Occasional Paper Series

Disruption:
Digital Innovation and the Entertainment Revolution

By Michael Joseloff

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Parsing 'Arab Spring'
By Ibrahim Abusharif
February 2014

Disruption, Digital Innovation and the Entertainment Revolution
By Michael Joseloff
April 2015

Foreword

In a communication and journalism school preparing its students for careers in the global media environment, it is critical to know and understand the big ideas, the driving forces that mark and influence change. At a time when there is so much emphasis on the digital and social media revolution, it is easy to get caught up in the here and now, the latest technological innovation, the newest product model or even the most updated software. While essential to emphasize the tactics of communication for future journalists, filmmakers and public relations professionals, the latest technological buzz distracts from the larger currents and trends that will have much more impact.

At the dawn of the digital age, one of those concepts was convergence: all forms of communication came together in a single, computer driven system and network, leading to a new Internet economy with the morphing of print and electronic media onto the same technological platforms. This coming together of media forms and communication outlets led to explosive expansion of multinational media companies like Disney and News Corp, as well as once unimagined enterprises like Google, Amazon, YouTube and Facebook. During this time a new concept—another big idea—that of disruption, gained currency. Disruption occurs when an innovation (a new invention or a new application of an existing one) creates a new market, thus disrupting the existing market.

The idea of disruption owes its modern application to Harvard business school professor Clayton Christensen, who in 1995 wrote an influential article titled, "Disruptive Technologies: Catching the Wave,"[1] followed by two books that more fully developed the idea. While Christensen's theories have their critics, the idea of disruption to describe turmoil in the contemporary media and communication world has gained great currency and is widely accepted by scholars and industry leaders alike. In December 2014, the top editors of the American opinion magazine *The New Republic* were fired; the magazine's new publisher, who previously worked at the search engine Yahoo, said that he planned "to break stuff," which the *New York Times* described as "a Silicon Valley phrase that implies disruptive innovation."[2] Similarly, the *Financial Times*, in a year-end review, declared, "disrupters bring destruction and opportunity." Sarah Gordon, the *Financial Times*' business editor wrote, "as buzz words go, it is an ugly one," but noted that "'disrupters' have been wreaking havoc on traditional business models everywhere." She continues, adding forcefully: "As technology puts new tools into innovators' hands, the old boundaries between sectors are breaking down. Amazon has transformed bookselling, branched out into general retail and is now experimenting with delivery by drones, [while] Apple shook up both the music and telecoms industries."[3]

While there is nothing new about innovation, what is happening in the media industries is central to the information age itself. This is well explained in Walter Isaacson's book, *The Innovators: How a Group of Hackers, Geniuses and Geeks Created the Digital Revolution*.[4] So widespread is interest in disruption that even the venerable policy journal *Foreign Affairs* titled its January 2015 special issue on entrepreneurship "Here come the disrupters."[5] As commentators and critics have explained, disruption is not simply a new technology or improvement on an old one, but a development that truly displaces—and sometimes destroys—an existing system, service or company. For example, think of the impact of email on the postal service or downloading digital media on CDs and DVDs or digital cameras on traditional photography, cameras and film.

Knowing that disruption was bringing fundamental changes to the media industries—not to mention radically changing the channels for content for news, public affairs and entertainment—Northwestern University in Qatar invited Michael Joseloff, a media marketing executive who has lived and worked in the world of disruption, to visit as part of our Media Vision

1. Bower, J. L. and Christensen, C. M. (January 1995). Disruptive Technologies: Catching the Wave. *Harvard Business Review.*

2. Somaiya, Ravi. (December 4, 2014). Shake-Up at The New Republic: Franklin Foer and Leon Wieseltier Are Out. *www.nytimes.com*

3. Gordon, Sarah, (Ed.). (December 30, 2014). Disrupters bring destruction and opportunity. *www.ft.com*

4. Isaacson, Walter. (2014). *The Innovators: How a Group of Hackers, Geniuses, and Geeks Created the Digital Revolution.* New York: Simon & Schuster.

Series in September 2014. The centerpiece of Mr. Joseloff's visit was a public lecture titled, "Disruption, Digital Innovation and the Entertainment Revolution," which mapped the media changes across four domains: content/storytelling, distribution/reach, monetization/value and build/marketing. Well beyond these marketing buzzwords, he guided his listeners across changes affecting the structure, operations and content of media industries, including Internet platforms, publishing, cable, and motion picture. He illustrated how such changes as digital file-sharing have helped create new enterprises and services, all competing for the media consumer's time and attention. His presentation drew on vast personal experience that included key roles at Viacom (Nickelodeon, MTV), the A&E/Lifetime entertainment group and Time Inc. His work has taken him into cable, motion pictures, digital advertising, music and news where disruption is squeezing out old competitors as it creates new content and audiences. The disruption revolution needs to be watched, studied and understood and is essential information for anyone entering the media fields specifically, but also for educated people generally. That being the case, we asked Mr. Joseloff to transform his lecture into an occasional paper for NU-Q, since it offers such a comprehensive and textured view of innovation and change with the guidance of an especially insightful and thoughtful leader in the field.

Thus, this paper is presented as part of what we hope will be a continuing conversation about the meaning and consequences of disruption for students entering the media and communication industries. The paper is a "photograph in time" that was current and even predictive when presented in September 2014. As such it is a kind of historical recollection, subject to change, with new players coming and going even as this is being written and the occasional paper published. It is our hope that this material will inspire further discussion and research, both aimed toward practical ends. If once it was possible to enter highly stable media industries with little thought about their overarching strategies and impact, then that is no longer the case. Today, one's survival in media depends on more than fitting in at a legacy media company; it relies on navigating through and engaging with sweeping change that is, in fact, the future.

Everette E. Dennis, PhD
Dean and CEO
Northwestern University in Qatar

About Michael Joseloff

Michael Joseloff is a media and marketing executive with a diverse roster of lifestyle and entertainment brand experiences. Most recently, as vice president of marketing for Time Inc.'s Fortune and Money Group, he leads creative ideation and sponsor integration across *Fortune* and *Money* digital, video, social, native, mobile, live events, and print platforms and franchises. Earlier, as the vice president of consumer marketing, he helped A+E Networks' Lifetime brand achieve its best ratings in six years and its most Emmy nominations ever, as well as launched 35 series and movies annually. He created the industry's first bilingual sneak peak with Hulu/Hulu Latino, initiated the Lifetime App, and forged new partnerships with Facebook/Instagram, Twitter, Buzzfeed, Amazon, Pandora and Shazam, among others.

Prior to A+E, Joseloff spent nearly nine years at Viacom and their branch networks MTV, Epix (Paramount) and Nickelodeon. At MTV, he pioneered multiple industry firsts including the creation of the Video Music Awards' Best Breakout Local Artist Awards that blended online local band battles and live concerts. He led marketing for Viacom's EPIX, the first-ever streaming movie service, to offer 3,000 titles a month from Paramount, Lionsgate, and MGM online, as well as on TV and VOD, which reaches 30M households.

Mr. Joseloff has a BA from the University of Rochester and an MBA from Fordham University.

5. Here Come the Disrupters. (January/February 2015). *Foreign Affairs* Special Entrepreneurship Issue. *www.foreignaffairs.com*

Introduction

Media have a long and storied history of change, sometimes incremental, sometimes rapid, and much of it associated with new technology. This occasional paper is a snapshot of the communication landscape as it appears in 2014 in the midst of disruptive forces and trends that are once again reshaping media.

