



Media Industry Newsletter®

## COMPETITIVE INTELLIGENCE FOR MEDIA LEADERS

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### FTC Turns Up the Heat on the Social-Influencer Economy

Publishers be warned, the regulators are watching.

Earlier this month the Federal Trade Commission sent a flaming shot across the bow of the new social-marketing economy when it settled charges with two social influencers on allegations they failed to make proper disclosures of the financial connections in their endorsements. The so-called "CSGO Lotto" case involved two gaming world influencers who promoted and paid others to promote the CSGO Lotto online gambling service. While the FTC has issued warnings to scores of influencers in the past about disclosure practices, this is the first time action has been taken directly against influencers. In fact, at the same time it announced this settlement, the FTC also announced it has sent another 21 follow-up warning notices to prominent **Instagram** figures.

But publishers should take note that the commission also cited the media companies working with partners. The companies failed to instruct the other influencers about proper disclosure practices. This should signal to the larger media community that the FTC will hold publishers accountable for how their network of influencers behaves.

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### It's Take Two for *Take* Magazine

After nearly folding in 2016, the magazine is back and better than before.

Everybody loves a comeback story. Unfortunately, in magazine media these days, those are few and far between. But for *Take* Magazine, its second chance is still in the making and it's a story that should give hope to magazine publishers of any size.

If you haven't heard of *Take*, that's probably because it's a very small regional niche publication nestled in western Massachusetts and dedicated to the arts and culture scene of New England. In 2015, we recognized it at our Hottest Launches event that we've collaborated on with Samir "Mr. Magazine" Husni for more than 20 years now. The quarterly has a circulation of only 10,000, and nearly half of those issues are going out through controlled circulation. But the size of *Take* is not material in its comeback story.

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### Trove is an App that Finally Pays Attention to the Little Details

The well-executed fashion app leverages content and commerce seamlessly.

**Trove** is the kind of obvious mobile app that it's hard to believe a major fashion magazine hadn't already invented. It aggregates some of the top fashion bloggers across multiple style categories and geographies. It then standardizes their content into a visually striking and intuitive interface that makes discovery simple. It then takes this compelling package and makes it shoppable.

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# It's Take Two for *Take* Magazine

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Niche magazines don't rely on scale like many of the Big Four publishers we typically cover in these pages. What they need is a dedicated audience, and advertising partners who believe they are reaching a highly qualified audience. *Take* had and still does have that, at least for the most part. What it didn't have was enough cash to survive, or enough human capital to help it grow.

Founder and publisher, Michael Kusek, tells us that when he launched the magazine he had raised nearly \$600,000, which was about 75% of what he felt he needed to make the business sustainable. But once he got the magazine up and running he ran into some unforeseen problems.

The most obvious challenge was raising the additional money he needed for the brand. That required hustle, which took Kusek's attention off critical day-to-day details like selling advertising, and managing operations. Even worse, he timed the launch after his clients had already blown out their ad spend budgets for the year. As a result, debt began to pile up, and the operation was not getting the attention it needed. So in the summer of 2016, Kusek decided to halt print, despite having presold advertising, and focus on digital until he could regain his footing and strategize what to do with the brand. In this industry, pausing print is usually the beginning of the end, at least for the physical magazine.

Serendipitously, two weeks after he decided to put print on hold, Stacey Kors reached out to him. She had a deep background in publishing and had become a fan of the magazine. Over the course of several weeks the two met and talked and discussed what *Take* could be. And on Christmas Eve, the two made the partnership official. Kors' cash infusion allowed Kusek to pay off outstanding debts and refocus on how to move the magazine forward.

Kors also implemented a new content strategy. That included a more aggressive digital push. Its website has digital-only features along with freemiums from the magazine. And just a year ago its website was attracting just 3,000 UVs a month, but it's since grown nearly 22% month-over-month and is now reaching upwards of 35,000 monthly unique visitors. Not bad for a regional magazine whose focus is on arts and culture—talk about a niche within a niche.

More than that though, Kusek, and Kors (who also serves as editor-in-chief), staffed up. It hired a full-time salesperson, whose impact is very noticeable in its October/November reboot. It also hired a digital editor and an experienced managing editor to focus on producing its lush magazine, which retails for \$6.95 and is available in boutiques around New England along with **Barnes & Noble**.

For now, it appears that the pieces are in place for growth. Not only is advertising revenue increasing, but it's also growing its social following quickly (13k+ on **Facebook** and just under 4k on **Instagram**), which is driving more traffic and Kusek and Kors hope that will spur subscription conversions. Kusek also says that the magazine has actually sold more than 150 subscriptions in just the past few weeks and credits some of that to social. That may seem insignificant to a mass consumer title, but in the context of a magazine with its circ size, that is very healthy growth.

