

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

### **Day 1, April 4, 2014: Morning Session - 8:45-9:30 a.m. *Building a Media Company for the Digital Age: Lessons from the Field***

---

**Chair: R. B. Brenner**, Deputy Director, Journalism Program, **Stanford University**, Upcoming (Fall 2014) Director, **School of the School of Journalism, University of Texas at Austin**

**Keynote Speaker: Jim Bankoff**, Chairman and CEO at **Vox Media (The Verge, SBNation, Polygon, Eater, etc.)**

**Q & A: R. B. Brenner and Jim Bankoff**

---

**Jim Bankoff:** Thank you, everyone. Good morning. You know, as we all know, life can be grand and life can also be kind of humbling, and this morning, humbling for me. Things are going great with our business. I'm going to walk you through a little bit of what we're doing at Vox Media. But for me personally, you know, we all build up our identities, and my identity is as a media nerd. And I, you know, live my life thinking, wow, I'm a top-notch media nerd, and then I come into a group like this and I realize I ain't nothing really. I'm probably in the bottom quintile here in terms of media nerd. So, it's an honor and very humbling to meet with so many smart people whose ideas and whose actions have inspired everything that we're doing at Vox Media. So, I'm grateful to have the opportunity. And I'd like to thank Rosenthal and the rest of the ISOJ team that's been so welcoming to me. So, thank you.

I'm going to talk for about 20 minutes. I'll start the stopwatch watch now, and then we're going to have a Q&A session.

So, I'm just going to begin with some basics about who our company is, because I know we're a new company and not that many people are familiar with us still. And there's going to be a little bit of a lag. This is a cloud-based presentation, so it's pulling down from the internet. But in simplest terms, we are a company that is trying to build media brands, really, news-based media brands for a new generation of consumers; a generation of consumers that has indicated their preference for consuming content online. And one simple way to think about us is, different generations have grown up with different, new forms of media, whether it was magazines or cable networks. And when you go to a magazine rack or where you flip through a cable network, you'll see online or you'll see categories of content -- big categories like sports, news, food, etc. Well, we're no different. We're trying to be the generational leaders for our media across now or soon to be seven different topical categories.

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

And we believe that brands matter. We believe that brands convey authority. And [I'll] talk about it a little bit more, but we were born out of an era where there [were] more portals and more general sites. And we went to the length of actually creating independent, authoritative brands, because we think in digital, in particular—of course, the same applies to magazines and cable networks—but in digital, where community and authority are so critical, it's important not just to have portal.com/sports or portal.com/restaurants. It's important to have authoritative brands like Eater, Racked, Curbed, and soon Vox.

Our audiences are very strong. This one is a little bit more of an advertising presentation. But, you know, in targeting a new generation of consumers, you have benefit of actually being a honey pot for very valuable audiences. In our case [of] young adult audiences, high income, high education levels, we're about 80,000-million strong. And in addition to being rich and big spenders, I think generally our audiences are good looking and brush their teeth twice a day, [laughter], and have other wonderful attributes. They call their parents on the weekends.

We came from humble roots and we think about those roots every day. We were a sports blogging network. And you know, for those of you who attend the university here, I encourage you to check out our University of Texas site. And, but we have one for every single -- we started off having one for every single sports team and sports topic, and it was only recently, less than three years ago, when we got into our second category of content. But from the first site that we launched, which was Athletics Nation, a site devoted to the Oakland A's and Moneyball and Billy Beane, we have kept that essence of what we were trying to do all the way through our eminent launch of Vox.com, and that was [to] produce quality content at scale [and] embrace conversations. I call them social networks in context. There are great horizontal social platforms, of course, like Twitter and Facebook. But when you want to talk about a team or a device or a restaurant, you want to go to a place where everyone else wants to talk about them too. We provide those contexts.

Real-time topical. These were things that were just really taking root in medium when we started out, and we embrace them to this day. I talked about brands. And from a business perspective, because I know we're all concerned about the future of the economics of journalism, we believe there is a huge opportunity in going after a \$150-billion brand-building budget, which is different than where we think Google and a lot of the low-value CPM stuff... You hear constantly about how CPMs are declining. They can't support good journalism. CPMs are declining in part of the market—low value RTB ads—but CPMs are actually growing in the higher end of the market, marketing speak at the high end of the funnel for advertisers that are looking to build image and create awareness. And that's where we're

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

focused, and that's why we've had success to date on the business model side.