Media institutions and enterprises are constantly evolving, but contemporary disruption is happening at an accelerated pace, with companies disappearing as rapidly as new ones come along. In the face of such tumultuous change, media leaders such as Judy McGrath, the former CEO of Viacom Media Networks, declared that the only sensible response is "evolve or die."[6] These changes in media technologies, services and applications are not singular instances; they follow patterns in the context and interplay of content creation, economic profit, distribution and audience development.

To better understand the massive changes that are driven by explosive technological growth and innovation, I endeavor to break down these phenomena and examine selected, priority topics that shed light on the trajectory of new development. Particularly illuminating are the rise of digital and mobile video, multiscreen distribution, big data, the programmatic ad marketplace, native advertising, the rise of the superfan and social media. This paper is not meant to be a definitive roadmap of the media ecosystem; rather, it is a stimulus to inspire further exploration, study, professional development, conversation and debate.

Disruption: The facts on media use

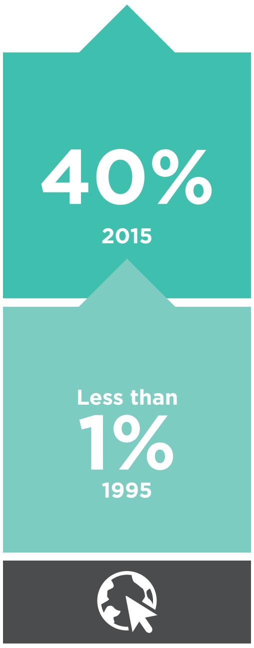
Mary Meeker's report on Internet trends is an excellent place to begin an exploration of contemporary disruption.[7] Meeker is a partner at the highly-respected venture capital firm Kleiner Perkins Caufield & Byers; each year she produces an extensive report with massive data sets that defines trends in almost every aspect of Internet use.

Although Meeker's report, with its 162 slides and thousands of data points, is intimidating in scope, it contains rich information and insights. Specifically, it offers a sharp analysis of macrotrends in technology and identifies pockets of growth on various channels and platforms. It is a revealing look at how the media ecosystem expands and contracts.

6. McGrath, Judy. Marketing to Gen-MTV: Evolve or Die. (July 24, 2006). *Multichannel News*, 27(29), 41.

7. Meeker, Mary. (2014). *Internet Trends 2014*. *www.kpcb.com/internet-trends*

Massive change in media use is accelerated by technology



World population with Internet access

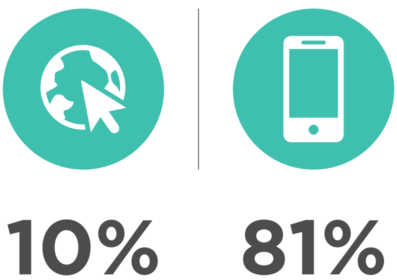
While disruption is a constant in the media landscape, the rapid consumer adoption of technology has been feeding this change and giving it unprecedented momentum. The sheer volume of the Internet provides spectacular consumer choice, not to mention access to the world's population as a potential audience. For a glimpse at the magnitude of the Internet, Internet Live Stats gives a real-time update on statistics like the number of users in the world (more than three billion), how many websites are live (more than one billion) and how many online videos have been watched (around five billion daily).[8] This is a staggering potential marketplace.

The Internet has created an immediate global opportunity for all content creators, yet many US-based media companies have not yet monetized a significant portion of this online activity. Across the web, huge flows of content traffic come from international users, but most of the monetization takes place with American brands and companies. Anecdotally, about half of all Facebook page fan sites are not based in the United States, which opens up an enormous potential market for global media entrepreneurs.

Internet Live notes that although 40 percent of the world population has an Internet connection today, in 1995 it was less than 1 percent. Furthermore, the number of Internet users has increased tenfold from 1999 to 2013.[9]

Most compelling about this growth is its accelerating trajectory: Cisco predicts that global Internet users will number 3.6 billion by 2017.[10]

To think global is to think mobile



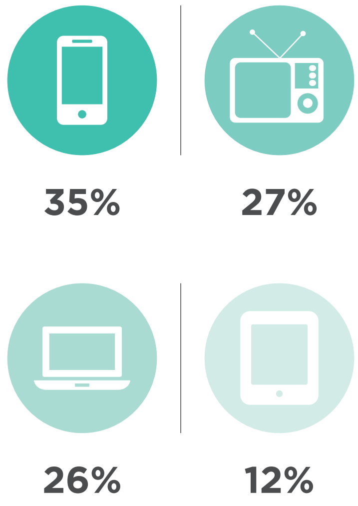
Internet vs. mobile growth in 2013

The acceleration trajectory is especially profound in the mobile space, where it is transforming how media are created, distributed and monetized. The Meeker report notes that while there is a 10percent annual growth in global Internet users, mobile traffic is up 81 percent from 2013. Smartphones are the most-used media in many countries, delivering four to five times the unit volumes of televisions and personal computers in only 10 years. Average smartphone users are checking their phones 150 times per day, an extraordinary frequency even in the fast-paced world of digital media.

8. Internet Live Stats - Internet Usage & Social Media Statistics. *www.internetlivestats.com*

9. Internet Users. *www.internetlivestats.com/internet-users*

10. Cisco Visual Networking Index: Forecast and Methodology, 2013–2018. (June 10, 2014). *www.cisco.com*



Average global daily screen time

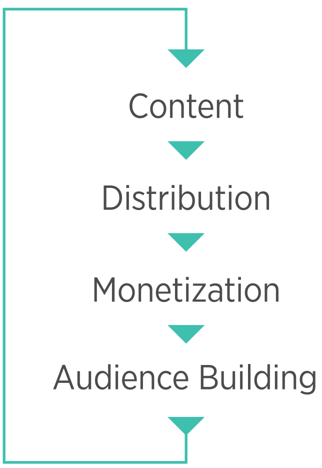
Source: Meeker, Mary. (2014). *Internet Trends 2014.* *www.kpcb.com/internet-trends*

The smartphone is the leading multitasking device

Multitasking while watching television is profoundly disruptive to existing business models; in fact, it runs counter to the expectations of TV producers and advertisers. The Meeker report reveals that 84 percent of mobile owners use their device while watching TV, a figure that has doubled over two years. This is supported by the TV measurement firm Nielsen, which states that, "close to 40 percent of Americans now use their tablets or smartphones while watching TV at least once a day, and twice as many do it at least once a month."[11] Multitasking is particularly prevalent among Millennials, loosely defined as those born between the early 1980s and the early 2000s.

This disruption, however, unlocks major opportunities for resourceful and creative media firms. While TV has a mass reach, mobile focuses on the individual, with activity concentrating on web content, apps and gaming. This type of disruption indicates that the consumer can access more content in less time. As consumers add screens to their device list, they are consuming even more content than before. That's good news for storytellers.

The four domains of media



To track disruption, it is helpful to break down the media ecosystem into four domains:

Content: The key element of content is storytelling, which is true for both established and emerging media.

Distribution: In order for content to be effective, it must get the best possible reach to connect and influence its audiences.

Monetization: As content attracts an audience, that message develops value as it engages and influences.

Audience Building: Through marketing, new forms of content attract audiences, and established forms of content build on their success.

While it is valuable to discuss each of these key factors in isolation, the lines are clearly blurred among them. Some of the best content also functions as great marketing. Distribution provides marketing exposure as well as insights into producing better content and building greater aggregate audiences. Through monetization, it is possible to create new forms of content, and so on.

