

# DOWNLOADED

A MONTH IN MEDIA



## INNOVATION OF THE MONTH

OCTOBER 2016

Say 'hello' to Cozmo—the latest product of San Francisco-based start-up, Anki. Cozmo is a palm-sized playful robot, powered by artificial intelligence (AI), bringing together Pixar-style animation and physical tech to create a unique and interactive toy.

Though only 2.5 inches tall, Cozmo is made up of more than 300 parts, programmed with a number of capabilities and functions, and processes more data per second than a Mars Rover. Cozmo connects via WiFi to an app, combining AI, animation, image recognition, voice recognition and emotional intelligence. Through the camera on its face, Cozmo can recognize people and remember their names; playing games and interacting via complex facial and emotional expressions. Made to be user-friendly for people of all ages, Cozmo is not complicated to operate, becoming friendlier and unlocking skills as it gets to know its playmates more and more.

Anki's robot, Cozmo, proves the possibilities and successes of AI-powered devices. Although AI was initially used to answer specific economic demands such as decreasing labor costs, Cozmo illustrates the potential for robot companions, the eventual fusion of robots into daily life and the integration of AI-powered tech within schools, businesses and other industries.



## VIEW FROM THE TOP – EMERGING MACRO TRENDS THAT SHOULD BE ON YOUR RADAR

### TECHNOLOGY & LIFESTYLE

#### FROM MEDIA PLATFORM TO TECHNOLOGY COMPANY

When social media networks sprouted in the early 2000's, the thought of producing hardware and different technologies was never a thought. Now, social platforms are doing everything in their power to shed the 'social' label and emerge as more than purely social 'practitioners' to offer bigger and better media concepts.



The diversification of product offerings by media platforms like Snapchat, Facebook, Google and more, illustrate the increased innovation of the social space and the push for evolution. Snapchat's recent announcement of their rebrand to Snap Inc. and the launch of their hardware, Snapchat spectacles, proves their desire to become more of a technology company and less of an app or social platform. Moreover, Google has shed its title as search tool by introducing the Google Pixel, the Jamboard and even their virtual reality headset, the Daydream.

As technology evolves, so will corresponding media platforms as they begin to integrate hardware products and different services. Brands must grasp that social is not just a channel but a product. The channel is evolving and will continually innovate to be ingrained in all forms of communication. Understanding the elements of growth now will be crucial in brand growth and development.



### CONSUMERS & CULTURE

#### TEEN AUDIENCES ARE REJECTING CABLE TV

The emergence of over-the-top (OTT) content, the rise in cord-cutting, the introduction of influencers and the massive mobile possibilities for watching are just some of the reasons that teens are abandoning traditional cable television in favor of platforms such as Netflix and YouTube.



The investment bank, Piper Jaffray, recently released results from their semi-annual survey of 10,000 teens. The survey showed two major trends—cable TV viewing is down and YouTube is up across teenagers. 26% of teens said they watched YouTube everyday whereas only 25% said the same of cable TV. But it was Netflix that made it to first place, with 37% of teens saying they use it daily, way above its competitors; Hulu (3%) and Amazon Prime (3%). The research is highly relevant as it comes at a time when cord-cutting has reached one in five across households in North America (Convergence Consulting).

With teenage audiences being the best predictors of future trends, particularly with patterns of content-consumption, it is important to understand which platforms are dominating the space and are preferred by teens. Brands who reach audiences on these preferred platforms will see the most engagement.



## DISCOVERY MERGES THRILLIST, NOWTHIS AND THE DODO

Discovery has invested \$100 million into the digital holding company, Group Nine. This merges Thrillist, The DoDo and NowThis as well as Discovery's digital network Seeker and its SourceFed Studios. The merging of the millennial-focused properties will immediately make Group Nine one of five largest U.S.-based digital media companies—generating more than 3.5 billion global monthly video views. The deal which is expected to close by the end of the year, will also include a commercial agreement between Discovery and Group Nine under which both will be able to sell advertiser packages that span linear TV, digital, social and live events. Additionally, the new company will create a centralized, long-form video unit that will be responsible for programming across all properties.