*Take* still has work to do, but Kusek and Kors want to continue to grow its content products, and then turn their eyes towards events and possibly even retail synergies with local artists and makers. While the future is still uncertain, *Take* illustrates that print can overcome the ever-increasing challenges it faces in today's marketplace through passion, the right strategy and a quality product.



## STEAL THIS IDEA

### 3 Half-Baked Ideas You Shouldn't Try

#### Forbes Tries AI

The 100th Anniversary issue of *Forbes* promises an AI-driven cover that lets you ask questions of cover dude Warren Buffett. Awkwardly, the cover directs you to [Forbes.com/100](http://Forbes.com/100) where you need to scan the cover with your phone's camera to activate the conversation and use voice activation to query Buffett. With only 30 responses available, the system obviously just picks up a keyword in your question and channels you into one of them. If this is AI, heaven help us. This only muddies our understanding of what AI is, and it offers a lousy user experience.

#### Edmunds Tries AR

A first wave of augmented reality apps have accompanied the release of iOS 11 that are supposed to show off the capabilities of **Apple's** ARKit. Edmunds makes a limited stab in its "Can It Fit" feature, which purports to show a specific car size in your available space. We found the feature difficult to use, with unclear instructions and a limited payoff. Why haven't we learned after all these years of gadgetry that new tech not only needs to be tutored clearly, but the payoff needs to be telegraphed and failures require explanation.

#### Salon Tries Mobile-First

Don't get us wrong, there are some good ideas buried in the Salon.com mobile-first redesign. The zoomable menu is attractive. The scroll-within-a-scroll window for previewing videos shows promise. But, the new site's use of carousels within the scroll really needs work. As you scroll the new site on mobile, you encounter a number of sections with the tiny dot indicators to prompt you to navigate sideways for additional stories. The problem is most of this is unorganized and un-labeled. Are we swiping through an entertainment category, politics, news? No clue. The sum total is a mess that disorients rather than organizes and focuses attention.

## Get The Story Behind The Story

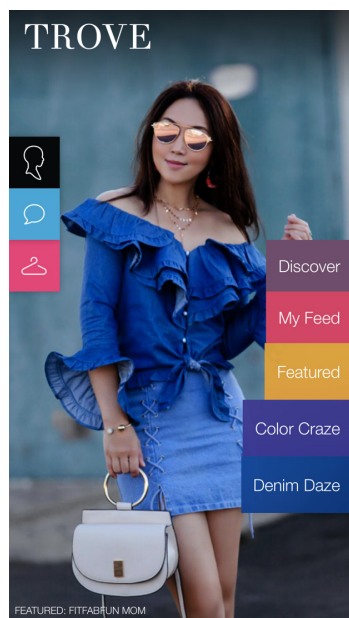
The Skinny from min delivers the latest news and insights on the magazine media industry. We cover the latest happenings and how they'll effect your job and your business—all in one concise email. Signing up for the weekly eletter is FREE and easy, so get it in your inbox today!

**GET THE SKINNY**

The screenshot shows the top portion of an email newsletter. At the top is a red banner with the text "the Skinny" in white and "from min" in black. Below this is a section titled "TRENDING NOW" in red. It contains two items: "UPDATE: AMI to Buy Us Weekly" with a subline "The saga nears its end. [Read More »](#)" and "The Future of Wired is in the Hands of New Editor-in-Chief Nicholas Thompson" with a subline "How a successful digital editor transitions to print. [Read More »](#)". Below these is an advertisement section. On the left, it says "Advertisement" above a dark box with a white crescent moon and the text "Does lack of new business keep you up at night?". On the right, it says "Your visibility in SRDS matters" followed by a paragraph: "What's your visibility with agencies and marketers? Your Profile Visibility Report can help you answer questions about why schedules are going to your competitors and agencies don't understand your portfolio." Below the ad is another section titled "National Enquirer Attractions Coming to Tennessee" with a subline "Exhibits will join other local attractions such as Dollywood and WonderWorks. [Read More »](#)". At the bottom is "Domino Adopts An Omnichannel Mindset" with a subline "The growing brand is looking well beyond its magazine to drive revenue. [Read More »](#)".

# Trove is an App that Finally Pays Attention to the Little Details

(Continued from page 1)



Trove is that simple and that brilliant, and one of the smartest, slickest apps I've seen on my phone in a while.