11. The Cross-Platform Report: A New Connected Community, (2012). *www.nielson.com*

Content

The changing face of content

At the heart of every media company is the content it either produces or aggregates from other sources. Content is the substance of media, the story presented to engage and capture an audience. Just as consumer goods companies distribute and sell their core product primarily through retail distributors, so do content creators manufacture their own product and rely on distribution resellers to deliver it to the appropriate audience. Whether a consumer is tuning in, clicking through, subscribing, purchasing, buying a ticket or download, listening, or streaming, these decisions are based on content.

NEWS

The word "media" was first used in advertising circles before World War I, and even then media business executives saw themselves delivering audiences to advertisers, with news as an important commodity. News content is time-sensitive and immediate; its real-time nature engages a live audience in a timely manner, which is valuable for advertisers. There is a significant downside: news is produced quickly, and it expires quickly. Although news destinations continue to deliver large audience numbers, they struggle to do this and simultaneously increase revenue. This conundrum represents a significant business and content development opportunity.

Many companies are exploring new ways to add value to their archived stories. One amusing example is *PBS Series* by Blank on Blank[12], which has animators imagine the visual expression of old celebrity interviews. This is repurposed content for a new audience and is considered a digital asset.

MOVIES

While expensive and financially risky to make, even moderately successful movies can generate new profits over the long term across a variety of platforms. For mainstream Hollywood movies, the opening weekend box office sets the price for the next series of windows, so initial ticket sales are extremely important. Strong movies can yield dividends over long periods of time, and also with international sales.

Movies can be especially valuable intellectual property, leading to a significant spike in franchise extensions like TV series, gaming, publishing and consumer products. New distribution models—global date premieres and video-on-demand (VOD) premieres, to name two—increasingly provide incremental support to the current revenue models.

12. Blank on Blank and PBS Animated Interviews. *http://blankonblank.org/pbs/*

SERIES

This staple of media is a suite of formatted storytelling, usually in the form of scripted series, like comedy and drama, or unscripted reality series. Series are among the most competitive and valuable areas of content creation. A series can deliver a sustained audience on a regular basis, which is much more valuable than many one-time, one-off initiatives.

While expensive to create, scripted series can be particularly lucrative because they can be repeated, commanding high prices in syndication and licensing. Viewers come back for familiar experiences, such as favorite sit-coms *Seinfeld* and *Friends*. This "repeatable" content can be re-watched, and thus re-sold. An animated series that repeats well can yield significant value, especially in the consumer product and licensing worlds. Animation can be easily translated into multiple languages so it can scale very quickly.

Unscripted series are generally less expensive to make and can deliver the same big audiences as scripted series. Unfortunately, reality series do not always repeat well, which makes it harder to recoup their investments. Some formats—*American Idol* and *The Voice*, for example—can be adapted into other languages, opening up new markets. What once were old programs are now valuable assets.

SPORTS AND EVENTS

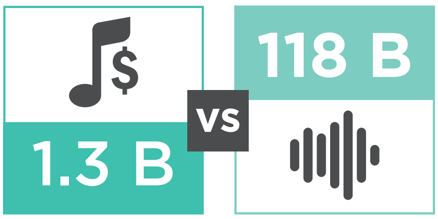
Sports and events like award shows and miniseries can command large, passionate and vocal audiences. The live nature of this content makes it especially valuable; it generates excitement and anticipation, engaging viewers in social media. Audiences will pay a premium for big programming events like sports championships.

GAMING

Video gaming continues to be sophisticated and ingrained across platforms. Major media companies see gaming as a threat, since immersive experiences can detract attention and time from other forms of media consumption. However, watching people play their own games or in tournaments is an important new content category that is an emerging big business. Electronic gamemaker Twitch's recent US$1 billion acquisition by Amazon is one example in which there is value generated in watching people play and compete. This explosion in gaming, thanks to sophisticated gaming systems and simple apps alike, increasingly pulls audiences from other platforms.

MUSIC

The music industry has shifted from album sales to music downloads and now to digital streaming. While this provides some revenue to the artist and label or recording company, the majority of income comes from touring, licensing and auxiliary merchandise (t-shirts, hats, etc.). In 2013, digital music track sales fell for the first time: the Meeker report notes that only 1.3 billion music tracks were sold, compared with 118 billion tracks that were streamed. Such cloud-based services as Spotify, Pandora and other music streaming destinations have completely taken over digital music. Further, the music video is still a powerful driver of consumer traffic as it connects or aggregates audiences of listeners and viewers.



Music tracks sold vs. streamed

RADIO

One of the oldest electronic media, radio is alive and well via terrestrial, satellite and streaming cloud-based services. Streaming or downloading digital audio, podcasts and apps changes the way audio storytellers present their stories, showcase artists, curate content and monetize their listeners.

DIGITAL

Made-for-digital content was once restricted to short form viral clips, content-for-sharing and experimental formats. Increasingly, major media companies are building content that is native to the digital experience and syndicating it broadly. Advertising is the leading revenue source and model for many companies, from pre-roll or overlays on video to immersive advertising units.

The digital space continues to be a frontier for new voices and audiences. Subscriptions have gained traction with music streaming and content libraries such as Hulu and Netflix, though Internet providers are threatening to charge more for faster speed services to the companies using their “pipes.” This issue of net neutrality is a topic of big debate between the United States Federal Communications Commissions (FCC) and the nation’s leading Internet content providers.

MOBILE

Rather than repurpose content for mobile, it is increasingly critical to create content and stories that feel organic and appropriate for smaller mobile screens. Screen size and smartphone adoption are rapidly changing, but it still is a very different, personalized audience experience compared to other mass forms of communications.

A golden age of storytelling

There is a long-held axiom in the media industry that "content is king"; however, based on close observations and years in the business, I believe it is more precise to say that storytelling is king. Storytelling is the element of content that stimulates human interest and emotion, which in turn drives distribution, monetization and building new audiences. As Don Hewitt, the founding producer of the CBS program *60 Minutes*, once said, the most basic human instinct from childhood to old age is to ask, "tell me a story."[13]

The present era of dynamic new media is being referred to as a golden age of storytelling. The quality of programming has markedly increased on cable and broadcast networks, while news is available on every screen in near real time. We have around-the-clock access to sports, games, scores, replays, recaps and analysis, not to mention streams and streams of music. Digital and mobile video is bursting with exclusive content that resonates in particular with the most valuable advertising segment, the Millennials. Verizon Digital Media has found that Millennials spend three times as much time watching online TV than their non-Millennial counterparts; furthermore, Millennials want far more control over the content they consume and the way they consume it.[14] Media are clearly embracing contemporary disruption and the acceleration of technology as an opportunity to tell better stories, and thus to connect with more audiences.

Content ownership

The industry mantra today is this: listen to the audience and give them what they want, when they want it, wherever they want it. While many traditional media companies have always produced and owned their own content, this has not been the case for such enterprises as cable, search engines and social media. Now that is changing. One of the most critical strategies for media companies is to invest in or own the engines that produce their content. With pressure from boards of directors and shareholders to maintain profits, content ownership is a key strategy to build profit margins.