With content, especially video content, at the forefront of seemingly every digital company, this merger separates Discovery and Group Nine from the competition. The scale alone that this merger creates immediately vaults Group Nine into the big leagues with successful video platforms like YouTube and Facebook. Interesting content will be imperative, but the unique voices of each brand as well as Discovery's long-term success with linear content should lead to the production of great content. What really makes Group Nine unique is their ability to offer true 360 programs to their clients that span across channels. Time will tell how successful the merger is, but the combined offerings and substantial reach will surely make Group Nine highly appealing to advertisers.



## IS AN OSCAR IN THE FUTURE FOR NETFLIX?

Netflix has announced a deal with iPic Entertainment, a luxury theater chain, which will allow the streaming giant to feature ten of their original films in theaters on the same day they launch on Netflix. iPic, a smaller theater chain that focuses on luxury viewing (recliner chairs, waiter service, cocktail bar, etc.), has venues in only 15 markets across the U.S. but Netflix seems most concerned with having their films in Los Angeles and New York theaters. According to a Wall Street Journal report, the deal will initially put Netflix Originals in theaters in Los Angeles and New York with the option to expand to other locations.



Although some theater owners are not fond of the deal as it disrupts their exclusivity that has attributed to the success of film studios, others are excited, as a Netflix deal can bring box-office revenue up despite its decline in the U.S. However, Netflix's main motivation for this deal is the ability to have their original films part of the Oscars race. In order to be in the running for an Oscar, a film must have theatrical distribution before or on the same day as a film is distributed elsewhere. By bringing popular streaming content to theaters, audiences who are not subscribed to the OTT service may be persuaded to subscribe while non-moviegoers may find themselves at the theater.



## FROM HEADPHONE FAVORITES TO TV SCREENS

In the search for original content, TV networks and streaming services are now turning to the world of podcasts for inspiration. Start Up, a podcast that follows the creation of Gimlet Media (a podcast producing company) will be turned into an ABC series. Lore, a podcast that details "real-life scary stories" will also be turned into a series, which will exclusively live on Amazon. Lore and Start Up both reportedly draw in substantial audiences with 2-3 million downloads per month, ABC and Amazon are hoping that those numbers translate to both television and streaming.



The transition of podcasts to the screen is not that surprising, especially when you look at the recent success of documentary series like Making A Murderer and The Jinx. ABC and Amazon are surely hoping to have the same success, and with strong built-in audiences around each podcast that could certainly happen. At the end of the day, good storytelling will win out and the great podcasts are the ones that tell good stories. It will be interesting to see if this trend continues, and if so, advertisers may want to carefully look at the podcast space to find the next huge hit to align with.



### WHAT TODAY'S DIGITAL PLAYERS ARE SAYING

THE NBA WILL STREAM AT LEAST ONE GAME PER WEEK IN VIRTUAL REALITY 

FACEBOOK MESSENGER LAUNCHES FEATURE THAT SUGGESTS CONVERSATION TOPICS 

UBER USED DRONES TO ADVERTISE OUT-OF-HOME TO DRIVERS STUCK IN TRAFFIC 

TWITTER IS SHUTTING DOWN ITS MOBILE VIDEO APP, VINE 

## TWITTER WILL LIVESTREAM BUZZFEED'S ELECTION NIGHT COVERAGE

A new industry partnership will shake up the most talked about topic of the year—the election. Twitter and BuzzFeed have joined forces to stream a live TV-style broadcast of election night. The special will include commercials and unlike the Facebook Live payment arrangement, Twitter and BuzzFeed will share in advertising revenue for the event. Twitter will take the lead in selling mid-roll video ads in the livestream and advertisers can sponsor BuzzFeed-produced news clips across Twitter. Additionally, BuzzFeed has brought on TV veteran Bruce Perlmutter, who has worked on live events such as the Royal Wedding and the 2012 Summer Olympics, as executive producer.



