall narrative. And a magazine is the best form to do that.

What did it feel like to turn the tables? To be shaping the stories about media,



instead of the person influencing those stories behind the scenes?

One thing I can say right off the bat is that creating great editorial is a huge challenge, and you can't help but go through the process and not appreciate how valuable this skill is, and how much I admire the people who do this every day.

One of the underlying themes we worked with in this issue came from

Activate's manifesto about "hacking the org," and we started out using that concept in one context, and recent news events may have changed the way the marketplace thinks of the word "hacking" in regards to media. And we struggled with the appropriateness of using the word ... But we stuck with it, though.

Yes, we did. But the point is that when we pick a guest editor for *MEDIA* magazine, we're intentionally trying to hack our org. We are intentionally trying to bring in outside perspectives and points-of-view to change the way we create a magazine. And that is the reason we asked you to guest edit this issue. In retrospect, what was that experience like for you, and why was it a good thing?

When you asked me to do this, you specifically asked me to do it with my vision. You asked me to

do it in a way that is different than what you would normally find, and to bring a voice to it that was unique. In the process, we did end up hacking *MEDIA* magazine. The final product is great, but the process wasn't easy. And I expect that everybody in the media business is going to go through this, especially big media companies, as they begin refocusing on what they do, how they create their editorial content and experiences.

PHOTO: DAVID NEEDLMAN

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The “hacking” story is still playing out as we wrap up this issue, but why do you think people look at that term as a negative? Isn’t it just another way of thinking differently about a process?

It is very difficult for big companies to change, and the word *hacker* is a way of describing somebody who figures out a way to break into the system in a way that wouldn’t have happened otherwise. And that is something that people who run media companies need to be able to do. They need to figure out is there another way to operate? Is there another way for me to break out of the established system to build the next wave of my business? The word has both negative connotations, and I believe over time will have very positive connotations, as a number of companies look back and say, “I’m glad I did that. I’m glad I hacked my own organization.” You know that old line, if it isn’t broken, don’t fix it? It needs to be modified to: If it isn’t broken, break it anyway, and then fix it.

If you could tell our readers one final thing that would change the way big media and marketing companies do business tomorrow, what would it be? What last message would you like to leave them?

It would be that they need to leave one foot firmly rooted in the past, and remain true to what they stand for, but they also need to take a step in an entirely different direction. And

that means a lot of experimentation — experimenting and reshaping the way they do business. Throughout this issue, we are talking about companies that are redefining their

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industries. And very large companies can stay true to what they are, while at the same time take steps to redefine their businesses. And it is either through new ways of marketing, or new ways of communicating with consumers, and new ways of using content and technologies to create new experiences for users and advertisers.

Throughout much of your career, you’ve been the guy talking in the ear of some of the most influential people running media and marketing companies. What can you tell us mere mortals in the media industry how the gods of the industry

really think and operate?

I think increasingly the model is changing, and we now have a generation of leaders who are much more in touch with the content, and the programming themselves. I think they have gotten to be much more comfortable with technology. And most of all, they are listening. They are listening to people throughout their organization. They’re not just listening to their marketing people. They are listening to their programming people. They are listening to their programmers — their Web developers. And they’re spending a lot more time listening to the consumer. If

you were to glimpse inside the office of a lot of the people at the top, I think you would see a viewpoint that has been really reshaped by what’s happening in the landscape around them.

I’m loath to ask you about something topical, but there is so much going on at the moment, is it okay if I ask you if you have any advice to give Rupert Murdoch right now, what would it be?

I think I’m too close to that, but you are welcome to give him some advice.

We would be more than happy to. Maybe he’d like to guest edit an upcoming issue of *MEDIA*, too. Speaking of guest-editing magazines, now that you’re a credentialed guest editor, what other magazine would you want to edit if you could?

I think one of the best jobs in the universe must be being the editor of *The New Yorker*, but there are a number of magazines that I’d be excited to be the editor of. They would be *Wired*, *The New Yorker* and probably, *Vogue*.

So basically, Conde Nast.

They do have the best magazines, but if I could pick only one, it would be to be the editor of *Wired*. There couldn’t be a more exciting place to be thinking about the culture of media and technology.

Since you are now an expert editor, what last question would you ask Michael Wolf in his exit interview?

Would I do it again?

And the answer is?

For you, anything.

I think it’s where we started off. I think there is a real value in an editorial point-of-view and in editorial curation, and in putting together an entire narrative around a set of topics is important. That’s where I began the process, and that’s where I think I ended it. I’m very excited about what we’ve been able to do with this issue. **M**

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