Another industry axiom for the new media is if you can tell great stories, it doesn't matter where people watch you. If you own the content, you can create new ways to attract and build valuable audiences, finding your viewers wherever they might be. Great content translates across platforms, whether on television, computer screens or smartphones, and content creators have a competitive advantage in presenting and packaging their content to heighten the viewing experience. An excellent example is sports coverage. Fox does more than point a camera at a football field for its viewers; it uses multiple cameras, commentators, packaging and graphical elements and music to create an experience. John Skipper, president of ESPN, doubts sports fans will go to Google/YouTube, or other digital platforms, to watch live games: "I don't believe that's going to happen. Those sites are not built for appointment viewing."[15]

Across the board, media companies are pushing aggressively into ownership. NBC's astonishing leap from the United States' fourth broadcast network to the coveted number one position is due in large part to its substantial investment in content. A&E Networks recently built out a new division called A+E Studios to oversee content production that the network can own. Media giant Disney—a 50 percent owner in A&E—is on the move as well, recently acquiring the YouTube video production network Maker Studios and engaging in talks with the website BuzzFeed. Through A&E, Disney took a 10 percent ownership stake in Vice Media, a digital-first news and culture content creator. That ownership stake netted Vice US$250 million to continue building original content.[16]

13. Hewitt, Don. (2002). *Tell Me a Story: 50 Years and 60 Minutes in Television*. New York: Public Affairs.

14. Millennials & Entertainment: Final Report, March 2014. *www.verizondigitalmedia.com*

15. McCarthy, Michael. (August 22, 2013). Network Will Aggressively Try to Retain Rights to the Most Crucial Content: Sports. *www.adage.com*

16. A&E to take a stake in Vice Media at $2.5 billion valuation. (August 29, 2014). *www.reuters.com*

Traditional publishing ventures into video

Another exciting content trend is how traditional publishing companies are embracing video. Large companies are leveraging their brands, assets and editorial expertise to create more content by diversifying. Consequently, video advertising is a booming market.

Conde Nast Entertainment (CNE), publisher of *Vogue, Vanity Fair, Glamour, GQ* and *The New Yorker,* recently announced a new slate of documentaries, "The Scene Inside." Based on the success of documentaries such as *Casualties of the Gridiron* and *Screw You Cancer,* CNE will premiere five new shows, including a football series called *The Grind,* a show based on a Duke undergraduate student and porn star, *Belle Knox,* and *FBS Russia,* based on the YouTube channel phenomenon.[17]

Time Inc. outlets such as *People, Fortune, Money* and *Entertainment Weekly* use their platforms and publishing assets to promote their digital and video offerings. Time Inc. assigned executive producers to their magazine brands. The producers go to daily editorial meetings and the brands and video unit attend stakeholder meetings to determine whether to greenlight a video. *People* launched a 20-minute live daily online show called *People Now.* Sponsored by Toyota, the show airs Monday through Friday in prime time. Host Jeremy Parsons and correspondent Abbi Crutchfield kick off each episode with the top five stories of the day and interview guests such as Michael Strahan, Kevin Bacon, Joe Manganiello and Kelly Ripa.[18]

Most newsrooms are now fully consolidated, with a seamless connection between print and digital news operations. The new venture into video does face challenges, however: companies must generate a viewership of sufficient scale to put together attractive ad packages, prompting editors and writers to think about how to use social media to extend their stories into the digital and video realms.

Made-for-digital video viewed millions of times over

With an enormous audience, digital video is becoming a true force in the world of content. Digital video is delivered via a number of channels, including:

- Aggregators such as YouTube
- Specialty content providers, including VICE and Buzzfeed
- Digital extensions of TV and movie content such as *Saturday Night Live* or Jimmy Fallon's *Tonight Show*
- Specialty verticals *Funny or Die* and *College Humor*, among others

Regardless of the source, made-for-digital content is getting viewed, shared and passed along millions of times over.

The biggest players in the digital video space are the multi-channel networks (MCNs). MCNs offer assistance to content creators on YouTube in the form of programming, funding, cross-promotion, partner management, digital rights management, monetization, sales or audience development. The content creator enters into an agreement with the MCN for a portion of ad revenue or a percentage of intellectual rights ownership. Some of the most popular MCN-supported channels include *Epic Rap Battles of History, Epic Meal Time* and the fashion-centric *Bethany Mota.*

MCNs each engage with many content channels, giving them access to an enormous audience in the crucial Millennial demographic. For instance, Disney-owned Maker Studios has about 380 million subscribers on YouTube, 80 percent of whom are aged 13 to 34, with 40 percent watching on mobile devices. "Networks

17. Conde Nast Entertainment's 'The Scene' Debuts Provocative Documentary Series, THE SCENE INSIDE. (September 5, 2014). *www.prnewswire.com*
18. Sebastian, Michael. (September 3, 2014). People's Live Web Show Bows With Sponsorship from Toyota. *www.adage.com*

like Maker are now becoming more important than the traditional cable players. According to Nielsen if you want to reach the Millennials, you have to come to us, or other players like us," René Rechtman, Maker's international president, told *The Guardian*.[19]

YouTube offers almost unlimited creative opportunities for traditional TV firms and, thanks to disruption, once-obscure entities can compete with the big broadcast players. Keith Hindle of FremantleMedia said that with YouTube views in the billions, FremantleMedia's channels are generating revenue "on the scale of a major broadcast partner around the world, purely from YouTube."[20]

While Google and YouTube are the ultimate aggregators, BuzzFeed has created a huge presence with its fun, accessible, pop culture-themed content that it drives with an extremely sophisticated social media strategy. Buzzfeed attracted more than 130 million unique monthly visitors in 2013, with 50 percent of the traffic viewed from mobile and 75 percent referred from social. Through innovation on content style and delivery, such as quizzes, lists, breaking news and listicles (list articles), the company generated 40 million views. Buzzfeed thrives in the digital age, with some 60 percent of its consumers in the coveted 18 to 34 age range.[21]

Another digital video creator, Vice, is the beneficiary of a recent funding binge based on the market's obsession with digital video. Its new valuation at $2.5 billion is nearly double that of the previous year. As the self-described "voice of global youth culture," Vice claims 220 million unique views per month, the highest watch time of all YouTube original channels, and the most engaged audience, with content reporting a rate of +55 percent engagement versus its competitors.[22]

Anyone analyzing digital video needs to recognize the power of music videos. Vevo, the online music video provider owned by Sony Music, Universal Music, Google and the Abu Dhabi Media group, is responsible for a large percentage of overall YouTube traffic.

YouTube stars attract audiences and drive sales

In summer 2014, Variety revealed that the five most influential figures among Americans aged 13 to 18 are not mainstream stars like Jennifer Lawrence and Seth Rogen; they are all YouTube celebrities, like comedy duo Smosh, Benny and Rafi and a Swedish video gamer known as PewDiePie, who has the most subscribers on all of YouTube.[23]

These YouTube stars are making a huge impact by attracting audiences and driving the sale of products. Michelle Phan, a YouTube beauty expert reached one billion views only seven years after uploading her first video. Since then, she has released her own line of cosmetics, launched the online subscription service Ipsy and published a book.[24]

Social media celebrities are fueling new business models such as DigiTour Media, a touring music fest featuring a talent roster from social media like YouTube, Vine, Instagram, Tumblr and Snapchat. DigiTour Media sold some 120,000 tickets during the first eight months of 2014 in the United States alone, and ticket buyers were mostly teenagers. These social celebrities also generated significant revenue from major sponsors who are targeting the coveted teen demographic.[25]

Spectator gaming is a new genre of video that showcases kids playing video games; many players have themselves become celebrities. Twitch, the biggest platform to share online recordings of game play, reported 13 billion minutes of video game footage watched by some 45 million monthly active users.[26] This viewership rivals major cable networks.