This exclusive BuzzFeed partnership is causing many to wonder, why Twitter and not Facebook (especially after the great success they saw with the Watermelon stunt that went viral on Facebook)? Despite the surprising choice, the partnership between BuzzFeed and Twitter is a strategic decision. Most political conversations take place on Twitter versus Facebook and the last Twitter livestream hit 369,000 viewers so it is safe to say that BuzzFeed's choice was not by accident. When it comes to staying relevant, choosing platforms that are best suited to host related conversations is the most wise, even if that means going beyond usual partners.



## SNAPCHAT SHAKES UP CONTENT DEALS FOR MEDIA PARTNERS

Snapchat has told media partners that it wants to revamp the way it makes content deals. Rather than having publishers in Snapchat's Discover media hub sell ads in their own channels, it wants them to pay a licensing fee and sell all the advertising itself. Snapchat's decision follows a model that is similar to how television networks pay studios. The new terms mean Snapchat will have full control over its ad inventory as it gears up to go public. Snapchat's decision also follows shortly after an update to Discover, that changed the app so 'Stories' show up ahead of Discover content.



The revamp by Snapchat is comparable to how other big digital platforms operate—Facebook and Apple offer similar programs to publishers, too. Snapchat's decision can be considered particularly beneficial to publishers as it ensures a guaranteed payday for when they create custom content for the app, however it also limits the money publishers can make from their content. All in all, Snapchat is clearly prepping for its 2017 IPO, and testing the ways in which the company will surely come on top. Brands should consult with experts to ensure their buying decisions are wise and well-thought out.



## FACEBOOK'S INSTANT ARTICLES BECOME MORE DYNAMIC WITH 360 CONTENT

Facebook launched their support for 360 video over a year ago and their support for 360 photos in June. With the success of 360 content creation and viewing by Facebook users, Facebook is now integrating this feature to their Instant Articles product by allowing publishers to display 360 content. The addition of this new feature is to create a more immersive experience and take the current flat and static offering to the next level. Additionally, 360 experiences are more interactive, leaving Instant Articles viewers with a deeper connection to the content, enabling a more dynamic experience for users and publishers.



Facebook's new feature for their Instant Articles product illustrates the consumer demand for more immersive and dynamic experiences. Facebook's decision also hints to the fact that they may be leveraging a virtual reality option in the future. In particular, this may be true after their Oculus Connect 3 event that spoke to the newest and best coming out in the virtual reality space by Facebook's Oculus. For brands, it is important to understand ways in which content can be more interactive and immersive for consumers. Creating experiences that encourage interactivity will not only be more welcomed by consumers but will also be more memorable.



## SNAPCHAT'S DISCOVER CHANNEL FEATURES MTV VIDEO SERIES

Snapchat has been pushing its Discover publishers to start thinking of the platform as a TV distribution channel in addition to striking deals with TV networks (i.e. NBCUniversal) and production studios. MTV took note of this approach and evolved it a step further by launching three new video series on the international MTV Discover channel. The first, is a game show called "Show Us Ur Phone," in which host Charlotte Crosby ambushes couples on the street and goes through their phones. The other two are "MTV Sex Squad" and "MTV Threads." In total, MTV International has eight to 10 episodes planned for each video series, with episodes running between three and five minutes.



With the rise of vertical video consumption, some brands have begun to pivot their content creation strategy to focus on producing original series for mobile and the Snapchat audience. By expanding on MTV's already established Discover channel and upon the U.S. Discover audience, they are able to generate "millions" of views and capitalize on the platform's redesigned format to showcase content in daily editions. Brands that have similar Snapchat situations as MTV should keep an eye on the success of this content approach, whereas brands without Discover channels could take the route of a co-branded series to reach the coveted Millennial audience.



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