Its greatest strength is how well it overcomes chronic weaknesses in app execution. It opens with aided personalization, asking you to declare your retail preferences and style tastes. From there it builds a set of recommended blogs. But first, the superb tutorial walks you through the self-evident tab nomenclature: Discover, MyFeeds and Featured categories. With four to five tabs on the right of the screen and Profile, Comments, Closet (saved items) on the left, the interface is unmistakable yet stylishly different.

The Discover tab uses carousels and broad categorization to let you find your new favorite bloggers by style, geography and trends. The entire experience strikes a great balance between random discovery and artful curation.

Once you find your bloggers, a wall of thumbnails let you find the right look, and then the product matching engine feeds into the view shoppable items that roughly match the look on display. This is visual search at its best. The app does a good job of trying to bring as much of the product info into its standardized interface as possible, except for that final foot to the buy button. Otherwise the content-to-purchase path is as seamless as I've seen in an app that gathers so much diverse content and product from so many sources.

The difference between good and great apps often lies in the little details. Trove lets users drop into a truly immersive full-screen view of an image by making all the navigation icons and shopping interface disappear with a tap. It dispenses with captioning by making text an optional button that brings up its own full-screen window. Commenting is equally seamless, in-line and requiring no click-aways. Most transitions are soothing zooms and swipes that glide in and out of view.

All of this is to say that the people who designed Trove went to app school. They have a firm sense of what makes an app frustrating in the little ways, and they made sure to avoid just about all of them. I review a lot of apps. I can tell you that this is no small achievement.

Trove is free of overt advertising and appears to rely on affiliate revenue. But unlike just about every other content/commerce play, this feels like a visual celebration of style by earnest bloggers who convey that natural enthusiasm. The visual content is professional but not over-polished, and the text entries have personal authenticity.

But most of all, this inspiring content gets the natural interface it deserves. Even for non-fashionistas like myself, the app pulls you into a visually lush world where style ideas seem to pop from everywhere, yet each is easy to discover, save and buy.

The only sad part of this is that it's another brilliantly executed idea fashion magazines should have developed themselves.

| Trove              |           |
|--------------------|-----------|
| User Experience    | A+        |
| Overall Design     | A+        |
| Social Integration | B+        |
| Mobile Utility     | B+        |
| Monetization       | B+        |
| <b>Final Grade</b> | <b>A-</b> |

## SEARCHING FOR THE PERFECT CANDIDATE? WE CAN HELP.

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## FTC Turns Up the Heat on the Social-Influencer Economy

(Continued from page 1)

"Publishers don't like talking about it because no one is 100% compliant," says Allison Fitzpatrick, partner, advertising, marketing & promotions at the legal firm **Davis & Gilbert**, which advises media and marketers on the regulatory environment. "I think media companies are going to be brought into these actions for native advertising and influencer campaigns that are going on."

Last year, in fact, a *Nylon* Magazine Instagram post on behalf of **Lord & Taylor** got mentioned by the FTC in its complaint settlement with the retailer. While *Nylon* was not part of the formal complaint, Fitzpatrick warns that, "As the world of native and influencers converge, especially in online videos, we are going to see media companies become more subject to FTC action."

Unfortunately the FTC guidelines around proper disclosure for sponsored posts is itself a moving target, as even the regulators try to keep up with the ever-changing nature of social media. The FTC has a voluminous series of FAQs it just updated with advice on nomenclature and policies influencers should use. Likewise, it advises any intermediaries working with influencer networks that the FTC regards them as marketers themselves. "Like an advertiser, your company needs to have reasonable programs in place to train and monitor the influencers you pay and direct," the guidelines state.

And unlike other areas of online advertising that are moving towards programmatic solutions, managing a network of influencer programs is not easily automated. "We work with 9,000 influencers, and they are vetted and curated," says Samantha Skey, president, CRO, **SheKnows Media**, which operates some of the most popular women's lifestyle sites online and owns the long-running **BlogHer** conferences for influencers. "We had to build a process that is much more thorough, as we learned the cover of someone's channel is not revelatory of what lies beneath."

SheKnows takes an active role in educating both influencers and advertisers on the language and formatting needed for transparent sponsored posts. "It's a lot more work for us if they don't understand the expected formatting for content—like leaving space for indicators of paid content," Skey says. Entire tracks of the BlogHer conference are often devoted to the issue, and SheKnows hosts roundtables with advertisers on the formats for sponsored posts.

Monitoring a network of influencers is a challenge, especially as a media company's reach expands. "I don't have a perfect technology in place that'll show me an aggregate of all references," says Skey. "But I do have a platform where I review all of the content produced for a different brand."