19. Dredge, S. (2014, April 14). YouTube multichannel networks stake claim to the future of TV. *www.theguardian.com*

20. Ibid.

21. Berridge, George. (February 20, 2014). Five ways BuzzFeed makes content people want to share. *www.newsrewired.com*

22. Vice Press Kit. (2014). *www.vice.com*

23. Ault, Susanne. (August 4, 2014). Survey: YouTube Stars More Popular Than Mainstream Celebs Among U.S. Teens. Variety.

24. CynopsisDigital. (September 8, 2014). *www.cynopsis.com*

25. Spangler, Todd. (November 4, 2014). DigiTour Will More Than Double Live Shows with YouTube, Digital Stars in 2015. *www.variety.com*

26. Conditt, Jessica. (February 10, 2014). Twitch hits 1M broadcasters per month, takes over corporate name. *www.joystiq.com*

Distribution

The evolution of reaching the audience

Distribution centers on two principles: reach, which is the size, scope, location and composition of the audience; and impact, measured by changes in attitudes, opinions and consumer behavior. Consider the earliest medium, print: developed centuries ago, it is still a consistent and viable distribution mechanism. To reach its audience, newsstands took hold in central business districts and newspapers introduced home delivery. Books became available through mass and specialized bookstores; likewise magazines reached its readers through newsstands or mail delivery. Even in this technological age, books, magazines and newspapers have survived because of their impact: they offer a distinct point of view or specific information of interest to their readers.

In the mid-1990s, the Internet surfaced as a way of one-to-one storytelling. This radically changed the way content creators and owners monetized their stories. Certainly made-for-Internet content was created, however more content owners and creators saw that they could adopt this new technology as a distribution platform and a destination in and of itself. To conceptualize this, think of the evolution from early search and email services such as AOL to YouTube and eventually to premium services like Netflix.

Distribution allows storytellers to capture a mass audience in a broad scale, but it can also provide precise access to unique clusters of demographics. Distributors increasingly harness their customers to build clusters of addressable audiences—that is, targeting specific individuals who meet a given demographic profile, such as pre-teens. These databases of consumers can be reached via direct response, customer relationship management, social reach, targeted advertising, retargeting or a variety of other analytics tools.

The connectivity of the Internet and the seamless way it delivers content directly to audiences has generated a wide array of hardware and apps to curate, showcase and deliver content. The apps on smart TVs and plug-and-play boxes (such as Roku, iTunes, Amazon/Fire, Chrome, Xbox, Playstation and WiiU) serve as content aggregators. As audience choices become more integrated with data collection, these apps and devices have become even more responsive, curating content for the individual viewer.

With the rapid adoption of smartphones and tablets by audiences, mobile is the latest distribution frontier for both curated and custom content. Apps are the main content experience on the mobile platform: a ComScore report says apps account for seven of every eight minutes a user spends on mobile media. The report says that on average, smartphone users download at least one app a month and 57 percent access them every day.[27]

A September 2014 Viacom study revealed how multiscreen disruption can have an aggregate benefit to both audiences and media concerns. The study, which surveyed more than 1,500 Viacom viewers aged 13 to 44 in the United States, showed that people who use multiple devices to consume content prefer live TV and have stronger network loyalty than those watching shows on a single screen. Having more ways of accessing shows helps 79 percent of the study participants try more programs, while 78 percent say they would not have become fans of some shows if they could not watch in multiple ways.[28]

27. The U.S. Mobile App Report. (August 21, 2014). *www.comscore.com*

28. Getting With the Program: TV's Funnels, Paths and Hurdles. (September 11, 2014). *www.viacom.com*

New sources of revenue

From a business standpoint, distribution has always been about finding new forms of revenue. The changing face of television is an excellent example of how distribution adapts. Broadcast TV was originally seen as a public service, with advertisers supporting the free content sent over the airwaves to anyone with an antenna. As more people acquired televisions, the era of cable TV was ushered in with a new subscription model. Eventually, niche-oriented programming was developed, and channels like Nickelodeon for kids, ESPN for sports, MTV for music and HBO and other such networks for movies transformed the landscape.

In recent years, cable systems have begun charging for broadcast and broadband content, which gave rise to the disruptive pioneer Aereo, which offered a streaming solution for antenna-delivered content. Producers of content, like the broadcast networks, would have lost out, and ultimately the United States Supreme Court struck down this attempted end run around major media content providers in 2014.

It is interesting to note that in the distribution space, very few platforms will disrupt enough to eliminate other platforms. Instead, older media adapt to modern conditions as new disruptive distribution platforms expand and shift audiences. For example, subscription VOD services like Amazon and Netflix brought in US$1.9 billion in the United States, a 26 percent increase in the first half of 2014 over the previous year, according to *eMarketer.*[29] Other ways of watching content, including brick and mortar, were down 33 percent. This demonstrates the impact of disruption to an existing marketplace. To compensate, the same providers who are losing out on traditional VOD usage are imposing new fees on VOD companies to use their broadband services, generating incremental revenue for themselves. Opponents advocate for net neutrality, in which Internet service providers treat all data equally, and the regulatory questions the issue has raised may eventually disrupt this new pay schedule.

Similarly, music is shifting to streaming and distribution platforms such as Spotify or Pandora, with usage up 32 percent from year-to-year. Digital track sales, on the other hand, are down six percent[30]. Many other distribution models, including iTunes, Vimeo and VHX, are continuing to expand by providing à la carte purchases and rentals, not to mention a veritable explosion of content in the form of apps.

In the pay TV ecosystem, the current wave of consolidation will provide significant power for mega-distributors when negotiating with content creators. In fact, the announced DirectTV and AT&T merger, coupled with the pending Comcast and Time Warner Cable consolidation, has set off a speculative frenzy among content creators with rumors of mergers and a failed bid by Fox for Time Warner in 2014.

At the same time, new distribution incumbents Hulu, Yahoo, Netflix, AOL and Amazon are gathering huge customer bases and generating major revenue, as well as creating important data-sets and insights.

Looking ahead, distributors are offering new technologies to their customers to enhance the content experience. The next wave of devices includes Google Glass and Oculus Rift, a virtual headset to immerse viewers in an intensive 3D experience. These new technologies are the gateway to expanded engagement and new revenue streams.

29. Forget Normal Video-on-Demand--Subscriptions Are the Way to Go. (August 27, 2014). *www.emarketer.com*

30. Meeker, Mary. (2014). *Internet Trends 2014. www.kpcb.com/internet-trends*

Data is an asset

One of the most powerful assets that distributors have access to is data. Netflix, Hulu, Nielsen (audience ratings) and ComScore (online traffic data), among others, monitor every action a viewer takes to engage with content. Netflix, for example, monitors 30 million plays a day and uses the data to enhance and improve every aspect of its business.

The website www.greatbusinessschools.org has created an infographic devotes a section to "Banking on Big Data," which lists some of the viewer activity that Netflix monitors: when you pause and fast forward, your scrolling behavior, when you watch or stop watching a series and so on. These considerations inform Netflix's content investments and help them better market to their audiences based on the places where audience members are spending their time. For instance, after learning that 87 percent of its mobile users only watch the app for ten minutes at a time.[32] Netflix is offering new content that features two- to five-minute movie, TV and comedy clips. The videos are being offered in a new section called, "Have Five Minutes?"

