The Digital Social Contract

Jeremy Katz,
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Bing Chen

The Red Papers:™

Ogilvy | *VICTORIOUS*

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Contents

The Red Papers:

"The social order is a sacred right which is the basis of all other rights. Nevertheless, this right does not come from nature, and must therefore be founded on conventions."
— *Jean-Jacques Rousseau,* The Social Contract

Introduction

The voice-over is there from the beginning. So are the screen presence and the inborn mastery. They — the voice, the face, the talent — burn through the inattentive lighting, the bare-bones supers, and the too-sharp background music. You can tell, even if you're not in the target demo, even if you have little interest in makeup and even less in making yourself look like Lady Gaga. You can tell that Michelle Phan is going to be a star. You can tell that her fans know she already is. BuzzFeed picked up Michelle's 2009 "Poker Face" makeup tutorial, and that's the share heard 'round the world.

Introduction   But the world that mattered to Michelle didn't need BuzzFeed to tell them she was something special. The kids in that crowd knew that back in 2003, when she launched her first makeup tutorial at age 16. They (and there were more of them every day) didn't care about production values. They saw someone relatable, someone who cared about the same things they did, someone who could show them things that interested them. They saw themselves.

Twelve years later, Michelle Phan has become one of the most influential women in the world. Her reach extends beyond her online videos to a Multi-Channel Network, two product lines, and a philanthropic initiative.

And they? Who are *they?* They are Michelle's millions of fans (or, as Michelle calls them, her "family") and the millions more who follow the other apex online video creators. They are millennials and generation Z (or centennials) — at least most of them are. They are the Mobile Generation. They traverse information, social relationships, and professional occupations faster and more regularly than any generation before them. They have forged new digital pathways that have changed the way individuals interact with each other. And they are your customers.

They are also the authors of a new social contract — forged in partnership with the content creators they love — that has more in common with Jean-Jacques Rousseau's original definition and the conventions he laid out in his influential *The Social Contract* than anything else. If we want to earn their sustained attention and their commercial affection, we had better listen.
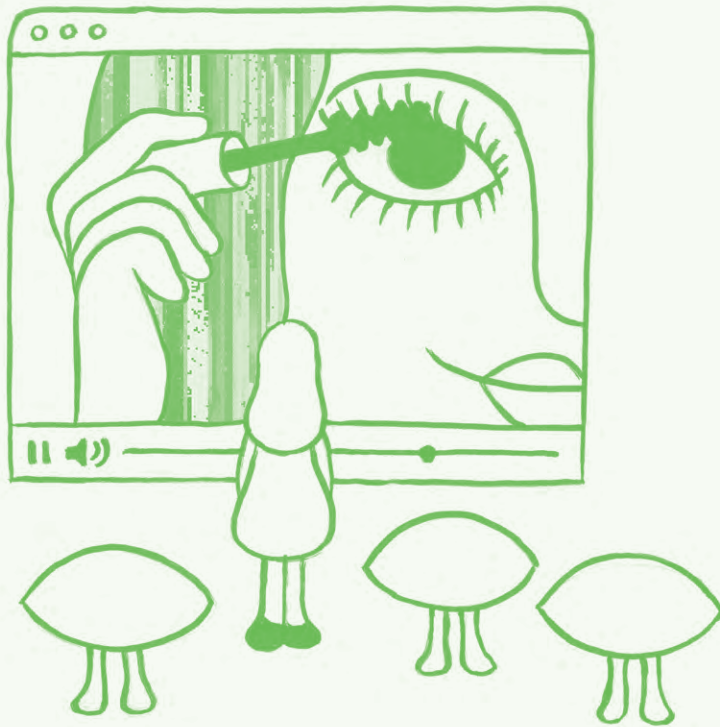
Introduction This story has a timeless quality to it. Talented star-in-the-making finds a new audience and carefully cultivates a following using the latest communications wonder of the day to achieve global success. With every new medium, a new type of media and audience structure emerges to exploit it. That's happening right now, but the dust is far from settled, particularly with regard to the commercial structures that surround the digital world. We're in the same moment of the *digital* age as we were back in the analog era when Geritol was sponsoring evening television shows or when cable companies all over the U.S. were deluged with teens calling to say, "I want my MTV!"

Or go back even further. We're standing in the Wittenberg churchyard watching Martin Luther nail his Ninety-Five Theses to the door.

In moments like these, society shifts and resets rules — individual, familial, and social — to operate in a new world. We now have communities centered on desire, taste, circumstance, tragedy, knowledge, and any other sharable experience. These communities are fluid. Like soap bubbles, they form, pop, and merge depending on a multitude of factors both visible and invisible. This is all well known.

What is also known, but less understood, is that this set of phenomena has changed the rules of social behavior in the online and offline worlds. We still have the same needs and wants, by and large. Maslow's hierarchy hasn't been revoked, but the ways we go about ascending it have changed dramatically.

Not only that, but the tenor of human interaction changes with each technological advance. No generation is monolithic, but the ill-named millennial generation is even less unified than its earlier counterparts. This is a confounding development. Even as digital communication unifies people around the world without regard to time and space, the first generation to grow up digital has splintered. The reasons are many. One is the hastened cycle of digital advancement. The habits and choices of a digital native are as varied as the digital world itself. We can't expect the social actions of people who grew up with desk-bound computers to be the same as those who have always had the Internet in the palm of their hand. Digital natives speak profoundly different digital dialects. Academics who study this will never be out of work because the behavioral economy research they do today will be behavioral archaeology tomorrow. But there are other factors as well. As you'll read, the growing ability to address ever-smaller niches means that niche interest is becoming a form of social currency.

Brands, media, and others of us in the mass-reach world (the eyeball business) have raced to stay ahead of these changes. Or, rather, we have raced to *catch up* with these changes. We were caught napping by digital. When we woke up, we thrashed about, doing disastrously obtuse things, not realizing that we no longer make the rules: the community does. But it's an open question whether we'll ever really be able to catch up. The real digital natives don't need the old ways anymore. We keep trying to put the pony back into the barn, but the digital natives would rather burn the barn to the ground than let anyone near the pony. The fundamental liberating quality of digital is that, to paraphrase Nicholas Negroponte in *Being Digital,* things that used to be atoms can now be bits. That enables everyone to create and co-create a multiverse of environments as the circumstances permit. The soap bubbles, in other words. And yet those in the eyeball business continue to act as if the basic social contract governing human interactions remains the same; that just the platforms and speed have changed.

Introduction   Brands, advertisers, and media — what *Washington Post* digital reporter (and digital newsletter writer) Caitlin Dewey calls "the olds" — are so clueless about the social rules in this world that we run the risk of being outcasts. It's as if there is a party going on and we're in the corner shouting. When people glance at the distraction, we call that reach. When they throw drinks in our faces, we call that engagement.

At the same time, there are others seamlessly gliding around the room, gathering groups of people together who are passionate about hearing from the person in the center. They're conducting an ongoing conversation with the object of their attention, and they're chatting like mad with each other about what's taking place in front of them. It's like a circular lecture hall in which the professor encourages the students to call out and talk among themselves — a non-hierarchical seminar that runs smoothly because unspoken but generally accepted group dynamics and norms are passed on implicitly.

We advertising and marketing generalists think we can build our own groups based on our commercial desires, but they rarely catch on, so we try to co-opt the lecturers, and all we end up doing is furnishing their lecture halls — not connecting with their students.

Those of us in the eyeball business need to pause and analyze the text of the contract that has been proposed and agreed upon by those who matter. We need to find out what it says, and we need to follow it. We also need to acknowledge that we may be too late. No one saved a seat at the table for the eyeball-business folks. We are now left to barge in on a seminar that is already going swimmingly.
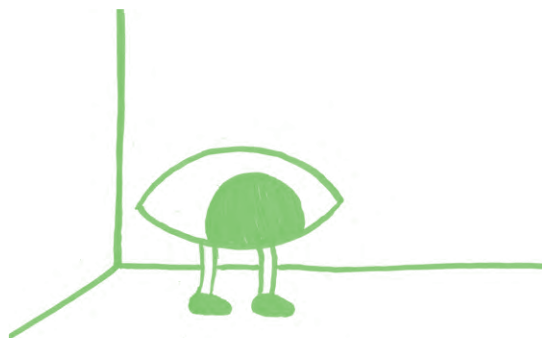
To understand this new social contract, we must look to those who drafted it, and no community has been more influential in this digital constitutional convention than digital creators and their fans — especially a powerful subset called *superfans*.

Ah, the superfans. They are but a scant 20 percent of the total enthusiasts, but they drive 80 percent of the commerce, engagement, conversation — and everything else. This is the new Pareto principle, and we need to articulate its codicils. They are both the keepers and publishers of the social contract, alongside the creators. This is an ecosystem that follows Heisenberg's uncertainty principle, only modified like this: You can't know the social structures of the superfans without knowing the creator, nor can you know the creators without understanding the superfans. They are interdependent. And you can't know either unless you know from where they hail.

The way we were
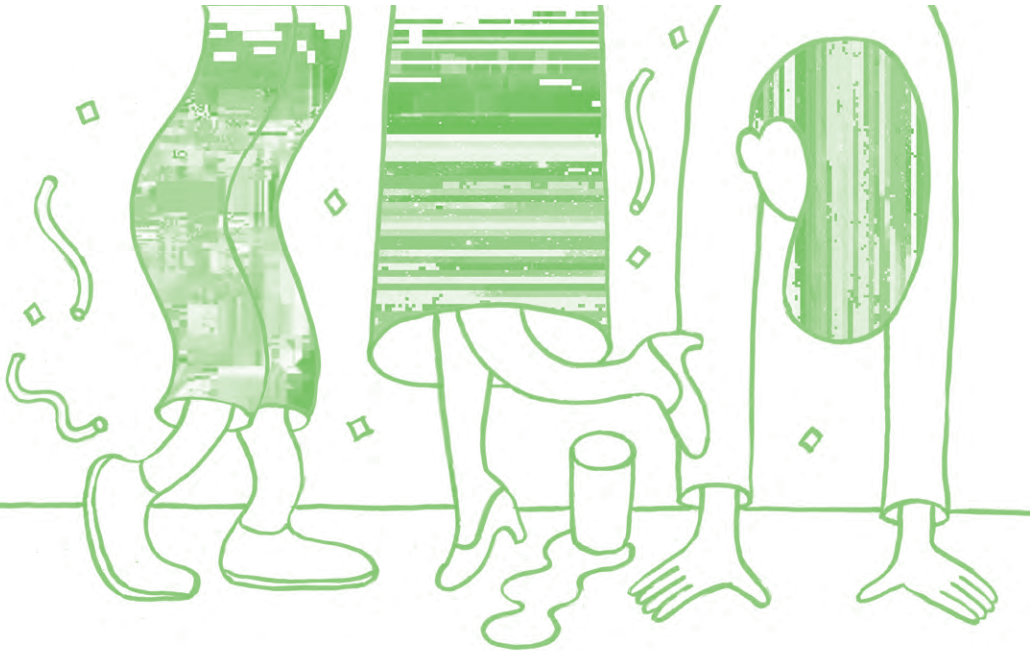
Behind every major creative advancement is successive, and often incremental, technological innovation, adapted content from a known medium to fill the newer medium, and a milieu — a dedicated human populace with favorable macroeconomic structures — to house it. The rise of digital media — in content, communities, and brands — is profoundly similar to the rise of its predecessor: the television. Philo Taylor Farnsworth figured out how to capture moving images, code them onto radio waves, and transform them back onto a screen. The electronic television debuted at the 1939 New York World's Fair, where astonished attendees watched a broadcast of Franklin Delano Roosevelt's opening speech.

Television content began largely as "filmed radio" for one obvious reason: The major radio networks of the time (RCA and CBS) brought TV into the mainstream. The best way for those radio conglomerates to build what they hoped would be the next mass medium (and to exert hegemony over it) was to simply retrofit their programming for television. To grow their reach as they had with radio, the networks acquired local affiliates to air their content in return for a share of the advertising revenue. RCA eventually split into NBC and what later became ABC, while CBS held on to its position as a dominant media network. Thus, the three major TV networks were born — networks that to this day battle for eyeballs and advertising dollars.

Early on, radio set the creative parameters for television. Radio executives told the networks what types of content people were interested in, based on ratings and sponsor support. It is no coincidence early TV news reports consisted of a man sitting at a desk reading the latest updates. Since radio audiences were listening to Western adventures and dramatic readings, TV programmers debuted live, theater-like anthology series. Variety comedy shows made Bob Hope a radio star, so the networks decided to transfer this format to television, bringing stars like Hope over to the new medium and leveraging it to create new ones. Perhaps the first star created by television was Milton Berle, host of "Texaco Star Theater." Yes, *that* Texaco. For as long as television has existed, brands have been there, blazing a trail wide enough for content and advertising.

But there was another dynamic at work while television matured: government regulation, and specifically U.S. government regulation. By licensing TV airwaves (just as it had done with radio before), the government restricted access while the industry was still prenatal. That, plus the astronomical cost of equipment and the one-way nature of the medium, ensured that TV would never grow into a tool of the people. Instead, it was condemned to history as a voice aimed *at* people. Thus, the early network owners and their advertisers became gatekeepers. "Good" programming was whatever made money while adhering to license regulations. The broadcasters were also content gatekeepers, enabled by a government that relinquished any duty to make TV broadcasting more accessible to the broader community.