SheKnows distributes an extensive slide deck on policies and advice for its social-media partners. Like the FTC, for instance, it advises influencers that site-level disclosures are good to have, but not replacements for disclosures on specifically sponsored posts. "If you ask yourself, should I disclose this post?" the deck advises, "The answer is yes. There is no such thing as too much disclosure." Disclosures are best placed at the beginning of content, and must be included in visual or audio form in a sponsored video post, they advise.

Overall, SheKnows is quite direct with its network of influencers. "Don't waste time trying to come up with ways to avoid disclosing sponsored content. Spend your time creating amazing content that customers will love, sponsored or not."

In fact, Skey argues that the problem of effectiveness for sponsored posts is not in disclosure but in authenticity. The company is focused on "mapping influencers to the products they have told us already they like and use." In fact, influencer followers are among the best BS detectors in the ecosystem and respond best when an influencer's endorsement makes sense within the context of their persona and interests.

The FTC's increased scrutiny of the social influencer marketing economy should give publishers pause on a number of grounds. It's part of the commission's overall concern with native advertising. As advertising budgets are moving away from traditional media buying, the FTC is following the money with greater speed than one expects from a regulatory body. This is driven in part because disclosures, even in this murky area of native and social sponsorship, are right in the FTC's wheelhouse—deceptive advertising. The formats may seem novel and appear to reflect a new organic closeness between publisher and advertiser. But so far as the FTC is concerned, the standards of transparency are unchanged. Unless the consumer clearly understands the financial incentives behind a post, he or she is being deceived.

**“As the world of native and influencers converge... we are going to see media companies become more subject to FTC action.”**

## Time Inc., Coors Light Team up on a College Football VR Initiative

Viewers get right into the huddle and into iconic college stadiums.

**Time Inc.** has signed on with **Coors Light** to bring virtual reality to college football fans. Those fans who are 21 and older will get access to some of the sport's most legendary athletic programs—starting with the University of Texas and the University of Southern California. Experiences are available via Time Inc.'s LIFE VR app.

Through the app, USC Trojan fans will be transported to the field at LA Memorial Coliseum to see what it's like inside the huddle. And Texas fans will get behind-the-scenes access to Darrell K Royal—Texas Memorial Stadium, including an in-depth look at the newly renovated locker rooms, with former UT star Jordan Shipley.

"Our goal was to make fans feel more a part of the game than ever before, using LIFE VR to virtually play the field at USC's iconic Coliseum and then step into the locker room at Texas Memorial Stadium—all the while rewarding fans through Coors Light XP," Chris Hercik, SVP of creative and content at The Foundry, tells *min*. Coors Light XP, which stands for "experience points, is the brand's new year-round loyalty program. "VR takes you there and for a moment makes you feel that you're not a fan, but another player on the team. The idea is that you get to go where no fan has ever gone before."

The LIFE VR experiences were created as part of the XP program. After downloading the program's app, people earn points by buying packages of Coors Light, posting to social media using #CoorsLightXP Rewards, or playing trivia at bars and restaurants that serve Coors Light. Points can then be cashed in for gear, tickets and experiences like playing flag football at LA Memorial Coliseum.

"Coors Light is going all in with their college football campaign this year and, following the success of our partnership to produce an exclusive AR activation from the cover of *Sports Illustrated* earlier this year, they came to us to produce this uniquely interactive series," says Hercik. "Working with some of the most storied college football programs in the country, we recreated can't-buy experiences in VR. Through a larger college football promotion, Coors Light is embracing innovation in content and technology by finding new ways to bring their brand to their fans."

The only way Time Inc. is currently monetizing this campaign is with branded content. These college football experiences in 360-degrees are being distributed to Time Inc. sports audiences, as well as on Coors Light XP platforms.

But there's a lot more to come. "This is the first of a series of exclusive VR sports experiences from The Foundry and Coors Light, with more scheduled to debut in the coming months," says Hercik.

While this is not the first 360-degree production from The Foundry, these experiences stand apart as the first narrative, multidimensional VR series. Hercik says the company is pushing the technology harder than before to reflect broadcast-level production quality.

The Foundry and Coors Light worked hand-in-hand every step of the way, gaining access to highly coveted stadiums and universities, working with commentator Kirk Herbstreit for voice-over, creating a memorable experience, says Hercik.

With more exclusive VR sports experiences from The Foundry and Coors Light scheduled to debut in the coming months, it'll be interesting to see what direction the companies go in after introducing a partnership as comprehensive as Coors Light XP.



### SOUND BITE

"We're not trying to chase the next shiny thing. Our strength is our consistency."  
-John Guehl, VP of Publishing, *The Week*

### NEXT WEEK

***August Heats Up for Some Publishers On Social Media***

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