Netflix examines 30 million plays a day, including:

- When viewers pause, fast forward or rewind
- When viewers rate movies
- What viewers search for
- The time of day viewers watch certain shows
- When viewers stop watching a series
- What devices viewers use to watch.[31]

Netflix: 30 million plays a day

31. The Economics of Netflix: How to Make a $100 Million Show. *www.greatbusinessschools.org*

32. Brouwer, B. (September 18, 2014). Netflix Tests Shorter Clips To Improve Mobile Users' Experiences. *www.tubefilter.com*

Monetization

A brief look at revenue sources

Content that requires human creativity costs money to make; likewise, the distribution bandwidth requires considerable initial capital investment and subsequent support. Knowing how to monetize content and distribution is therefore essential.

ADVERTISING

Advertising provides a critical revenue source for almost all content at some point. Phrased another way, an aggregation of people's eyeballs is essential for any business wanting to communicate an important message. Sponsorships and advertising ensure that the message is placed alongside content that attracts viewer interest. Advertising generally supports free content, which can often offer the largest and most diverse audience for businesses to reach.

SUBSCRIPTIONS AND BUNDLING

Paying for content via subscriptions, often by bundling like-minded content, is increasingly the norm in many media firms. In the TV world, cable subscriptions make up around half of a media company's revenue. For a premium service like HBO or Netflix, that percentage can be higher than 90 percent.

CONSUMER PRODUCTS

If there is content that resonates with a fan base, it can unlock a consumer product revenue stream through licensing and brand extensions. An entertainment company like Disney generates billions annually in revenue from its licensing business alone.

À LA CARTE PURCHASES

An alternative to purchasing bundled content is to buy à la carte—specific programs that are available as individual content on a DVD or download, for instance. There is increasing pressure on the pay-TV ecosystem to re-think bundling and consider selling channels in this same method. Right now, channels are bundled into basic packages, which include sports channels, the most expensive of the TV offerings.

MICROPAYMENTS

The Internet has opened the door for new forms of monetization, including small individual payments, called micropayments, for specific content. Vimeo, THX and other platforms are using micropayments to allow filmmakers and media creators to sell directly to their audiences for a much smaller fee than traditional distributors.

Disruption and audience fragmentation

Once a media company has popular content that is attracting an audience, there are many ways to sponsor and monetize it. While today it is easier for marketers to target small niches of potential customer clusters, disruption has caused fragmentation in viewership, resulting in lower ratings and smaller audiences. The current TV market is facing minimal—perhaps even negative—growth. This shows the complexity of disruption as audience and markets expand and contract.

While options for viewership are increasing, viewers are still surfing the same number of channels. Nielsen says the average household had a record 189 channels to choose from in 2013, up from 129 in 2008, but consumers consistently tune in to an average of 17.[33]

The Hollywood Reporter argues that "a glut of similar reality programming is fragmenting audiences; several popular cable shows are ending amid a lack of new hits; too many new channels and online video outlets offer original programming."[34] On the bright side, the article notes that foreign expansion more than makes up for market sluggishness in the United States. For instance, Discovery Communications revealed in their quarterly earnings in 2014 that while its revenue decreased 2 percent year-over-year domestically, its international growth was up 23 percent.[35] Clearly, disruption has enhanced the capacity to take advantage of international and global markets.

"When you look across platforms, viewership is very rich," says Ernst and Young analyst Peri Shamsai in *The Hollywood Reporter*. "Younger viewers are watching shows on mobile devices, and that measurement information is certainly not coming through yet."[36]

Digital video presents a big business opportunity. Jeffries' Global Research and Strategy estimated in 2014 that YouTube was worth between US$26 billion and US$40 billion, and by 2017, online video ads will be a US$17 billion per year opportunity in the United States alone.[37] Further estimates project advertising at multichannel networks in North America will generate US$30.5 billion by 2018, up from US$24.2 billion in 2013.

In April 2014, Google/YouTube launched a project to expand the volume of content it can secure with its new ad initiative, Google Preferred. This program pairs brands with premium video and limits its inventory to keep the advertising inventory and sponsorships valuable.

Number of channels up, but viewers still tune in to just 17

33. Changing Channels: Americans view just 17 channels despite record number to choose from. (2014, May 6). *www.nielson.com*
34. Bond, Paul. (2014, August 20). Cable's New Business Model: Lower Ratings, Higher Revenue. *www.HollywoodReporter.com*
35. Discovery communications reports second quarter 2014 results. (2014, July 31). *www.corporate.discovery.com*
36. Bond, Paul. (2014, August 20). Cable's New Business Model: Lower Ratings, Higher Revenue. *www.HollywoodReporter.com*
37. Deep dive on YouTube; Adding GOOG to the Franchise Picks List. (2013, September 8). *www.jeffries.com*
38. Simulmedia Salon with David Bank. (August 14, 2014). Retrieved from *www.youtube.com/watch?v=6cxetGtBC98*

In the short term, cable ad sales are not expected to suffer from competition from online video, according to David Bank of RBC Capital Markets, who notes that a half-hour TV show can support 16 commercials, while the average four-minute online video can support only one 15-second spot.[38] In fact, online video can be monetized at a much higher rate than on TV, so there is not an urgency for networks to begin merging their inventories, even though it would help them report a higher aggregate viewership number.

Of course, the proliferation of devices has also meant more opportunities to target fans. In June 2014, ESPN announced that the FIFA World Cup and other sports propelled them to "a record-setting June" in digital sports, reaching 80.7 million unique users across computers, smartphones and tablets, the largest total for a single month in category history.[39]

Social media are also influential. Twitter and SMG's Social TV Lab released its first consolidated results; they show that Twitter and TV together results in increased brand awareness, TV ad recall and sales impact compared with television ads alone.[40] Beyond drive-time tune-in, Twitter is diversifying its product offerings with its media partners. The Amplify program allows advertisers to extend their message by aligning Twitter-promoted posts and TV ads.[41] What is more, they are moving into e-commerce by announcing plans to test a "buy" button embedded in tweets. Facebook reported a similar test.

Building on this, another key growth area for monetization is with second-screen ads. Research from TNS Infratest and wywy showed that among viewers who used a second screen device while watching television, TV ad awareness dropped 58 percent compared to TV-only viewers. By using cross-media technology to synch the delivery of ads on television and mobile, ad awareness increased by more than 40 percent. This study also found strong uplifts in key advertising performance indicators such as brand attitude (+38 percent) and word of mouth (+18 percent) when online ad synching technologies were used in tandem with TV advertising.[42]

Programmatic ad buying and selling

One of the biggest shifts in monetization involves the strong emergence of programming the buying and selling of ads. Systematic programmatic buying and selling refers to complex, computer auction-based systems, enabling marketers and agencies to buy ads via automated or real-time bidding. In doing so, it matches ads with audiences to avoid waste. Mondelez International (which owns brands including Cadbury, Oreo and Wheat Thins) recently announced it would run all its digital video buys in North America through TubeMogul.[43]

While programmatic is considered an efficient way to spend media dollars, there is still controversy in the marketplace about the amount of investment to shift to this computerized system. There are challenges around transparency, control and devaluing inventory. While programming buying has started online, it is migrating from digital to TV and radio where it could disrupt the entire advertising ecosystem.