As with any disruptive medium, there were naysayers dismissing the new devices as a novelty — and early on, it looked like television might just be a fad. TVs were expensive and investment was sluggish (partly because RCA reallocated resources for the war effort), so early viewership was low. TV had yet to become a staple of daily American home life. In fact, many people got their fix by leaving home: They could watch a few minutes of a program in the display window of a store while walking through town. Televisions were a great investment for taverns, which could pack in patrons wanting to watch a baseball game before returning home to listen to the latest presidential address on the radio and check box scores in the newspaper.
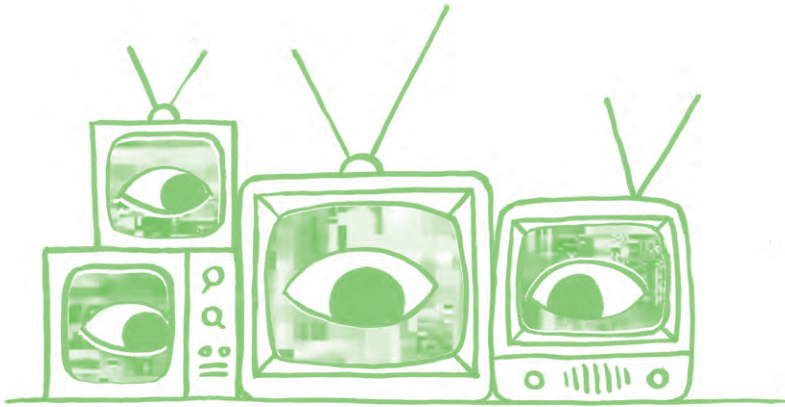
In 1946, there were only about 6,000 television sets in use across the entire United States. That's seven years after Roosevelt became the first U.S. president to appear on TV and Max Baer lost to Lou Nova at Yankee Stadium in the first televised boxing match. Despite the availability of programming, television hadn't yet usurped radio as the medium people turned to for live news, entertainment, and major events. As the nation demobilized from World War II, the TV became its great, shiny, new toy — that era's iPhone. By 1951, there were 12 million television sets in use, an enormous growth in a five-year span. Like radio before, TV led people to be a part of something, often something national, without leaving the comfort of home. Viewers stayed in the know, entertained and connected, right in their living rooms. Television created a common social language by broadcasting stories of stability and unified culture, ushering in one of the most homogeneous cultural periods in modern American history. The great wave of European immigration had ended, and America's heterogeneous communities were being forged into one culture — in part by TV.

Television — like radio before it and the Internet after it, and like social media now — was a hungry beast, jonesing to be filled with content, and the networks hustled to fill their airtime. Television's newly extended reach meant that a bigger focus needed to be put on production value. The networks required investment to transcend the idea that TV was simply filmed radio or the novelty would wear off. This is something today's online video creators have experienced as well. Once creators reach a large enough audience, they realize that the old ways will no longer suffice; it's time to move to premium values and increase content frequency.

While the networks had a great amount of power, they still needed to get more people talking to their friends and colleagues about what they were watching. The young medium needed to seduce consumers into buying a television set and joining the party. Networks needed shows that "worked," and they turned to programming that appealed to many but didn't turn anyone off — what many would come to call "least-objectionable programming." It worked. From the early to mid 1950s, television caught on as a cultural phenomenon, completely changing home life.

Growing pains

Of course, television is largely a one-way exchange. If a person didn't agree with the values set forth on a TV program (for instance, the male dominance of Ralph Kramden, Jackie Gleason's character on "The Honeymooners"), what options did she have?

Television viewers weren't completely powerless; they could, after all, opt out by turning off the set. But the numbers showed that large swaths of the population settled into the couch content to watch and accept the messages being filtered to them. Absent other similarly magnetic options, TV viewers were a huge and relatively captive audience.

Naturally, advertisers ate that up. Brands have always had a presence on television, but once television became an indelible part of the cultural consciousness, brands *needed* to be there. That's where the consumers were.

Radio once again showed the way in, providing familiar shows that brands and advertisers could latch onto. And in the early days, attaching yourself to a show meant more than just having the opportunity to pitch your product — it meant getting your name in the title, à la "Texaco Star Theater."

The medium was an advertiser's dream, but there were some growing pains. Brands were naive and sometimes confused about what type of advertising would work on TV. The transition of radio media dollars to TV was inevitable, but slow. In turn, networks felt pressure to prove that television would work as a long-term platform for advertisers. In the 1950s, the men who hosted popular variety and game shows were influencers of their day and sponsors leaned on them to pitch their products directly to the audience.[1] The combination worked as game shows produced with money from primary sponsors soared in popularity throughout the decade. Intrusive branding was accepted. In 1958, "Dotto" debuted to wild acclaim, challenging other game shows for top ratings in a short time. Within 50 seconds of the show's open, Colgate, the main sponsor, was mentioned twice: once by the show's announcer in a "presented by" way, and then by host Jack Narz, who welcomed the audience on Colgate's behalf. Narz also had a Colgate sign atop his podium and two brand images on the walls behind him.

But "Dotto" didn't last long because authorities discovered the show was rigged. This revelation caused investigators to scrutinize other game shows, and they found both "The $64,000 Question" and "Twenty-One" to also be fraudulent, going back many years. This presented a crucial moment for the relationship between advertisers and television.

Networks and advertisers had to figure out how best to repair their reputations and move forward. Both entities needed each other, but it was clear they needed more distance from one another — and that separation had to be evident to the consumer. The networks needed advertising money to produce shows, but they needed to find a way to get it without making it seem like the brand was running the show, as it often had in the past. The networks needed to self-regulate, which led to the idea of networks selling advertisements in blocks of time. But nobody knew how effective television commercials would be, or if they'd work at all.

The relationship between brands and networks would be more discreet, but the idea remained relatively the same; advertisers wanted to reach specific demographics, and they would find those cohorts by researching the television shows they were watching. The rise of commercials changed the way brands communicated their message to their target consumers. There was no tried-and-true method to lean on, but eventually advertisers and networks settled on today's analytics system of ratings and reach — the holy grail of TV advertising but perhaps not, as we will see, the mediums to follow.

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[1] A classic example was NBC's "You Bet Your Life," a game show hosted by Groucho Marx. Chrysler sponsored some of the seasons, and each episode ended with Marx pitching a DeSoto vehicle — focusing on its features and low price and DeSoto's place among the competition.

Fracturing culture

Television — programming and advertising alike — became a cultural force similar to, yet exponentially greater than, radio before it. What we now call "appointment viewing" was the only option for TV viewers. With no way to record or time-shift, Americans around the country simultaneously watched programs (and breaking news) that would elicit reactions, feelings, and emotions from a wide spectrum of people at the same time. This communal viewing, despite the isolation of the American living room, drove pop culture and the national social discussion on a broad scale. It helped shape the ideal of what American values should be and, by the late 1960s, what they had become.

Many factors went into this phenomenon. The first major one was access to content, enabled by the technological innovation of radio companies looking to parlay their transformative success with their built-in, far-reaching networks into this new medium. RCA invested heavily in the television, correctly recognizing how much it stood to benefit from the proliferation and success of the new medium. By the 1950s, when television sets had made their way into more than half of American homes, TV had followed radio to become the second instance of the democratization, or mass distribution, of a broadcast communications technology. But access to electronic mass communication — the ability to create the content that influenced America — was still wholly owned by an elite few who wanted nothing to do with letting the proletariat in the door.

The continued dominance of the big three networks gave them a powerful social role. As the turmoil of the 1960s swirled, the networks' depiction of society began to shift and diversify in a way that better reflected (and perhaps led to) an increasingly fractured American society. The game show hosts who ushered America through the calm of the 1950s were replaced by a new set of influencers sitting at news desks, broadcasting facts and opinions on an increasingly turbulent world.

The national grief over the assassination of President Kennedy spread in real time thanks to television; the image of a teary-eyed Walter Cronkite made a more personal impact than any radio newscast could by bringing images into the home of the average citizen unlike anything they had ever seen before. There is no better example of this than the Vietnam War, often called the first-ever televised war. When in-depth reporting brought shocking images from Southeast Asia into the living rooms of America, attitudes about the war started becoming more diverse.

The majority of Americans were now using this major, innovative, technological advancement in their everyday lives for purposes of information, education, and escape … mostly escape.

The growth of television continued unabated throughout the 1950s and 1960s. The relationship between the community and the content creators — networks and producers — remained as one-way as ever, but the influence of TV took deeper root, especially with the maturation of network news. The visual power of television started to shape public opinion.

But then things started to change. The television landscape started to fracture, and, not by accident, social cohesion did too. By 1970, 96 percent of American households had a television. The networks found that as a community continues to grow, it becomes more diverse. Programmers continued to offer least-objectionable content in an effort to please the largest number of people. But viewers wanted more. More specifically, people wanted more programming dedicated to their specialized interests, and at that same moment, the embryonic cable TV industry got its first killer app. In 1972, HBO debuted as a subscription-cable channel on Service Electric systems in Wilkes-Barre, Pennsylvania, smack dab in the middle of the first region to embrace cable TV. The infrastructure and installed customer base already existed. Due to the problems traditional broadcast technologies had in reaching homes deep in coal country valleys, people there were already paying for cable just to get a clear "free TV" signal, so maybe they'd pay more for a lagniappe of premium programming, which could be delivered relatively unencumbered by the government regulation of the public broadcast spectrum.

ESPN started in a tiny office building in Bristol, Connecticut, in 1979, first airing local sporting events but soon expanding to niche sports like professional wrestling, college soccer, and slow-pitch softball. When satellite access broadened, ESPN evolved to appeal to national tastes. Two years later, MTV — a network built on free content created by others — used cable TV to redefine how consumers interact with pop music and, eventually, pop culture.

Baby boomers — the TV generation — lived through the explosion of television and the eventual fracturing of viewing communities as cable changed the landscape. Boomers not only adapted their daily lives to communications technology, they also helped shape the societal norms brought on by the electronic media. Their home lives centered on television. They accepted it as a staple of everyday life, leaning on it far more than their generational predecessors. Baby boomers valued the new technology, and they didn't think of the time spent watching TV as time wasted. This, along with their increased emphasis on individuality and cultivating a rebellious spirit, helped accelerate the fracturing of television communities. Boomers wanted more TV programming aimed at their special interests — not just geared to the masses. And that's what they helped bring about.

The way we are

"Information wants to be free. Information also wants to be expensive. Information wants to be free because it has become so cheap to distribute, copy, and recombine — too cheap to meter. It wants to be expensive because it can be immeasurably valuable to the recipient. The tension will not go away."
— Stewart Brand, The Media Lab, *1987*

The way
we are

If this all sounds similar to another generation and their adaptation to a burgeoning new technology and medium, well, it is. The Mobile Generation and baby boomers are at odds about many things, but they are very similar in how they grew up with and embraced changing media technology, all while moving and shaping the societal norms around it. The Internet, digital and social media, and smartphones did not dominate many older millennials' formative and early adult years. But you would be hard-pressed to find a member of that generation who is not now connected to the digital world, with more than 92 percent of them online. Almost everyone aged 12 to 30 in first-world countries was born and raised on the Internet, making them more media-connected than any previous generation. They make up 50 percent of the U.S. population, with an estimated purchasing power of $150 billion. It's no wonder brands care.

The Mobile Generation is gravitating toward communities that are smaller, more specialized, and in line with their personal interests. One-to-one connection between individuals within the community isn't just possible now — it's sewn into the fabric of our disintermediated culture. In addition, the engagement between the community and the content creator is no longer one-way. Gone is the age of the media consumer separated from media voices by carefully constructed business models that boxed the viewer into passive engagement; today's digital consumer is leaning forward, literally participating hands on.

To fully understand the Mobile Generation, we must begin with their foundations. More than previous generations, they value self-fulfillment, discovery, and expressiveness. In the first 30 years of life, we are consumed by the question, *Who am I?* According to identity theory, "the self is a multifaceted entity comprised of meanings that persons attach to the multiple roles they typically play in highly differentiated, contemporary contexts." This theory is based on a symbolic interactionist perspective, which treats humans as actors who play roles defined by the shared meanings of their interactions with others. In short: Individual passions *and* social interactions inform the self. Said another way: We do not derive our identities solely from our social associations and interactions but also from our own passions.
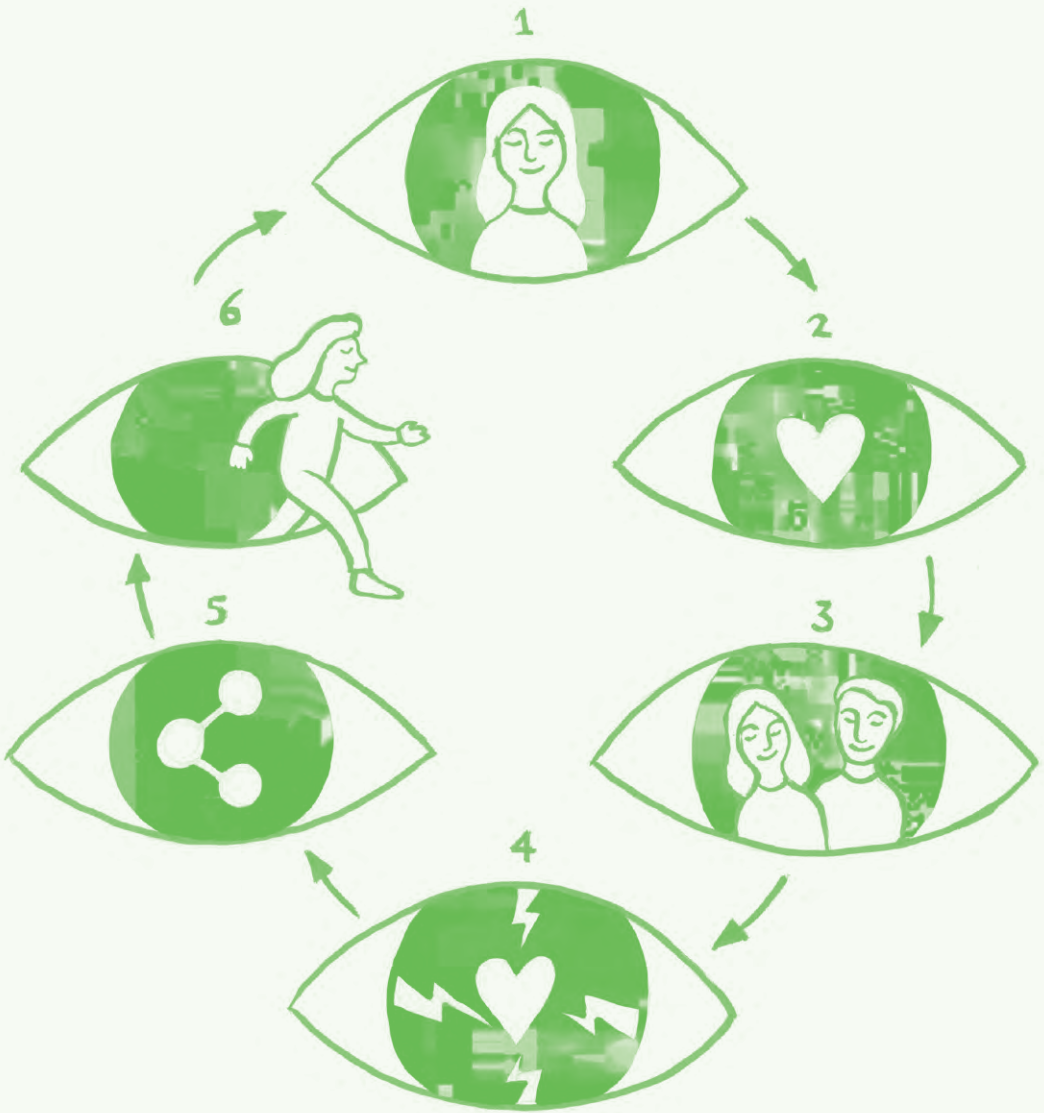
*The way
we are*

Humans interact in two ways: through similar interests and through close proximities to others. The Mobile Generation is finding its sense of self in a hyper-connected, digitally propelled world with unlimited access to personalities, news, communities, opinions, cultures, and ideas — in other words, access to Michelle Phan, The Young Turks, DeStorm Power, and thousands of other personalities in the digital content space. A sense of self and belonging can be — and in many cases is, at least somewhat — projected and satisfied through today's creators. Sharing content (via Instagram, Snapchat, or even email) is both a projection of self and communication with others.

1. *Tara, a fan, is undergoing self-discovery*

2. *It's easier to express oneself through passions or interests rather than finding another human being who is 100 percent identical (none of us, after all, are)*

3. *Tara looks to friends and peers — both physical and digital — who exude similar interests or values to define who she is*

4. *She curates and shares the content that's most reflective of her persona using the very same physical and digital channels that she originally engaged with (social groups, mobile, social platforms)*

5. *She discovers Michelle Phan. She becomes emotionally stimulated by her connection with Michelle and others*

6. *Tara continues soul-searching, and Phan strengthens influence and relevance …
(rinse and repeat)*

The cycle looks something like this:

How did this social content system develop? It is hard to say for sure. There are countless origin stories for the digital revolution — from Babbage's Analytical Engine to the birth of the IBM PC, from the debut of Claude Shannon's information theory to the invention of the transistor — but the moment that matters most took place on September 2, 1969, in a nondescript room at the University of California at Los Angeles when, on that late-summer evening, the first Internet connection was switched on. Naturally, it crashed within moments, but the roots of a new era in human interaction were born. At its birth, the Internet was just two nodes, but in a little more than a year it grew to 14 sites — and then later to 100, and then to thousands. While it began as just one network, it soon linked up into a network of networks — an *inter*net — talking via a common language we still use today. We now count the number of Internet nodes in the billions, and while we all pay something for our connection, we think it worth the money because of what we get on the other end: an open and unregulated Internet.

The Internet of today is strikingly similar to the vision first laid out for it by J. C. R. Licklider of MIT in his Intergalactic Network series of memos from the early 1960s. While Licklider wouldn't be surprised by the underpinnings of the modern Internet, chances are the breadth of content, the intensity of engagement, and the volume of video flowing through the net would have left him speechless. Licklider had good models to follow in imagining the Internet. Radio, for example, had begun as a series of highly motivated, individual nodes reaching out across a gulf of time and space to connect with one another. But unlike radio — and its much larger child, TV — the Internet did not promote centralized programming as it grew and organized. The ability of the user — any user — to become a viewer, creator, and publisher fundamentally changed the rules of electronic media.

Gone were the gatekeepers who decided what content was produced. Gone were the accountants who demanded revenue in exchange for broadcast. Gone were the engineers who maintained expensive, proprietary satellite distribution systems.

The gates were unlocked and left open for anyone who wanted to become a mass communicator. Never before in the history of mankind did the public have access to such a powerful means of communication. The Internet leveled the communications playing field. Walled-garden players such as AOL may have enjoyed early success by providing access consumers could get nowhere else, but once broadband metastasized around the world, it was doomed. Interactivity was built into the web from the start. The whole point was receiving *and sending* information.

But more importantly, people could freely publish and share content — any time, anywhere. The technology democratized information. The node-to-node nature of the Internet meant that information could now move to and from any place, confined only by the limitations of bandwidth.

At the turn of the millennium, connective density and innovation combined with emergent network effects brought Negroponte's aforementioned vision to pass. Everything that is now made of atoms (physical objects) will soon be made of bits (information). News, films, videos, books, documents, spreadsheets, commerce, and so on — all were moving inexorably toward exclusively digital incarnations. "The change from atoms to bits is irrevocable and unstoppable," Negroponte wrote. "Why now? Because the change is also exponential — small differences of yesterday can have suddenly shocking consequences tomorrow." Our definition of information was about to expand dramatically, producing exactly the kind of "shocking consequences" Negroponte wrote of — a global renegotiation of our social contract.

Making friends

While the walled-garden model of AOL did not find favor, there was a kernel of brilliance in the idea of a user network. Friendster, the first major social network, launched in 2002 and quickly took off in part by unlocking some of the mystery of the web. While anyone could, in theory, build their own web page, the hassle of learning code and understanding web development presented a major barrier. Friendster took on the hard part, the back end, allowing users to concentrate on what was most important to them: communication of self-expression.

What had originally been a purely physical activity — human intimacy — was now developing a digital side. Sure, IRC chat rooms and Usenet groups preceded social networks, but they lacked the sex appeal of graphical interfaces with multimedia interaction. Chat rooms had all the trappings of seminars in classrooms, while the social networks felt like casual hangouts on the quad.

Myspace followed Friendster, and while both networks burned bright only to burn out, they did so for different reasons that remain instructive today. As Microsoft researcher and author of the influential book *It's Complicated: The Social Lives of Networked Teens* Danah Boyd wrote in a prescient 2006 blog post, "Friendster has itself to blame - it never loved its users... it never treated them with respect, or learned to understand why they were there... it never give them what they needed to make themselves at home. Friendster never learned to provide for the diversity of users it had - it wanted them all to be the same." Friendster digitized the exchange — both synchronous and asynchronous — that defines friendship, but it neglected to do the same for personal identity development.

While Friendster tried to streamline and homogenize the user experience, which was the last thing its youthful audience wanted, Myspace offered customization in abundance — and that was part of its undoing. The network grew too unwieldy, even before its culturally suspect acquisition by News Corp. Myspace represented the opposite extreme to Friendster. It was a public free-for-all, and that soon lost its appeal. Users were still working out the new rules that governed the transition of friendship from physical exchange to the sharing of information.

Facebook put the final nail in the coffin of the first generation of social networks by balancing structure with customization. Where Friendster was locked down and limited, Facebook started exclusive but kept growing to include more people, more personalization, and more functionality while preserving the framework of community. But while Facebook makes it easy to communicate, it falls short on encouraging creativity. Requiring users to use their "authentic identity" naturally limits full expression — as though anyone has only *one* authentic identity.

While predetermined structure defined the social networks, another start-up network took a different route by providing communications tools but letting the community dictate the rules of engagement: YouTube. The freedom and flexibility of YouTube gave voice to an entirely new kind of Internet participant, whom we now know as the creator.

When marketers talk about YouTube, the focus is usually upon the massive usage metrics. Four hundred hours of content uploaded every minute, devoured by over one billion viewers across six continents. Suffice it to say that more video gets uploaded in a day than is possible for an individual to watch in a lifetime.

The way
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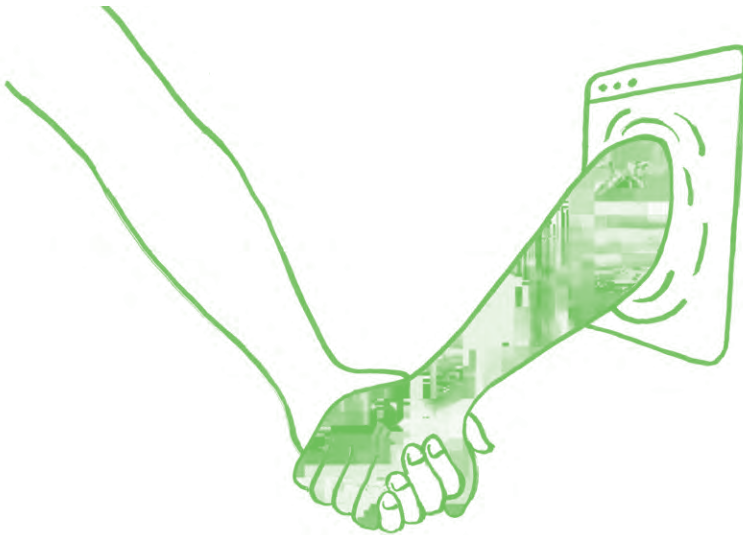
The massiveness of YouTube can blind the marketer to the true innovation of the platform. YouTube unified all the pieces that made previous social networks attractive and added something new: access to view *and publish* the world's most magnetic medium — moving pictures. Television displaced radio because of the moving image. YouTube found a niche beyond TV by adding community, shared creativity, and an invitation to join the game.

Michelle Phan, one of the first people to fully exploit the power of the platform, didn't begin her career on YouTube. She started on a now-moribund network called Xanga. She noticed that Xanga was going into decline at just about the same time she heard about YouTube. As she puts it, she "discovered YouTube after finishing high school while reading blogs." It was just a banner ad she stumbled on, but she knew a good thing when she saw it: "YouTube was exactly what I was looking for. I connected with the platform. It was instantaneous." It was the same for her fans and for uncounted other creator-fan ecosystems.

Anybody can write a memoir, make a video, snap pictures, or make any other sort of art. However, distribution was always the rub. The web had already disintermediated photo and text sharing, but video was bandwidth intensive, and before YouTube there was no universal, accessible sharing service for video. The launch of YouTube, coinciding as it did with widespread broadband access, unleashed a torrent of creativity.

YouTube grew fast — in no small part because of the spread of broadband connections — and Google bought it about a year and a half into the video service's life. This provided YouTube the backing to grow at the same pace as its audience.

YouTube came around at the same time as yet another major development — democratized creation and distribution. Smartphones, point-and-shoot cameras, and prosumer cameras competed to offer higher- and higher-resolution video at an ever-decreasing cost — from production equipment worth thousands of dollars to phones that cost only hundreds. With the tools to create falling into the hands of the masses, the Internet became the bastion of anyone with a message. Now, an individual with a few hundred dollars' worth of equipment could do what only highly capitalized big businesses had been able to do before: make and share moving picture stories limited only by her own ideas, skills, and determination.