Adweek sums it up, writing, "Programmatic is feared among TV's old guard, who've seen technology commoditize online ad inventory and don't want to devalue premium commercial space in prime time. But there's a crucial difference, and that is that programmatic TV buys, at least for now, are not subject to the real-time auctions that drive online ad sales."[44]

39. ESPN Digital Media Reaches 81 Million Fans in June, Shatters Multiple Sports Category Records. (July 15, 2014). *www.espnmediazone.com*

40. Twitter, SMG Release First Results from Social TV Lab. (June 17, 2014). *www.blog.smvgroup.com*

41. Twitter Amplify partnerships: Great content, great brands, great engagement. (May 23, 2013). *www.blog.twitter.com*

42. TNS/wywy Study Confirms TV Ad Awareness Eroded by Second Screen Use. (August 18, 2014). *www.prweb.com*

43. Loechner, Tyler. (June 16, 2014). Mondelez Taps TubeMogul For Programmatic Video, Keeps MediaVest Involved. *www.mediapost.com*

44. Will Programmatic Advertising Take Over TV? (June 24, 2014). *www.adweek.com*

Recommended content and native advertising

While programmatic media buying is a major shift in the marketplace, other major trends revolve around recommended content and native advertising, which increasingly blurs lines between editorial and advertising. Native advertising—or advertorial—is content created and controlled by an advertiser.

For example, the "Around the Web" and "Recommended for You" sections on many sites have content links that look compellingly like editorial material. This is actually promotional content created by marketers. On washingtonpost.com, a link to "Which Country is Currently Leading the World in Innovation?" led not to a conventional news story, but a video pitch for Merrill Lynch's wealth management services. The company behind this link is Outbrain: its ads were clicked 730 million times in one month alone. Its main competitor, Taboola, generated US$100 million in revenue this year thanks to one-third of all American Internet users clicking on a Taboola-supplied link in a month. "Your audience is going to leave [your site], anyway," said Outbrain executive Lisa LaCour. "This is a way for you to get paid when your audience leaves."[45]

Many brands are also aligning themselves with social and digital celebrities where content can be created faster and more organically. For example, clothing brand PacSun and the multi channel network StyleHaul, which represents online fashion stars, launched a four-part video series to help back-to-school shoppers. Beauty and fashion experts BeyondBeautyStar, Macbby11, MyLifeAsEva and MamaMiaMakeup, which collectively count 3.5 million subscriptions, offered advice on their individual channels using PacSun's fall line.[46]

Vine and Fanta are another example of this trend. In summer 2014, Fanta debuted a new Vine-based digital and social campaign, "Fanta for the Funny," in partnership with young multicultural digital influencers. Raquel Mason, Fanta and Flavors assistant vice president, says, "Today one in three teens doesn't just want to be famous, but they believe they will actually be famous, and they are interacting with Vines at twice the rate of other audiences in search of humor, entertainment, creativity and conversation."[47] Likewise, Buzzfeed continues to lead the pack with its custom-branded content teams across publishers and platforms.

45. Fahri, Paul. (January 10, 2014). You'll never guess who's writing those odd digital news headlines. *The Mississauga News*. *www.mississauga.com*
46. Cynopsis Digital. (August 22, 2014). *www.cynopsis.com*
47. "Fanta for the Funny" Campaign Gives Teens Digital Stage to Create Their Own Series. (August 14, 2014). *www.businesswire.com*

Audience Building

Building refers to audience and market development. Acquiring potential consumers is critical for establishing an audience for a new series, potential hit or franchise, or in growing a fan base for an established viewing brand or program.

Beyond the traditional tools available to build audiences—advertising and press coverage—some of the most exciting new tools in this area include social platforms, the increasing access to data and the rise of the superfan.

Building audiences and fans

The best success in media comes when companies maximize popular content by growing their fan base and monetizing it successfully. Social media and the power of the superfan are two of the most exciting new tools available. Marketers must recognize that a campaign should first take stock of the market and its appetite in the context of multiple competitors in an ever-changing media landscape. Linda Ong, president of the cultural insights and branding firm TruthCo, says, "consumers are the CEOs of content." She argues that fragmentation in the marketplace means there are no longer captive audiences. Consumers today are faced with such a proliferation of viewing options that this in itself drives changes in behavior and priorities.[48] For this reason, the value of the superfan has never been more important, especially for established franchises with a stable and dedicated audience.

Alex Carloss, YouTube's global head of entertainment, suggests that the online video giant's power is less about audiences and more about fans. "An audience tunes in when they're told to, a fanbase chooses when and what to watch. An audience changes the channel when their show is over. A fanbase shares, it comments, it curates, it creates," he said.[49]

Michael Stevens, session host of the science network VSauce, adds, "You can build a really big audience on YouTube: they show up, they listen. But a fanbase is going to subscribe and watch everything you make in the future, and tell their friends about you."[50]

48. Ong, Linda. (June 19, 2014). The New World of Television. *Executive summary: June 19, 2014 Cynopsis Big Monetization Summit.* *www.cyndigitalmonetization.com*

49. Dredge, Stuart. (April 8, 2014). YouTube wants its creators to build 'fanbases' rather than audiences. *www.theguardian.com*

50. Dredge, Stuart. (April 9, 2014). The secret to a successful YouTube video—by some of the site's stars. *www.theguardian.com*

THE FUNNEL **OF FANDOM**

Overall campaign success relies in large part on how a content provider engages and empowers superfans. Viacom recently shared its "funnels to fandom" process on how fans evolve, suggesting a five-step process, or a tv viewing funnel, in effect:

- **Discovery:** in-person, word of mouth is the #1 source for show discovery at 90 percent, closely followed by TV promos at 85 percent and word of mouth online or via social media at 78 percent

- **Research:** once aware of a show, viewers usually watch an episode to find out more (55 percent), check when it airs next (42 percent) or discuss with friends or family (35 percent). Nearly a quarter usually discuss the show online and via social media.

- **Selection:** when deciding what device or source to trial a TV show on, live TV is the most popular source (57 percent), followed by streaming (22 percent), DVR (10 percent) and VOD (6 percent).

- **Fandom:** once a viewer becomes a fan, they first want to know when the show airs on TV (61 percent), whether it is live (52 percent) and whether it is in-season or not (48 percent). When they've decided to continue watching, 53 percent watch on live TV.

    - Among fans, marathoning or binge watching is popular across all age groups: 83 percent of Millennials (ages 18-34) say this is one of their favorite ways to watch, followed by 72 percent of Gen Xers (ages 35-44) and 65 percent of Digital Natives (ages 13-17).

- **Sharing:** 61 percent of viewers recommend a show to others in-person, while 38 percent invite others to co-view. Among Digital Natives, invitations to co-view are most prevalent at 47 percent, followed by Millennials at 40 percent and Gen Xers at 29 percent.

METRICS

Important to watch their favorite shows live

47% of multi-screeners
VS
23% of single-screeners

Are loyal to a few networks

45% of multi-screeners
VS
28% of single-screeners

Wouldn't give up pay TV because they rely on DVR

45% of multi-screeners
VS
22% of single-screeners

73%

Viewers become interested in new shows more quickly

BUT

50% spend more time researching shows before watching
81% watch a greater variety of shows
83% are fans of more shows at the same time
61% agree that TV is a bigger part of their social life

VIEWERS ARE VERY POSITIVE ABOUT TV'S FUTURE WHEN ASKED TO LOOK AHEAD FIVE YEARS.