The gatekeepers were entirely cut out.
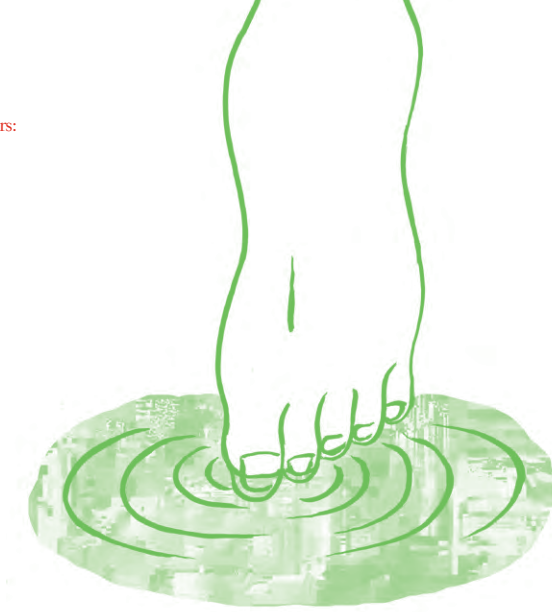
To those used to TV production quality, early online video looked awful.
The pros (and the brands, too) wondered why anyone would watch it.
The Mobile Generation, however, had three qualities that made YouTube
a natural fit: First, they had grown up in an atomizing video world. They were
already accustomed to the move toward narrower interests, and the desire
for the story trumped any requirement for high production values. Second,
they were used to searching digitally for what they wanted. And finally, they
yearned to create and share — in an average week, over one-fourth of them
uploaded a video, while more than half uploaded a photo.

What seemed like an undifferentiated stew to the uninitiated was quickly
rendered navigable and intelligible to the Mobile Generation through
their sharing ethos. Clusters of fans started forming around the most talented,
magnetic, authentic, or otherwise attractive video creators. Those creators
often emerged from fandom themselves, and together they pushed the
platform onward.

YouTube creators (a.k.a. digital celebrities) began to emerge within discrete
genres. The Beauty and "Do-It-Yourself" (DIY) crowd: Michelle Phan, Kandee
Johnson, and Bethany Mota. Comedy: Ryan Higa, Epic Rap Battles of History,
and Rhett and Link. Vlogs: Shay Carl and Grace Helbig. Let's Play (gaming):
PewDiePie, Captain Sparklez, and YOGSCAST. Music: Pentatonix, OK Go,
and Boyce Avenue. The list goes on.

As the audiences grew, the YouTube community began to organize. Multi-Channel Networks (MCNs) aggregated individual YouTube creators eager to band together in order to accelerate audience growth through cross-promotion while filling certain YouTube platform gaps like monetization and custom-branded thumbnails. Creators were learning the same lesson that TV had learned a generation before: As the audience grows, you need to deliver great content regularly — something few creators can do on their own. YouTube built a Partner Program, giving 30,000 individual creators (in the early days) as well as the MCNs special features that boosted creator revenue. The creator business model began to solidify. Savvy brands partnered with creators in branded content deals, further increasing creator revenue. MCNs grew into huge organizations that created even stronger cross-promotional ties across the networks and supplied production and financing support to promising creators. Predictably, these MCNs completed the transformation to the studio system model by being acquired by major media companies. DreamWorks and Hearst own AwesomenessTV, Disney owns Maker Studios, and AT&T and Peter Chernin own Fullscreen. Despite the power of MCNs, many creators still "go it alone," finding their own way or relying on ad hoc alliances.

Much of the creators' revenue comes from advertising, of course, just as it did when radio and then TV coalesced into their mature forms. However, the open nature of the Internet allows content to be created and published without reliance upon advertising dollars. Many YouTube-born stars today make more money off of merchandise and appearances than they do from advertising. Depending on the genre, between 20 and 90 percent is derived from non-ad sources.

This makes for an interesting conundrum. Online video — no longer just YouTube, but also Vevo, Vimeo, Vine, Periscope, Snapchat, Facebook, and so on — should be candy to advertisers, but so far, the willingness of brands to make the leap can be best described as tepid. By far, most are looking to TV for content and business models easily ported over to the Internet. That is an ill-conceived notion.

*The way
we are*

In cooperation with YouTube, progressive advertisers have experimented with myriad formulas for putting brand messages in front of passionate viewers: pre-roll videos, branded content, skippable TrueView ads, TV commercials and branded video content that is by any other name an advert. It's that last category that's made the biggest impact on the culture. Great brand videos take on lives of their own. Dove's Real Beauty Sketches video is the most widely shared advertisement in history, and Dumb Ways to Die is rambling around in just about everyone's head. But even though we remember Like a Girl, Epic Split, or The Most Shocking Second, the advertising business gravitated toward the more familiar tactics viewers like less — pre-rolls and interstitials (that's digital-speak for commercials).

As a category, online advertising is about to eclipse TV advertising in the United States, but video remains a tantalizingly small part. PricewaterhouseCoopers estimates that online advertising will top $83 billion in the U.S. by 2019 while TV, still growing, will hit $81 billion that same year. Search is still the largest component of online ad spend, followed by mobile ads, and then display. Only after that do we get to online video.

The reallocation of marketing dollars to video seems inevitable. eMarketer predicts nearly two-thirds of the population will watch digital video this year. Digital video in general will occupy an average of 76 minutes of each of our days in 2015, and 39 of those minutes — more than half — will be spent watching on tablets or smartphones. By 2019, 67 percent of Americans (and nearly 81 percent of Internet users) will be regular digital video viewers. In the most sought-after demographics, the percentages are much higher. Among kids in the U.S. ages 12 to 17, digital video penetration is already 93 percent. People ages 18 to 24 are at nearly 96 percent, ages 25 to 34 are at 90 percent, and even generation X (now in late middle age) has penetration rates of 88 percent. Contrast that to network TV, where the average age of the U.S. primetime viewer will exceed 50 in 2015.

It all sounds like a rosy picture until you look at the dollar figures themselves. Despite this huge audience, digital video advertising spending will be $7.7 billion in the U.S. in 2015. eMarketer expects it to rise to $14.38 billion by 2019. While that sounds like a ton of money, it's only about 17 percent of the total spent on online advertising.

That's shockingly low.

Something is askew here, and it's not the audience, the platforms, or the creators.

Advertisers and agencies are the ones out of alignment. Marketers are still grasping to understand digital video on every level, from platform decisions to talent assessment, from audience preferences to basic digital courtesy, from intermediate metrics to nonexistent effectiveness data. No wonder brands are so tepid about committing.

Fixing the measurement tools and codifying analytics will take time and coordination among many parties, but advertisers can start understanding the cultural ecosystem right now. It's all very clear to creators and their fans, but few brands have bothered to ask them how their world works. They've just assumed that since it looks like TV, the impact on culture is the same, too.

It's not.

Today's Digital Social Contract

How did creators build this influence and community engagement? Why, at a time when digital fandom sounds, smells, and acts as frenzied as Beatlemania, don't brands seem to fully grasp how it's done?

Brands, please. . . . If you want to develop successful digital content strategies, campaigns, and sustainability, you need to understand the DNA of creator and community engagement. It's imperative.

Successful online content creators and their communities follow an unspoken code of conduct — the Digital Social Contract — that defines the relationship between creator and fan. Like Rousseau's social contract of 1762, it's a statement of our perception of natural law, one built around the idea of a supreme, sovereign *people*.

The community, in other words, makes the rules. Not the elite.

Today's Digital Social Contract

In the first half of this paper, we discussed how the progression from radio to broadcast TV, then to cable TV, moved society along a path largely created by gatekeepers — media companies, government regulators, distributors — who tightly controlled content development and access.

When the Internet came along, it short-circuited the whole thing. The music industry's struggles with file sharing and online distribution were once seen as a paradigm of how the Internet challenges ingrained power structures; now, there's an even greater change agent on the horizon: the online video star. That celebrity and the community he or she represents controls every aspect of video entertainment, artist discovery, management, creative development, distribution, monetization, and ownership. Control is now in the hands of the creators and their audience. The gatekeepers are no longer required. To paraphrase The Buggles, online video killed the TV star.

In this new world, brands may still be welcome participants. But they're not necessary, a fact that may be hard for some advertisers to understand.

The creator revolution relies on a kind of cottage industry. Many creators — as highlighted by pioneering vlogger John Green during his VidCon 2015 Keynote speech — now derive more revenue from merchandise and non-traditional activities than they do from advertising. As an industry, we still have a bias toward thinking about a distinction between content and the commercial message. Creators and communities don't think that way, and they welcome brands' organically integrated messages.

But just because they welcome the right kind of advertising, that doesn't mean they *need* it.

It's a crucial distinction — and yet another power-shift in the direction of the creator and fan. These days, in music and other industries, online independent artists derive less than 5 percent of their total revenue from advertising — and instead it comes from tours, merchandise, and music download and streaming services. Advertising is no longer required by the creator or the community. Every 30-second TV spot "repurposed" for YouTube runs afoul of the contract (while also requiring paid media for almost all of its reach). Content created for the platform, on the other hand, excels in organic and shared views. To understand the Digital Social Contract in depth, we relied on multiple sources. We conducted longitudinal and industry-wide studies of creators and their communities; we also consulted the pioneers of some of the largest platforms — YouTube, Vine, Twitch, and others. We also interviewed five particularly significant creators, each one a leader of a category or platform: Blogilates, DeStorm Power, Pentatonix, The Young Turks, and Michelle Phan.

When seen in this context, brands resemble awkward intruders at someone else's party. Clearly, if they want to be welcome guests, they're going to need to understand, and abide by, the new, unwritten rules of the community.

The six laws of the contract are:

1. **Pure passion trumps production.** Authentic passion is critical — even more important than production — to generating a meaningful creative career and business.

2. **Community is king.** Understanding this new generation of fandom is a requirement, since this group dictates the ascendance — and demise — of new social platforms, creativity, and commerce.

3. **Engagement-driven, not hit-driven.** Fan communities can't just be addressed — they need to be collaborated with. This level of engagement empowers creators, giving them a higher level of influence than that found in traditional media.

4. **Think small to be big.** Thanks to community diversity and the ongoing engagement between fans and creators, the latter can financially sustain more niche businesses than ever before.

5. **Make universes, not content.** Navigating and programming for all social technology platforms is cost, time, and labor intensive. Approaching disparate platforms holistically, as a unified brand, has the opposite effect, streamlining production and easing platform navigation.

6. **Revenue grows when it disappears.** The Mobile Generation hates being sold to, at least in an obvious way. As a result, platforms and businesses need to engineer revenue streams that amplify — rather than interrupt — the creative experience.

I. PURE PASSION TRUMPS PRODUCTION

Creators cite pure passion as the principal driver of their success — not just the passion for their craft, whatever it may be, but the purity behind it. The Mobile Generation, with its unfettered access to information and its sometimes ruthless crowd mentality, is hypersensitive to bullshit. Authenticity trumps all.

Today's Digital Social Contract

"I know my content is good because I'm real," says DeStorm Power, one of today's most prolific and best-decorated Viners (with over two billion loops and almost six million fans). "I give 110 percent of myself. Other people are scared. I'm not afraid to take chances."
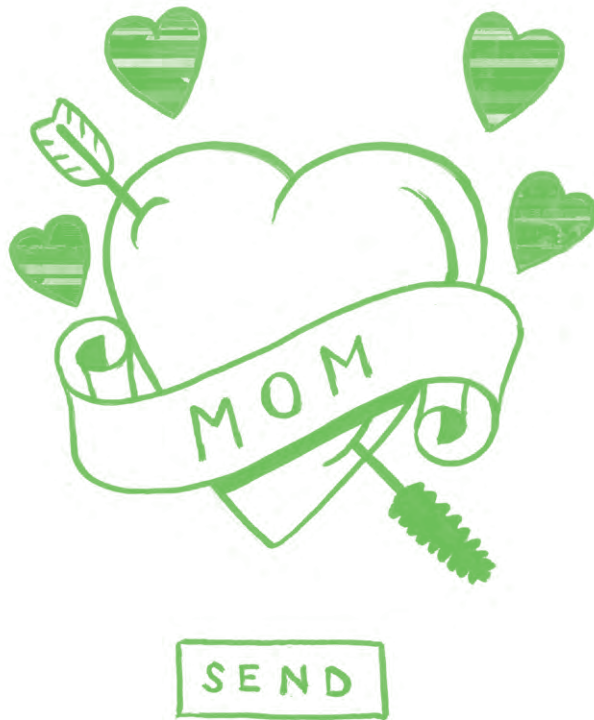
In YouTube's early days, brands scoffed at the low-resolution vlogs of Jenna Marbles — that is, until she achieved a billion views and hers became the most subscribed female-run channel on YouTube. The success of Marbles, Shay Carl, and others is in part due to the fact that they are well-defined creators with personalities that are accessible to a critical mass. They are personal, not plastic.

The fact that these vloggers and YouTube personalities are self-created counts for a lot with this generation, which is endemically skeptical. Their audience believes in them, which translates into more time and dollars spent. These creators show up in person. They're vulnerable. When they screw up, they say they're sorry, and move on. This human quality translates to deeper connections with fans.

The Young Turks (TYT) is a new-age political and social Internet commentary program that garners more than 40 million views on YouTube each month, raking in millions in revenue each year. Cenk Uygur, its host and co-founder, attributes the passion that TYT inspires to the fact that they share "quite a bit about our personal lives," he says. "Perhaps we overshare at times, but that's OK. Our fans feel that they really know us, and it makes the connection that much deeper."

Michelle Phan draws in her fan base with openness about her own personal evolution; she invites them to join her on her journey of change and maturation. While she launched her career via beauty tutorials, her content these days covers everything from career to budgeting to spiritual advice. Some of Phan's followers have even started addressing her as "Mom."

For creators, accessibility to their fans is paramount: It's where digital friendship gets real. Evidence suggests that the Mobile Generation believes Internet-based relationships matter just as much, if not more, than in-person ones. Creators and audiences want to make the digital real; they want to turn ephemeral feedback into positive reinforcement.

Today's Digital Social Contract

Members of the Mobile Generation, *raised* on positive reinforcement, crave gold stars and gratitude. Accessibility gives them a kind of recognition. Creators, however, control how and when they're accessible, and they're as straightforward about it as they are about posting on social media. When they communicate, they keep in mind that there's a tangible, relatable human being on the receiving end. After all, they're fans, too, so they understand a fan's need to connect. "Our fans are very engaged," says Uygur. "They let us know whenever we fail them in the slightest way. We welcome their feedback."

This acceptance doesn't mean that good production quality can be left behind. Not at all. But, first and foremost, you have to have something to say that people want to hear. Pentatonix isn't just your everyday a capella group; DeStorm didn't pick up comedy along the way. Creators that last are brilliant, talented, and creative.
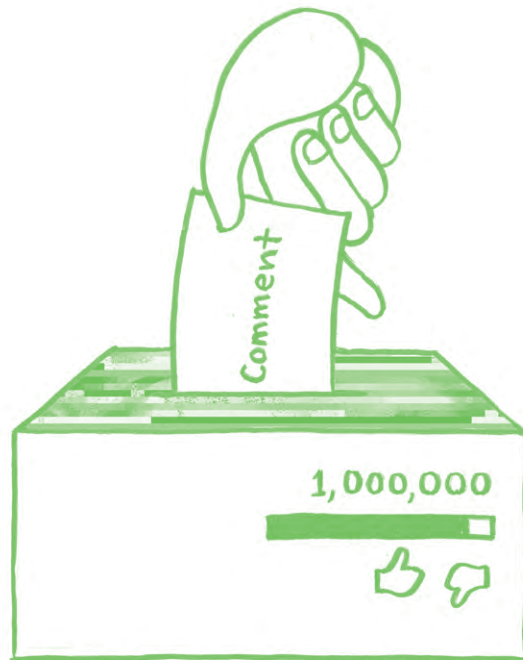
In today's world, with so many choices and options for consumers, why waste time on something that's not good? It's the definition of "good" that's changed. A video that earns several million organic views obviously may seem good to a lot of people, but if it can't sustain those numbers, it hardly counts. There's a difference between popcorn variety creators — flavors of the month — and ones like Michelle Phan who, by providing premium content, create multi-million-dollar enterprises that last.

"Premium content to us is posting a creative, well-thought-out, high-quality [song] cover," says Scott Hoying, one of the founders of Pentatonix. "We're very particular about keeping everything fresh and different, yet always staying a cappella." For Michelle Phan, premium is content that moves you. "Premium has nothing to do with technology. It's about telling a story effectively. It's however long it needs to be. Telling it in a way that's understandable and relatable."

Premium content has to be relevant, too: Your audience needs to connect with its message. DeStorm claims to have "a sixth sense for what works and what doesn't. You see what makes sense for your audience and go from there." Cenk Uygur says pretty much the same thing: "We are unapologetic about our progressive perspective, but we are totally nonpartisan. We speak our mind without fear or favor of any power structure. Our audience loves that, even when they disagree with our position. We're not trying to be something we're not."

It's the passion that matters. And passion that is strangled by creative oversight can't survive. Passion and disciplined messaging are inimical; the audience can tell the difference. Which is why passion must lead, and production follow. You can produce the most awesomely packaged video in the world, but if the content is aimless, the audience will stay away. Listen to the community, and your passion will evolve.

2. COMMUNITY IS KING

And community is kind. Passion and a message are nothing without it. "Fan" is no longer good enough. Creators now need superfans — allies who are active participants in building a creator's career. In this way, fans and creators create community — the highest form of fandom. You see them at VidCon screaming, at Comic-Con cosplaying, at Burning Man burning. They are tastemakers in their own right — beauty gurus, aspiring musicians, budding filmmakers — and they want something personal and intense from creators they admire.

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Superfans are good business. They drive the most engagement — and revenue — on social platforms. They help YouTube videos reach their first one thousand views. They're first in line on the Thursday night premiere. They fuel creator Indiegogo goals. A creator with one hundred thousand fans who each pay the creator ten dollars is better off than one with one million fans who each pay one dollar. The first kind of fan displays a sense of loyalty that endures; the latter kind often flits away.

Superfan communities push in three directions. They force creators and brands to adjust access points, platform adoption, and each other.

The Mobile Generation craves content whenever they want it, from whatever source. Seventy-nine percent of millennial digital video watchers watch daily, or just about, on their smartphones — the most accessible device thus far. Eased creation has inspired creators, beginning with Viners, to create new content formats that fit a smaller, faster screen environment. Quick, casual takes, such as Snapchat Stories, are another paradigmatic result.

Once taken up by communities, these new platforms can explode. Instagram and Snapchat, each of which has hundreds of millions of unique monthly visitors, are prime examples. For creators, all these platforms can be a challenge: How to prioritize publishing and community engagement? Contrary to what many in traditional media believe, content in digital media is *not* king. It's community that counts. In other words, creators follow their fans.

Communities also influence each other. For college-age millennials, peer-to-peer social proof ranks above all else. It builds communities of fans and creators while also connecting fans with fellow fans. Platforms such as YouTube and Reddit have grown exponentially because of such networks.

Identifying passion is key to expanding a community. The most successful creators use feedback from comments and meet-ups to understand the qualitative needs of their communities. They also rely on quantitative profiles — ones that predict the most engaged regions, age groups, gender, and more. In other words, successful creators monitor engagement just as avidly as brands and marketers do.

3. ENGAGEMENT-DRIVEN, NOT HIT-DRIVEN

The Internet overflows with new content; what's hot one second is forgotten the next, like summer singles on the car radio.

Successful Internet creators don't invest in single hits the way traditional media does. They go for an ongoing slate of programming instead, one that's driven by personality and engages viewers. Digital media is engagement-driven. Committed audiences are created through sustained engagement.

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Digital engagement begins with trust and commitment. "We believe trust is earned over a long period of time through the aggregation of all our actions," says Cenk Uygur. "It's impossible to buy trust with a ton of marketing dollars. We have to show the audience day after day after day that we are honest and authentic in our storytelling. Trust means that we can make a mistake, and the audience gives us the benefit of the doubt that it was a bona fide mistake rather than an intent to deceive."

Brands need creative promotions, imagery, and messaging to convince their loyal customers to take action. Commitment is usually measured by the size of a marketing campaign. It means budgets, quarterly earnings, RFPs, and sales targets.

For creators, the process is simpler. They show up on YouTube, Vine — or whatever their primary platform may be — every Friday, say, at the same time. They schedule Twitch streams. They follow through relentlessly. Michelle Phan, for example, posts a new video every week — and has been doing so for seven years. Pentatonix, the Texan a cappella group, produces 10 times more songs and covers than any other traditional music artist.

Creators use the medium of their talents and passions to build friendships. Friendship arises from proximity, shared experience, and relatability. It's no different for creators and their fans.

Fitness trainer Blogilates, a.k.a. Cassey Ho, never stops communicating with her fan base — developing workout calendars for them, talking about body breakthroughs, meal ideas, and more. And she's kept this up for more than eight years. "My community is all about friendships and relationships between people with a common goal and vision," she says. "They are extensions of [me] and [I'm] an extension of them. Everyone needs a support group."

Creators must be more than just present, however — they must be responsive. The Mobile Generation craves lean-forward experiences — they demand interactivity. It's canonical best practice to reply to the first 100 commenters after you've posted a new YouTube video, for instance. This heightened degree of engagement is why digital creators, on average, commanded more influence in 2014 and 2015 than traditional media, according to *Variety*.

4. THINK SMALL TO BE BIG

"Strategy is not about what you do," says Abey Mokgwatsane, CEO of Ogilvy
SA. "It's about what you don't do." Creators usually begin as one-man bands.
If they try to take on too much, they'll end up sounding discordant and
confused. Those that succeed, such as The Young Turks, stay very, very focused.
"We cover news and current events," Cenk Uygur explains. "We do not do
primary reporting, so it's less about breaking coverage than it is about adding
context and perspective on trending topics. That's it."

Successful creators also don't try to be something they're not. Cassey Ho has
a fan base of 10 million across her primary social networks, which include
Instagram, Twitter, and Facebook, and the temptation to digress with them must
be intense. She is, however, disciplined and consistent. "I have to remember not
to do things that aren't really me or the community," she says. "My fans expect
to see me working out in my living room, and when I'm not, they notice!"

The "thinking small" ethos impacts what content creators produce. Micro-genres
and postage-stamp-sized interest groups flourish in proportion to the fan
communities that crave them. The rise and obsession of micro-communities —
from EDM fans on Dancing Astronaut to anime enthusiasts on Crunchyroll
to eGamers on billion-dollar platforms like Twitch — mean that almost any
creator can find a niche.

For instance, while Asians represent only 3 percent of faces on TV in the United States, they headline more than 10 percent of the top 50 creator-led channels on YouTube. Over 70 percent of the Asian population watches YouTube regularly — trumping every other ethnicity's consumption by at least 5 percent. Suddenly, programming for a so-called minority is good business.

We see a similar trend in music where, for the past three years, independent labels' aggregate market share has exceeded that of the largest major labels, while these latter shares have decreased.

Given the power of this collective industry, an indie musician with only one hundred thousand loyal fans can sustain a career as well as a major label musician with one million. With a well-defined passion and committed community, creators should feel liberated. Somewhere, there is an audience for just about anything.
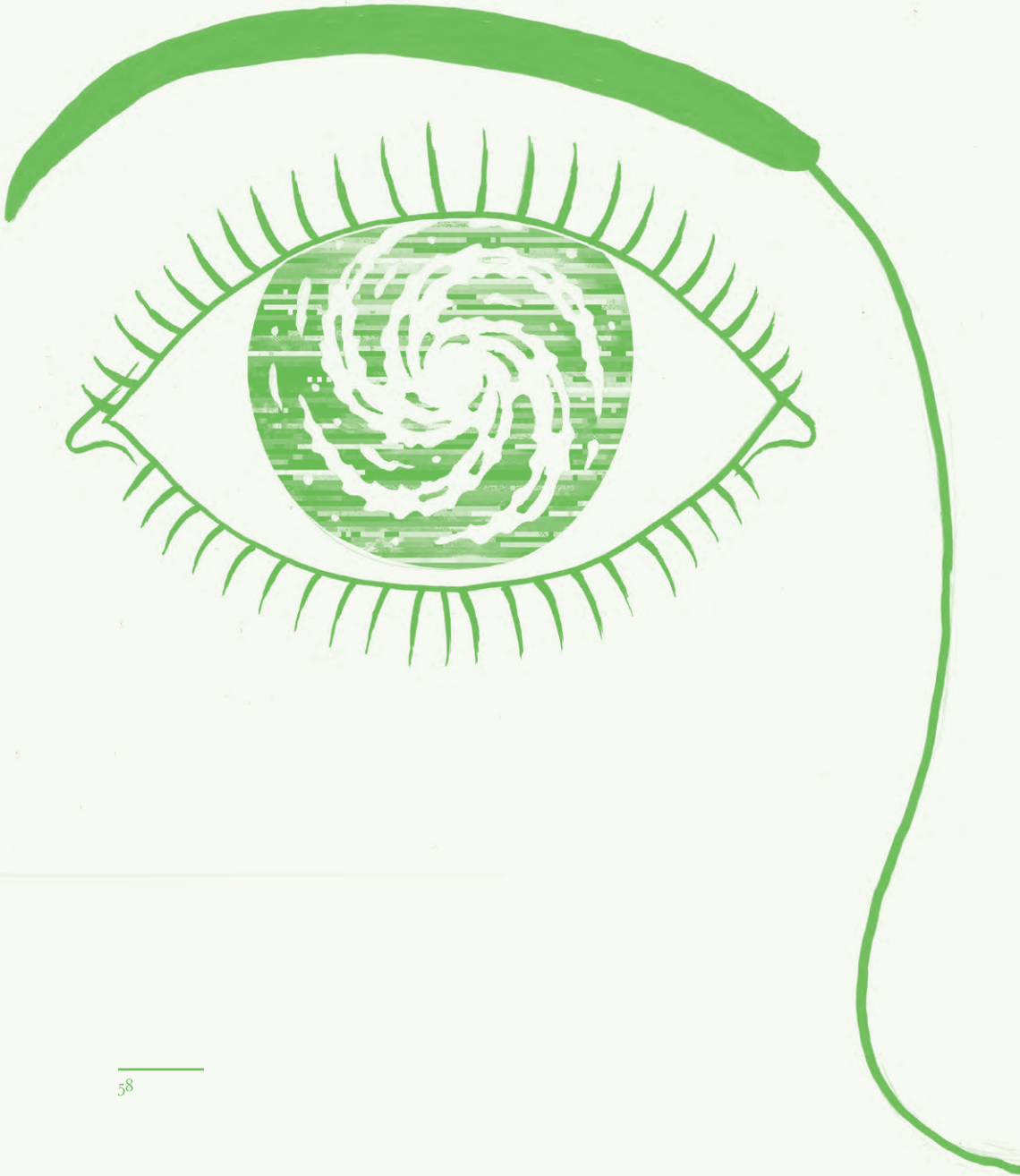
5. MAKE UNIVERSES, NOT CONTENT

Lately, social platforms seem to be popping up like mushrooms after a rain. This overabundance can be a challenge: Creators need to program for each, while trying to build an audience for all. Not surprisingly, they're taking an increasingly holistic approach, using YouTube channels, for example, to create Instagram posts and tweets, rather than programming each one separately. Programming across platforms with brand stewardship in mind is critical for building a consistent audience.