84% AGREE THAT THEY WILL HAVE MORE OPTIONS FOR WHERE, HOW AND WHAT TO WATCH.

83%
will watch a greater variety of TV programs

79%
will keep up with more TV programs at the same time

76%
expect better recommendations from sources and devices

Source: Multi-screen Viewership Boosts TV fandom and Loyalty, According to Viacom's "Getting With the Program: TV's Funnels, Paths and Hurdles." (September 11, 2014). lr.viacom.com

The Power of Social

Social media serves multiple functions. It allows us to define who we are; to share fun and valuable content with each other; to create, build, and maintain relationships; and to champion charities and causes. Social media is very powerful not only in its breadth of reach, but also its speed. Research indicates that the average article reaches half of social referrals in 6.5 hours on Twitter, and nine hours on Facebook.[51]

An excellent example of the power of social media is the Ice Bucket Challenge, in which users around the world doused themselves with ice water to raise money for ALS research. It was viral, funny, quick, mobile, digital and celebrity-centric. Time.com noted on August 20, 2014, "Since July 29 it had raised $31.5 million. That's an $8.6 million jump over the previous day's tally, and more than 16 times the amount it had received over the same period last year."[52] Facebook reports that from June 1 to September 1, 2014, "more than 17 million videos related to the ice bucket challenge were shared to Facebook. These videos were viewed more than 10 billion times by more than 440 million people."[53]

While Twitter has done the most to align itself as a tool for TV companies to drive live viewership, Facebook has been ramping up its video efforts on users' newsfeeds. For example, Beyoncé released a video in early September 2014 on Facebook that generated more than 2.4 million views within hours of its release, compared with just a few thousand on YouTube.[54] Since June, FaceBook delivered 1 billion video views a day, 65 percent of which are from mobile.[55]

As someone who has used virtually all of the new digital media, I believe that social media is an accelerant to the most powerful form of marketing and audience development: word of mouth. It functions the same way, but with almost unfathomable speed and magnification.

While social media is a distribution platform and the central hub for the superfan, it is also a platform on which to establish and cultivate a new audience thanks to its rich data and targeting capabilities.

More than 500 million photos are shared every day, the Meeker report said, a figure forecasted to double in a year.[56] As photos are increasingly replaced with video, engagement and time spent is expected to grow exponentially. When activating social media, it is important to thoughtfully consider potential impact across each of the platforms.

51. Meeker, Mary. (2014). *Internet Trends 2014*. *www.kpcb.com/internet-trends*
52. Kedmey, Dan. (August 14, 2014). ALS Ice Bucket Challenge Raises $8.6 Million in a Single Day. *www.time.com*
53. The Ice Bucket Challenge on Facebook. (Updated September 7, 2014). *Newsroom.fb.com*
54. Goel, Vindu. (September 8, 2014). Facebook's Feeds Give Videos a Boost. *www.nytimes.com*
55. Simo, Fidji. (September 7, 2014). The Latest on Facebook Video. *Newsroom.fb.com*
56. Meeker, Mary. (2014). *Internet Trends 2014*. *www.kpcb.com/internet-trends.*

SOCIAL MEDIA IN A SNAPSHOT

1.19 B
ACTIVE USERS

Facebook is a very personal experience, immersing its users in personal photos, videos, stories and links. It is used for conversations with friends and brands. Jeff Bullas points out that nearly 50 percent of the world's Internet users are active on Facebook. This is only set to increase as regions and countries in the developing world, including Africa, Asia and South America, get connected to the web. Interestingly, Facebook usage is highest in North America: 59 percent of all North American Internet users are active Facebook users, compared with Google+ at 15 percent and Twitter at 25 percent. Uploading photos is the most popular activity on Facebook

284 M
ACTIVE USERS.[57]

Short form content in real-time reflects the Twitter experience. For users, it functions as a personalized news channel. Rapid growth rates continue around 40 percent.

100 M
ACTIVE USERS

Snapchat began as a one-to-one communications tool to secretly share pics and notes. It skews very young. Teens are 2.5 times more likely to use it as they generate 700 million photo stories a day.

70 M
ACTIVE USERS

"Boards" of inspiration, wants, likes and personal style reflect the Pinterest experience. It delivers more referral traffic than Twitter and is the fastest growing social network by experiencing growth rates of 88 percent over the last 12 months.

540 M
ACTIVE USERS

Google+ is catching up to Facebook. Facebook still dominates at 70 percent of account ownership, but Google+ is not far behind at just over 50 percent. The reality behind this growth is that a Google+ account is mandatory whenever one creates a new Gmail account.

259 M
ACTIVE USERS

LinkedIn is a business-focused networking site and is the most popular for older users: 7 percent of its users are over 55 and 14 percent are in the 45 to 54 age range. Rapid growth rates around 40 percent continue.

150 M
ACTIVE USERS

Instagram is a service primarily used for personal photos and videos. Users include many well-known celebrities and other creative types.

OTHER IMPORTANT PLATFORMS

Other important platforms that are building out revenue models include Reddit, known for its "ask me anything" interviews; Yahoo-owned Tumblr which functions as a fan-centric blogging platform and Twitter-owned Vine, known for its 6 second video loops.[58]

57. About Twitter, Inc. (Retrieved February 3, 2015).

58. Bullas, Jeff. (2013). 12 Awesome Social Media Facts and Statistics for 2013. www.jeffbullas.com

Conclusion

Listening to gain information and insights

Social media provides critical insights about fans and the potential audience. There is also a wide variety of research that has different ways of examining fan information. Through listening, testing and engagement, a content creator can yield great rewards for better storytelling.

One example of a content creator harnessing the disruptive nature of social media to create powerful content is hitRECord, a self-described "open collaborative production company." hitRECord on TV reimagines the traditional variety show as Joseph Gordon-Levitt directs countless artists from the hitRECord global online community to create short films, live performances, music, animation, conversation and more. Each episode, which is carried on Pivot, focuses on a different theme as Gordon-Levitt invites and encourages anybody with an Internet connection to join him and contribute.[58] hitRECord on TV received an Interactive Media Emmy Award for Social TV Experience.

To illustrate: a short film called "First Stars I See Tonight" was collaboratively made on hitRECord.org. The user roswellgray (United States) recounted the true story of the first time she saw the stars when she was 16 years old. Series creator Gordon-Levitt adapted the story into a script and user katsmash (Scotland) recorded the narration. The team filmed actors Elle Fanning and James Patrick Stuart in front of a green screen and visual artists from the site illustrated the world around them. The animator 12.42 (United Kingdom) took these visual contributions and animated them together. Then user megancarnes (United States) composed a beautiful musical score and musicians from all over the world played along.[59]

Disruption is changing every aspect of the media industry. I urge creators to embrace this change and use it to enhance storytelling. This can yield great benefits as marketers and media entrepreneurs monetize these products to build a new audience base. This has been the demonstrated record to date of disruption; it is not simply a dissembling of the old media ecosystem, but a reconfiguration of many new ones. I believe this all starts with content and that storytelling is critical, and then the other elements of the ecosystem and supply chain must be aligned for the reconstituted media industries to succeed, survive and thrive.

58. *www.hitRECord.org*

59. Regular JOE. (January 5, 2014). 'First Stars I see Tonight' / HITRECORD ON TV. www.hitRECord.org

Northwestern University in Qatar
P.O. Box 34102
Education City
Doha, Qatar
www.qatar.northwestern.edu