This approach predates the Internet, of course. The most lucrative film franchises in history are more than just movies — they're ongoing multimedia macrocosms. Take *Star Wars, James Bond, Harry Potter* — the list goes on and on. More than ever, movie studios and TV networks are investing in franchise universes. Comic-Con Hall H announcements become films that become Netflix Originals that become chart-topping soundtracks that spawn consumer products and beyond.

In new media, these universes are unified by the indelible personalities of their creators — a vlogger's nuanced perceptions of life may launch a linear TV series and innovative merchandising lines; a musician's quirky take on pop may spin off a new media record label and sold-out world tours.

Bernie Su, a two-time Emmy-winning storyteller, has proven this multiple times with "The Lizzie Bennet Diaries" and "Emma Approved" — modern-day vlog-format adaptations of Jane Austen's timeless novels. Both are engineered transmedia experiences anchored in YouTube; characters and plot twists are unveiled and housed on multiple social networks, from Tumblr to Instagram to Twitter, a holistic approach that proved both successful — each won a Creative Emmy — and lucrative. Both projects shattered their original revenue projections, and the "The Lizzie Bennet Diaries" holds a crowdfunding world record.

Michelle Phan embodies yet another paradigm. Her utility-based makeup tutorials evolved into consumer products — Ipsy and em Cosmetics — which she marketed in a way that drew in her community while helping build communities online and through live events. RocketJump and the Vlogbrothers' community, known as Nerdfighteria, leveraged this strategy to achieve similar results.

6. REVENUE GROWS WHEN IT DISAPPEARS

It's a truism: The Mobile Generation hates to be sold to — even through so-called innovative formats. Let's face it: Pre-roll ads are a hangover of traditional media. And their time has gone.

Today's Digital Social Contract

Just as the advent of television ushered in new native ad formats in the 1950s and 1960s, so, too, must appropriate revenue generators be aligned with this flightier, less patient, and more interactive Mobile Generation. Making a tearjerking video ad is no longer enough; brands and creators have to adapt their business models to amplify, rather than interrupt, content experiences.

Creators turn down most inbound brand deals: No sum could compensate for compromising brand equity with their community. In keeping with this community-minded ethos, the object of any deal has to be the mutual elevation of both the creator's and sponsor's brands. If there's merchandise to sell, it's got to reinforce the digital narrative. This is beautifully articulated through artists like Kurt Hugo Schneider, who not only transforms brands like Coca-Cola into works of musical art but also does so while reinforcing his own inventiveness.

Social messaging apps and games that sell virtual goods can express emotion, personalize the messaging experience, and/or advance to new levels; as such, they can be wonderfully effective revenue generators in an invisible — but effective — way. At the same time, video must be used with some caution. According to eMarketer, the Mobile Generation is "much less tolerant of video advertising that [is] poorly targeted, irrelevant to the medium where they're watching, or lacking authenticity." The brand integrations that are most lucrative and have the greatest impact, such as Wong Fu Productions' AT&T Away We Happened web series and Schneider's partnership with Coca-Cola, tend to be tightly woven, brand-consistent, and true to the creator.

The way we can be

The contract and rules are clear. The next step for brands is less so. Even though advertising spends are out of sync with the power of online creators right now, brands are still very much present and active in the digital content world. The support of Anheuser-Busch and Getty Oil was crucial to transforming ESPN into the sports titan it is today. Though ad dollars make up a small piece of the revenue pie for creators, they often depend on lucrative brand partnerships and campaigns to maintain and grow their communities. Like the rest of us, creators need to earn a living, too.

Brands want access to well-defined audiences, and that can be troublesome.
If brands cannot find a pathway based upon honesty and purpose, the community
may (and usually does) reject them. When the system works well, it creates
a symbiotic relationship benefiting all stakeholders. When it doesn't work,
everybody loses — the creator, the community, and the brand — but it's usually
the brand that takes the hardest hit. Why? Despite the desire to connect with
customers, brands are often the least authentic voice in this common equation.
The creator is seeking to entertain or educate. The community is looking to
engage. The brand is trying to sell. In the digital world, the person who exists
only to sell is always going to be the first to be sacrificed, even if they are
providing the capital for the arrangement. Some brands, most notably GoPro
The way and Red Bull, have taken different paths to become both creators and sellers,
we can be but they are in the minority. There are only a handful of global brands with the
potential to reap rewards from becoming full-fledged media companies. The rest
will find success in the more modest, but no less important, realm of mastering
advertising that meets the community's needs and standards of acceptance.

One could be excused for thinking that achieving success should be no big
deal. The advertising industry has over half a century of television experience,
and after all, what we are really talking about in this new world is merely
reinvigorating the old art of running ads — only this time alongside video
content, right?

Not really.

In order to thrive in the online-content space dominated by the Digital Social Contract, brands must let go of the past and quit the habits of traditional print and television advertising. They need to develop new ways of thinking and new methods for attracting audiences. Brands need to begin with these four actions:

1. **Honor community as king**
2. **Find pure passion in (niche) creators**
3. **Increase revenue by letting it fade**
4. **Foster engagement through (creator *and* brand) universes**

I. HONOR COMMUNITY AS KING

Before we do anything else, we need to retire words like "consumer" or "user," which imply some subservient transaction and instead honor these people for who they are — active participants and community members. Because unlike TV, where advertisers have to make generalized decisions based upon the likely age, gender, and interests of the viewer, the online world is rich in data that can be used to finely tune when, where, and how subsets of viewers receive advertising (in some cases down to subsets of one — meaning true personalization). Brands that make smart use of data don't just become better at targeting ads; they are also more likely to deliver messaging that respects the viewers' interests.

The way we can be

Remember, we are not talking about the three-network broadcast days or even the 500-channel cable TV days. Today's viewing is driven by choice. No one watches Ryan Higa — you know him as NigaHiga — just because "there's nothing else on." There is always something else on, and quite a bit of it.

A "viewer" stems from the community member making a conscious decision to choose a piece of content. That's data point number one — choice. A traditional line of questioning to reveal additional data might lead one to ask about the demographics of Higa's audience and their interests. There's nothing wrong with that, but the digital space offers so much more. Instead of seeking generalized information on demographics and interests via Higa, we can look at the users themselves.

Usually, there are a few ways to segment digital communities:

- **Culture:** What geographic region are they in?
  What is the local time — and when do they consume the most?
- **Platform behavior:** Are they a first-time or regular visitor?
  Are they being retargeted for certain types of ads?
- **Interest:** What have they watched recently?
  What content categories do they gravitate toward?
- **Demographic:** What is their likely gender and age?
  What details do they share in the social graph?
  What are their generation's endemic habits?

Individually, these data points are interesting. Taken as a profile of the user, they are invaluable — and critical. The Mobile Generation's identity is far more fluid than that of previous generations. For example, if we were to evaluate someone based on interests alone, what may appear to be, say, a 16-year-old female might in fact be a 25-year-old male. A brand can deliver an advertisement that respects everything it knows about the viewer and engages them at the right time, in the right setting, with the right mindset, and with the right content. That is a powerful difference, and it all begins with respecting the unique individuals or subsets. And on certain platforms, we can directly target specific people and their look-alikes, bringing a fine point of accuracy to the task of segmentation.

So how does one segment these community members — and measure success? There's no shortage of opinion on that, and the answers range from mimicking the GRP of TV to focusing on digital-centric metrics like completion rate. Each method has proponents who are happy to discuss the validity of their favorite metric, but there is a bigger argument to make regarding the superfan — the 20 percent of the audience that drives 80 percent of the engagement. These are the people whose impact we need to measure.

What does a superfan metric look like?

It begins with reach, but goes beyond the traditional concerns of "how many people saw my ad?" Brands that match their message with the right digital creator are doing more than reaching a specific audience — they are engaging the creator's superfan community. Those are the people brands need to reach, because they are the ones most likely to take an action.

And isn't that what it's all about? The Internet is a two-way channel, which means the rules of television advertising that limited how viewers engage with branded content do not apply. The YouTube platform — like Vine, Snapchat, or Instagram — is built for engagement, not passive viewing.

*The way
we can be*

The superfans are the people most likely to comment, tweet, share, parody, and even redistribute content that they find appealing. In many ways, they fulfill the promise of true earned media by evangelizing the content that matters to them. Superfans do not exist in a vacuum; they are simultaneously part of the creator's community, the YouTube community, and the communities of countless social networks, forums, and ad hoc niches. They are the people upvoting content linked on Reddit or spreading videos across blogs, vlogs, and forums. It's our friend Tara (remember her from page 30?) tuning into Michelle each Friday, for the last seven years.

They know how the Internet of Influence works, and they are experts at maximizing its potential. They are also part of a larger fan ecosystem — the community — which brands must honor and invest in just as assiduously as the central creator. To reach the beating heart of superfans at the core, brands must listen, tune in, share, and reciprocate with the whole community. Brands must build meaningful connections with all, just like creators do.

The ultimate superfan metric has yet to be developed — although, as you'll see shortly, we are getting the ball rolling. The absence of a comforting superfan number to look at may drive brands into the arms of poor intermediate measures. Don't be seduced. It's not just how many are watching you. It's how many are crazy about you. Who is tweeting about you? Who is first in line to see you? A superfan metric has to take into account every interaction with the content beyond the digital creator's initial post. That's where the added value lies. Measuring the impact of interactions across the Internet is confusing and messy, but not impossible. Yesterday's social-influence measures are giving way to tomorrow's superfan metric.

2. FIND PURE PASSION IN (NICHE) CREATORS

For brands, the concept of pure passion can be challenging to pinpoint: realizing one's own passion, reconciling it with a desired audience, and pervading it across campaigns and media. Some have surmounted these challenges, however. Dove's Evolution — a massive hit in the early YouTube days widely recognized as the world's first viral branded video — and Real Beauty Sketches reached hundreds of millions of people because they projected purpose and answered a pressing social need.

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Accessibility is also a challenge. "Realism is needed because the information is out there, and marketers can't lie to people like they used to," says Wendy's Vice President of Advertising Media and Digital, Brandon Rhoten. "That forces brands to be real and be genuine, and most brands are terrible at it." Brands tend to hide the mistakes and present unattainable perfection. Perfection is a turn-off. Perfection alienates people. Perfection is the enemy of authenticity. Being authentic requires a willingness to be transparent and to employ that tone consistently (often in real time) across the platforms while balancing owned, earned, and paid media. Accessible brands restructure their entire content operation, finding new models for creative, business, and legal approvals to flow with sufficient speed and efficiency so the resulting message is timely enough to still be relevant and transparent enough to be seen as honest.

Creators are a vital source of pure passion and inspiration, as well. Working with creators (whether from YouTube or Vine), however, is not a "one-size-fits-all" proposition; therefore, understanding what the brand seeks to achieve is essential. The brand must have a clear vision of the expected return on investment. Is awareness the goal? Is the brand looking at positive change in their Net Promoter Score as a KPI? Are increased sales the endgame? If so, how will sales be driven (e-commerce or brick-and-mortar store)? How will the advertising convert video viewers into customers? A brand that knows its desired outcome will be more successful in finding the right creator to partner with.

In this creator-driven world, the creator has built the bonds, engaged the audience, and grown his personal influence. In most cases, the creator also wrote the content, pressed "record" on the camera, edited the video, wrote the metadata, and posted the work. That doesn't mean all creators want to perform a dozen different roles just to get their content developed and published, but it does reflect the passion and sense of responsibility that define the most successful ones.

The fruit of this DIY labor is clout — the kind of clout that many traditional actors and entertainers work decades to build. This can pose a challenge for brands used to having the final say on every detail of an ad. As far as the audience is concerned, the creator — not the brand — is the arbiter of authenticity. Brands unwilling to trust the creator's instincts will likely find themselves out of sync with the audience.

So should brands write a check and let the creators do whatever they want? No.

The smartest, most successful creators are also collaborators. Evidence of that may be lost in the DIY nature of what they do, but in the long run, creators are just entrepreneurs caring for their most precious asset: themselves. The value advertisers can extract from relationships with creators is rooted in the creators' ability to connect with their audience. The creator will resist doing anything she believes will alienate the viewership she has cultivated, and the advertiser will be wise to take that to heart. Trusting the instincts of the creators and the guidance of their audience will lead the brand to the most authentic and engaging advertising possible. If the creator is willing to alienate its audience, the brand may consider that a win, but it's a hollow victory — and a likely sign that the creator's influence is waning.

A brand, too, must have a strong sense of self. A frequent stumbling block for successful creator-community-brand partnerships is achieving a mutually acceptable definition of success. The value of digital creators is based upon their audience and the regular engagement that comes from that relationship. Creators are not, as a rule, "viral video" makers. Instead, they are building long-term businesses with a consistently engaged audience. The value to the brand is not rooted in the volume of reach from a specific video, but rather in the consistent reach they achieve over the long haul. The creator's community — the fans and superfans who engage regularly — are the folks the brand wants to reach. When both parties know who they are and what they want, they can forge a successful relationship.

The way we can be

Now comes the task of making a deal. The creator community is made up of artists at every conceivable career stage. New homegrown stars may have one million fans they entertain daily, but they may never have had an advertising deal before. Conversely, many experienced creators have agents and managers but may seek deals that don't conform to traditional media practices. The key is to remember that creators are entrepreneurs. Striking the right deal might feel more like a negotiation with a tech partner than an established celebrity. It is just another area where the people who own the audience are rewriting the rules.

3. INCREASE REVENUE BY LETTING IT FADE

Television, a historically one-way medium, has its own contract of sorts with the viewer: the commercial break. Scripted TV shows are structured around a clock based on this concept, with commercial breaks dictating how much time is available in a given segment. Even live sports events are crafted to accommodate the commercial break. When hockey fans in any NHL arena see the red light illuminate behind the scorekeeper, they know play is on hold to allow for commercials to be shown to the audience viewing from home. The game actually stops for TV advertising.

Everyone watching on TV knows that advertisers will always try to put forth creative and entertaining commercials to keep the viewer's attention … even if the viewer is watching the programming time-shifted on a DVR. Disruption is part of the experience.

In the world of online video, such disruption is not codified with the viewers, partially because it doesn't mesh well with interactive experiences, and partially because the Internet grew up independent of advertising. When a medium is conceived upon the idea of truly on-demand content — I click, I get — anything that gets in the way of instantly rewarding the click is going to be seen as unwelcome interference.

Despite this, it should come as no surprise that the fallback online-video advertising for most brands is the pre-roll unit; it is as close to a TVC as one can get online, and therefore the most similar to the old way of doing things. It is common to hear about brands that buy pre-rolls asking for GRP-like metrics, the hallmark of TV ad measurement.

Yet advertising has been shunned by digital users, perhaps for no greater reason than the fact that the very nature of pre-roll ups the ante on disruption; the deal changes from "we will interrupt your programming periodically" to "you can't view what you want until you see an ad."
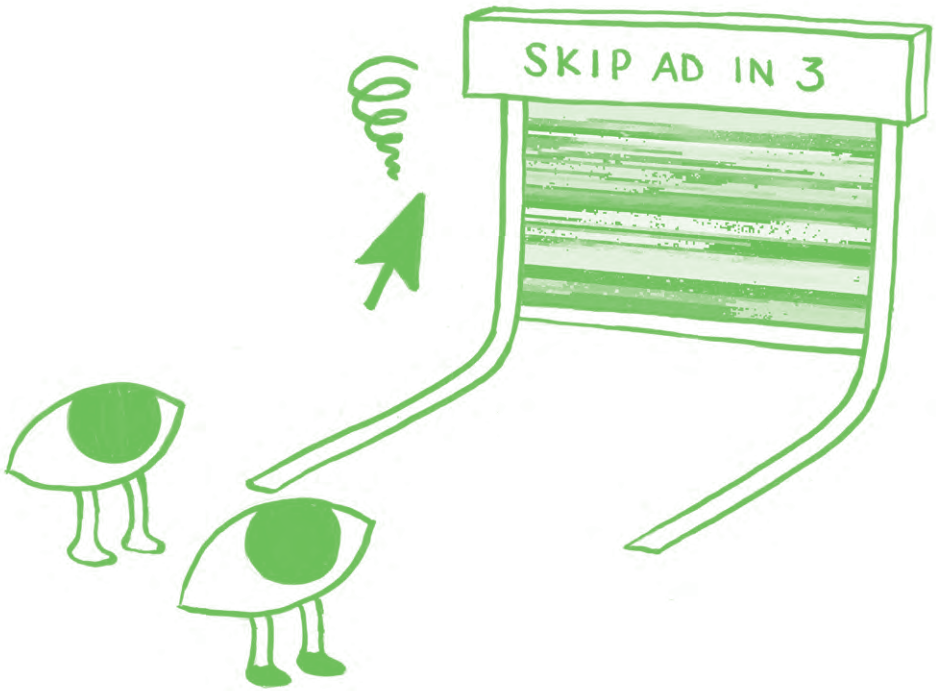
Forcing pre-roll advertising upon audiences of online-content creators breaks the continuity of thought on the user's part by dissolving a core tenet of Internet engagement: the connective tissue of immediate gratification between the click and response. YouTube understood this breach and developed the skippable TrueView pre-roll unit. Yes, there is still a disconnect between action (click) and reward (view), but the viewer regains an element of control. A perhaps unintended consequence of the TrueView unit is the ability to engage viewers in long-form pre-roll. Where a brand would once force a 15- or 30-second pre-roll ad, they can now place long-form skippable video content that provides even deeper engagement. The people who aren't interested will skip, while those who engage are making an active choice to pay closer attention.

Brands need to take a deep breath and let go of some treasured habits and perspectives. It's time to stop playing the field. Brands need to settle down and look for the right relationships. Stop measuring eyeballs — that's like judging a night out on the town by how many times somebody undressed you with his eyes. Measure your brand's worth in video in the same way you judge your own in life: through connections with the individuals and communities you cherish — those who share your values and goals. If you try to grow the quality of your community instead of the size of your bottom line, both will increase.

4. FOSTER ENGAGEMENT THROUGH (CREATOR *AND* BRAND) UNIVERSES

Brands struggle to build true friendships with fans. Brands are used to selling products to people, not cultivating them into an audience of friends, yet the digital world requires advertisers to do just that. This is the great change of the digital age: the ability for brands to connect with different communities and members one-to-many, many-to-one, and one-to-one. Existing efforts — specifically spending on many well-known social networks — yield neither the reach nor engagement level that brands expect. Spiraling costs, deafening social cross-talk, and imperfect targeting are combining to produce crappy results.

The way we can be

A middleman may no longer be required, which is a boon for brands with a solid notion of self and a minefield for those that lack inner perspective. People crave direct contact: U.S. adults who want to engage with a brand are three times more likely to visit the brand's site than engage with it on a social network. Forging bidirectional relationships is challenging enough — sustaining them over time is even more challenging.

There are two ways to do this. Build productive collaborations with creators. You've gotten that message by now. The other avenue is something you've also heard before: Generate a direct, one-on-one relationship with consumers. When brands do that, and when they themselves act in creator-like ways, their authentic, relevant passion shines through, and that's what builds communities. Represent a purpose beyond profit and you'll find your people — a community eager to harness, personalize, wield, and evangelize your brand's cause and content.

Some brands have what it takes to drive superfan engagement independent of creators, and those brands should invest in their own (and owned) communities. We call these *branded communities,* and they can be entire universes — multi-platform experiences that mutually enforce the brand's ethos and promise. They supply the one-on-one customer relationships that anchor the brand's superfans. And they, in turn, will be your promoters in physical and digital life.

Branded communities are incredibly powerful when nurtured appropriately. The desired community is linked to the brand message, eliminating that scourge — spray and pray social tactics. Branded communities also enable brands to control the facts and brand narrative. As we know, the Mobile Generation values authenticity — information straight from the source has real currency. They stand in for the brand when it isn't present and feed into the Mobile Generation's preference for active brand experiences.

Branded communities might not be right for every brand. Fortunately there is an abundance of creators and communities to collaborate with — many who have built their own creative universes and achieve incredible engagement. Generally, advertisers gravitate toward "larger" creators while failing to identify creators with true audience engagement — a vital component to making invisible revenue successful. This disconnect is fostered by the false currency of "likes" and "subscribes." Even though our industry tends to honor content that earns a large volume of each, these actions hold little value, as the user bestowing them has an infinite supply to hand out. If a user were limited to, say, five YouTube subscribes per year, that would immediately raise their value. As long as the supply of likes and subscribes is infinite, their value is minimal.

To assess value, we have to look deeper to find a measure that is finite. Fortunately, there is one. It is called engagement. Despite the great advances of the digital age, there are still only 24 hours in a day. How a person chooses to use that time defines their individual engagement. If a user spends an hour a day on YouTube, what is watched is more important to advertisers than whom they subscribe to. The user's time is limited. Whom they give viewing time to is a much more personal and meaningful action than who gets a "subscribe" click.

To help identify the most valuable communities, colleagues at Ogilvy & Mather have developed a methodology that assesses if a potential creator partner can deliver the kind of engagement brands want. Instead of focusing on reach metrics such as views or subscribers, this list dives deep, identifying the most engaged creator communities, and sussing out if they are

- **actively engaged,**
- **consistently involved and loyal, and**
- **growing faster than their peers within a defined demographic or affinity group.**

Based on those criteria and Ogilvy's proprietary methodology, we've assembled a list of the most engaged creator communities by category. We call it The Ogilvy Creator Community 30, and it's built from Ogilvy's analysis of the reach, engagement, and growth rates of digital creators on YouTube, Vine, Instagram, Twitter, and Facebook, in addition to guidance from top digital media and brand experts.

The Ogilvy Creator Community 30

Sports

Andrew Schrock
Andrew Schrock is a sports and prankster enthusiast, best known for sharing skateboarding, skits, and pranks.

Brodie Smith
Brodie Smith is a champion American Ultimate Disc League player and trick shot performer.

Dude Perfect
Dude Perfect is a sports and comedy entertainment group best known for their trick shots.

Gaming

Markiplier
Mark Edward Fischbach, creator of Markiplier, is a Hawaiian actor, voice actor, comedian, Internet personality, video game commentator, and philanthropist.

Sam Gladiator
An inventive Minecraft gamer, artist, and storyteller who's rising rapidly.

Vanoss Gaming
Evan Fong, creator of Vanoss Gaming, is a prolific video game commentator and global "let's play" leader for certain games like Call of Duty.

Education

AsapSCIENCE
AsapSCIENCE, produced by Mitchell Moffit and Gregory Brown, uses colored whiteboard drawings and voice-over narration to enumerate the wonders of science.

Crash Course
Crash Course is a liberal arts-focused education channel started by brothers Hank and John Green, founders of VidCon, Nerdfighteria (#DFTBA), and the Project for Awesome.

SciShow
SciShow discusses science news, history, and concepts, hosted by Hank Green of the Vlogbrothers.

Health & Fitness

Adriene Mishler
Yogis Community
Adriene Mishler is a Texan, vegetarian, and yoga instructor with a popular YouTube channel, "Yoga with Adriene," in addition to being a commercial and theatrical actress.

Blogilates
POPsters Community
Cassey Ho is a powerhouse fitness entrepreneur with multiple merchandising lines, the official pilates class of 24 Hour Fitness gyms nationwide, and the most popular female-led YouTube fitness channel.

FitnessBlender
FitnessBlender is the husband-wife duo of Daniel and Kelli, focused on workouts, nutrition, and healthy living.
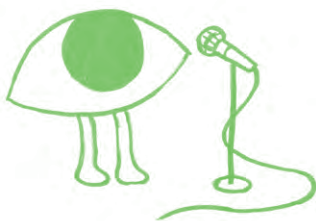
Comedy

Good Mythical Morning
Kommunity

Rhett and Link, creators of Good Mythical Morning, are an "internetainer" and advertising duo known for their online viral videos and comedic songs.

King Bach
Team Bach Community

King Bach is an actor, comedian, and the King of Vine through his popular comedic sketches.

Ryan Higa
Lamps Community

Ryan Higa is the most popular male comedian on YouTube, famous for his comedy videos, skits, films, and music videos, which have been viewed over 2.3 billion times.

Music

Boyce Avenue
Boycers Community

Boyce Avenue is the most popular band on YouTube, famous for their extensive original songs and albums, stunning world tours, and classic covers.

Pentatonix
Pentaholics Community

Pentatonix is a Grammy Award–winning, platinum-selling a cappella group, famous for their pop-style covers and original songs.

Shawn Mendes

Shawn Mendes is a Teen Choice Award and Shorty-winning singer-songwriter who debuted on Vine. Mendes has since signed with a major label and has released multiple charting singles.

News

Just Kidding News
JK Fam
Just Kidding News, created by Joe Jo, Bart Kwan, and Geovanna Antoinette, teaches "good things in a bad way."

SourceFed
SourceFed is a digital news empire, created by Philip DeFranco, which includes numerous shows focused on pop culture, general news, and technology.

The Young Turks
Turks Community
The Young Turks is the largest online news show in the world, covering politics, economics, pop culture, social trends, and lifestyle through their original programming and live, interactive shows.

Personality

Cameron Dallas
Cameron Dallas is a multi-award-winning actor and multi-platform digital personality who began his career on Instagram and Twitter.

FouseyTube
Bruh Bruhs Community
Yousef Saleh Erakat, creator of FouseyTube, is a Streamy-winning vlogger, comedian, prankster, actor, rapper, and motivational speaker who produces parodies, vlogs, comedy sketches, and pranks.

Lilly Singh
Unicorns Community
Lilly Singh, a.k.a. Superwoman, is a Streamy-winning Internet personality, vlogger, comedian, rapper, actress, and motivational speaker.

Cooking & DIY

Alisha Marie
Mac Babies Community
Alisha Marie is an Internet personality best known for sharing her morning routines, DIY projects, room decor, lifestyle, fashion, and beauty vlogs.

Laura Vitale
"Laura in the Kitchen" is an interactive cooking show focused on rich and simple cooking, inspired by Vitale's Italian heritage.

Rosanna Pansino
Nummies Community
Rosanna Pansino is a baker, actress, and Internet personality best known for her nerd-themed cooking show, "Nerdy Nummies," the most popular baking show on YouTube.

Style & Fashion

Eva Gutowski
Evanator Squad
Eva Gutowski (MyLifeAsEva) is a fashion, lifestyle, and comedy vlogger who shares room-decorating tips, Tumblr-inspired outfits, and day-in-the-life videos.

Michelle Phan
Dreamers Community
Michelle Phan is a beauty, fashion, and lifestyle pioneer, most famous for her YouTube channel, product lines, live events, and digital storytelling initiatives.

Rachel Levin
Levinators Community
Rachel Levin, creator of RCL Beauty101, has become one of the fastest-growing Internet personalities through her beauty, fashion, and style-centric skits.

As brands begin to realize the potential of digital media, the need for better measurement tools like The Ogilvy Creator Community 30 becomes more urgent. Numbers are what will allow online video to compete with other digital media for brand dollars and, more importantly, respect. Without the right kinds of metrics, brands will be too tempted to ignore the lessons creators have learned.

Conclusion

Every generation of young people seems fundamentally alien to its predecessors. But today's young people — The Mobile Generation of millennials and generation Z — really are from a different world. It's not just that they willingly walk around wearing the hip new headphones that look like the headsets gen Xers remember from middle school language labs. It's that they came of age during the birth of the most significant shift in the democratization of information — its creation, distribution, consumption, and engagement — since the printing press. That historical moment ushered in individualism, the Enlightenment, and the ideal of civic sovereignty that Rousseau lauded. It broke the Catholic monopoly and brought individuals in direct contact with God — religious superfandom in action. It made American democracy possible — and European democracy, too. Its impact played out over centuries, not decades, reaching from base culture to elite society. It changed government, culture, family, and commerce. Digital culture will have — is having — the same sort of impact. For now, societal changes are inherently uneven, and the impact on brands hasn't yet been fully realized.

Things are changing. Brands themselves are starting to act like creators. Michelle Phan, Bethany Mota, and many others have their own product lines with brands like L'Oreal and Aeropostale. PewDiePie sponsors products simply by using them. Lumia teamed up with Clean Bandit — one of many music acts that have emerged on radio and online video simultaneously — to involve fans in the conceptualization and making of a new music video. The video was then shot using Lumia phones, thus making a knockout statement about the product without ever mentioning it.

These first steps presage a newly respectful form of advertising with brand partnerships slotted into the creator's own stream transparently and authentically. The brand is used as a brand is used in real life — as part of the fabric of existence rather than through scripted and controlled messaging. The audience isn't opposed to brand involvement — so long as it is respectful and contextual.

Conclusion

This new form of advertising understands that online video programming is NOT made possible by your brands. These creators and engaged communities were here before you. Remember that a relationship with the creator is, in fact, a relationship with a cared-for community effected by the creator. This is not a relationship that a brand can enter into on its own — unless the brand chooses to emulate Red Bull or GoPro. In order to be accepted, embraced, and ultimately listened to, the brand must be introduced by a trusted figure.

Your brand must be vouched for. As anyone who has ever been lucky enough to be vouched for knows, you take on a measure of responsibility by accepting the vouch. You must live up to the expectations set for you and act as an extension of your endorser. You know that morals clause in your celebrity endorsement deals? Yeah, you're on the other end of it now.

For the most part, brands today are routinely ignoring the terms of the Digital Social Contract. They obsess over views, shares, and proximate engagement instead of focusing on long-term connection with a passionate community. Clueless brands undermine creator credibility with economic might, killing the very thing they paid dearly for. Too often, brands use creators as talent in an ersatz TVC rather than treating them as the lords of an entirely new medium.

Creators are not influencers even though they are influential. Nor are they celebrities even though they have celebrity. Nicki Minaj has influence, but despite her savvy use of Twitter, she does not spend her time cultivating and nurturing a community through an active and equal two-way relationship.

Online video is not the minor leagues for TV any more than TV is (or ever was) the grapefruit league for radio. Online video is sui generis, and we will only be able to define and contextualize it once the next disruptive platform emerges.

Incredible opportunity waits for those brands that figure all of this out. Brands are, perhaps, more a part of the lives of young people than they have been for any previous generation. Right now, those younger generations are as tired of brand messages that seem irrelevant to the medium they love as TV viewers must have been of clunky early sponsored television shows. It's likely that we'll have TV commercials ported over to online video for some time to come, and some will be great pieces that are solid viewing in their own right. Eventually, creators, communities, and brands will learn to work together. When that happens, old habits of disruption and disrespect will fade away in favor of a new path forward. Digital, like humankind, was born free. It's our job to make sure it stays that way.

Key takeaways

Millennials and generation Z — the Mobile Generation — traverse information, social relationships, and professional occupations faster and more regularly than any generation before them. And they are your customers.

Digital pathways have changed the way individuals interact with each other and with brands. We now have communities centered on desire, taste, circumstance, tragedy, knowledge, and any other sharable experience. These communities are fluid.

There is a totally new social contract being written, and the Mobile Generation — specifically those who create and consume online video — is writing it. Brands, advertisers, and media do not yet understand how it works and have displayed a poor grasp of how to participate in the world it describes.

In order to understand the world the Mobile Generation inhabits, we need to understand the superfans — the 20 percent of total digital enthusiasts who drive 80 percent of the commerce, engagement, and conversation.

Brands and advertisers also struggled to adapt to the last great media upheaval: television.

TV was wildly underestimated in the beginning. When it took off, it created a new social order and forged the identity of the baby boomers — the TV generation. The eventual fracturing of culture reflected in niche TV set the stage for today's reality.

Almost everyone ages 12 to 30 in first-world countries was born and raised on the Internet, making them more media-connected than any previous generation. They make up 50 percent of the U.S. population, with an estimated purchasing power of $150 billion.

More than previous generations, the Mobile Generation values self-fulfillment, discovery, and expressiveness. They have developed a sharing ecosystem that is both a projection of self and a communication with others.

YouTube became the ultimate social network because it unified all the pieces that made previous social networks attractive and added something new: access to view and publish the world's most magnetic medium — moving pictures.

Brands have approached it tepidly and ineptly. Only 17 percent of online advertising spend is dedicated to digital video advertising.

The solution is to be found in understanding the new Digital Social Contract. The community makes the rules here. The six laws of the Digital Social Contract are:

1. **Pure passion trumps production.** Authentic passion is critical — even more important than production — to generating a meaningful creative career and business.

2. **Community is king.** Understanding this new generation of fandom is a requirement, since this group dictates the ascendance — and demise — of new social platforms, creativity, and commerce.

Key takeaways

3. **Engagement-driven, not hit-driven.** Fan communities can't just be addressed — they need to be collaborated with. This level of engagement empowers creators, giving them a higher level of influence than that found in traditional media.

4. **Think small to be big.** Thanks to community diversity and the ongoing engagement between fans and creators, the latter can financially sustain more niche businesses than ever before.

5. **Make universes, not content.** Navigating and programming for all social technology platforms is cost, time, and labor intensive. Approaching disparate platforms holistically, as a unified brand, has the opposite effect, streamlining production and easing platform navigation.

6. **Revenue grows when it disappears.** The Mobile Generation hates being sold to, at least in an obvious way. As a result, platforms and businesses need to engineer revenue streams that amplify — rather than interrupt — the creative experience.

In order to thrive in the online-content space dominated by the Digital Social Contract, there are four distinct actions brands must take, and each involves letting go of habits from television advertising:

1. **Honor community as king**
2. **Find pure passion in (niche) creators**
3. **Increase revenue by letting it fade**
4. **Foster engagement through (creator *and* brand) universes**

Online video is not the minor leagues for TV any more than TV is (or ever was) the grapefruit league for radio. Online video is sui generis. Brands that understand this will enjoy tremendous rewards.

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Jeremy Katz

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Jeremy Katz is the worldwide editorial director for Ogilvy & Mather, in which capacity he shapes and directs the network's global internal and external publishing program. Jeremy serves as editor-in-chief of ogilvydo.com, the network's global, public thought leadership portal. He also directs and edits the agency's marquee white paper series, *The Red Papers:*™. In addition, Jeremy collaborates with the network's senior leadership on editorial projects, engages in original research and writing with external partners, works on special assignment with global clients, and leads O&M's highly lauded coverage of major events.

Prior to joining O&M, Jeremy worked in the publishing industry for two decades as an editor, writer, literary agent, and consultant. He held senior editorial roles at several major book publishing companies including St. Martin's Press, Putnam, and Rodale. Jeremy's specialty has always been prescriptive, service-based nonfiction and the development of complex projects from idea to publication.

Jeremy is the co-author of *Reframe the Marketplace: The Total Market Approach to Reaching the New Majority,* a new book on the social and marketing implications of America's shifting demographics. He writes for national magazines, albeit less frequently now that he is at Ogilvy & Mather, and has been either editor or agent for four *New York Times* best sellers. Jeremy graduated from Yale University with a BA in English and is still mildly surprised that he has put such an impractical degree to work.

Robert John Davis

Executive Director of Strategy for Content & Social, Ogilvy & Mather

Robert John Davis is a veteran digital executive with 22 years' experience in the interactive content and marketing industry. Balancing the heart of a raconteur with an ever-curious mind, Rob currently serves as executive director of strategy for content & social at Ogilvy. He is the global digital lead for the DuPont account and also leads account teams for PAREXEL and Patheon. During his more than eight years at the legendary agency, Rob founded the OgilvyOne Content Marketing and Advanced Video Practices. He has earned Lions, Effies, and Echos of various metallic shades for work including IBM's landmark film *A Boy and His Atom*.

Prior to joining the agency world, Rob spent 14 years on the digital side of traditional media, beginning in the early 1990s running the content and creative teams of pioneering online news start-up IN Jersey (later sold to Gannett).

About the authors

Rob joined MTV Networks as executive producer of convergence, launching VH1 at Work online radio, Nickelodeon experimental pilots, and most notably the 1999 MTV game show hit "webRIOT," the world's first interactive, play-at-home game show. He later debuted interactive shows on NBC, TBS, History Channel, and GSN with start-up Spiderdance.

More recently as vice president of digital at Rainbow Media, Rob revitalized the interactive businesses of the AMC, IFC, and WE television networks, transitioning from static sites to dynamic content, commerce, and advertising experiences.

Rob earned his BA from the University of Scranton and his MS from the S.I. Newhouse School of Public Communications at Syracuse University. Rob is online at www.robertjohndavis.com.

Alta Sparling

Alta Sparling was recently head of Lifestyle at Victorious, a mobile platform that powers the next generation of superfan communities. In this function, she oversaw Lifestyle creator strategy, creator development, and other strategic projects that engage several of the world's leading lifestyle icons — from Michelle Phan to eleventhgorgeous to Eva Chen.

Previously, Alta was director of campaign strategy at Birchbox, one of the world's leading lifestyle subscription services. There, she built and led the global campaign strategy department, driving extensive brand marketing campaigns for hundreds of brands across all major categories. Additionally, she led or co-led several core operations including the evolution of Birchbox's core customized box product, brand relationship management, and several of Birchbox's product introductions and tests. Her Birchbox career began both as employee number five and as the right hand to Chief Executive Officer Katia Beauchamp.

Alta graduated from the University of California, Berkeley, with a dual degree in Communications and Economics. In her spare time, she heads the social committee of Unleashed, a female leadership children's charity, and invests in exciting start-ups such as Lola, a feminine care products company.

Bing Chen

Co-Founder and Chief Creative Officer, Victorious

Bing Chen is co-founder and chief creative officer of Victorious, a mobile platform that powers the world's biggest superfan communities. Previously, Bing was the YouTube global head of creator development & management at Google, where he was responsible for generating and aligning the global creator program strategy that engaged more than 250 million content creators worldwide. Bing co-founded and co-led initiatives such as the global expansion and evolution of the YouTube Partner Program, the company's talent incubation program, the YouTube Creator Institute, and YouTube's presence at major industry and talent engagements such as VidCon. He was also the company's first creator marketing manager and remains a trusted confidant of hundreds of creative artists.

Bing graduated from the University of Pennsylvania with a bachelor's degree in English, Psychology, and Marketing. He sits on the Board of Directors of the Coalition of Asian Pacifics in Entertainment, the A3 Foundation, Social Media Week, the Buffer Film Festival, and the STREAM TV Conference; is a One Young World Ambassador; and is a member of the Streamy Awards Blue Ribbon Panel. In 2014, Bing was recognized as one of the Forbes 30 Under 30 rising leaders.

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