The results have been wonderful. Last year on the ComScore 100, we were the fastest growing media company period. And, you know, compared to a lot of the peers who we respect a lot, we had tremendous results as well.

I'm going to talk a little bit about our newest launch, which will be coming very soon. I know it's attracted a lot of attention and anticipation. Vox.com. The mission is to explain the news, or as it says here, help our audience understand the news. There's so many great news sites out there. We don't want to create just another one. In fact, we want to address a problem where there is probably too much information and not enough context. And I'm going to play a quick video that the team put together that I think could do a better job explaining it than me.

***There's a problem in journalism. We call some of the topics we—***

Oh, there's going to be some Wi-Fi lag here. I apologize.

***—cover the vegetables or the spinach, as if they're gross. And people should be reading them, but they're not going to want to. And it's not a problem we could solve in print, but we don't have that constraint on the web. We can solve this problem. I have loved the code name Project X, but that's not going to be the name of the site. The name of the site is Vox.com.***

***We can build all of the context so that, in order to begin to understand it, you don't need to read it for a long time and understand 20% of the first article, then 23% of the second, and then 25% of the fifth. We can actually just put the information there for you. We have to figure out how to make this stuff not just matter to people, not just appealing to people. We have to figure out how to make it understandable to them too.***

So, we're really excited. You know, like a lot of the things that you all do, we all do, we're experimenting and we're learning as we go along. And I think you'll see that when we launch Vox.com, we're not going to put it out there and say, "This is done. We figured it out." That would be not only arrogant, but that wouldn't be in the way of how we think modern journalism conducts itself, which is more of an iterative approach: getting feedback from the audience, building a team, and really understanding how to deliver a product. We're proud of what we're going to put forward, but we know it's a starting point and far from an ending point, and we hope that you'll give us your feedback and be part of the audience.

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

So, moving away from our company and just talking in more general terms, a little framework that I use to think about where media has been, online media has been, and where it's going. And I've kind of broken it down into three phases. In the first phase, I call it "Porting to the Web." And this maybe was circa 15 years ago and probably all the way through about five years ago when you had the internet arrive, and there was, you know, companies realized they needed to be on the internet. And so, newspapers, magazines, even some early video just moved over to the web. And really, they just ported their old products onto the web, right? The media type was not optimized for online. It was take the magazine or newspaper article and plop it on the web. The business model was really, "You know what? We'll just throw in the internet stuff, because we don't really know how to make money off of it." The distribution often came from Yahoo and AOL. Like, you hoped to get a deal with the portals to get your distribution. And the effect was it just didn't scale. And, you know, I call this -- the impact of this was the self-loathing media company came about, where they said, "Gosh, we're not even going to bother to invest in digital because we don't make money off of digital. It cannibalizes our existing products." And there was a lack of innovation, and frankly, digital didn't scale as a result. And I think we all, you know, many of us in the room, looking around, have lived through that era. And there's still a big hangover from that era in the self-loathing media company.

In Phase 2, I call this "The race to the bottom." And the good news of Phase 2 was the engineers and the marketers came in and they said, "Well, we could produce things (quote/unquote) 'more efficiently.' We can use algorithms and we can reverse engineer the Google search engine, and we can create a lot of spam. We can hire a lot of unpaid interns, and we can figure out a way to make it cheaper and make it more efficient as a result." Now, even though I'm saying this in disparaging terms, there were a lot of great innovations that came out of it, and technology innovations, in particular. But on the negative side, things were -- there were a lot of problems. First of all, the content wasn't that good. This was the era of everyone trying to do a slideshow. You know, everyone trying to do listicals. The advertising isn't good. It's pop-unders. It's popups. It's, you know, just lousy, ugly websites. And as a result, advertisers weren't going to value them, right? They're not going to spend a lot of money. As a brand advertiser, you're not going to spend a lot of money to be adjacent to content that you can't trust. You don't know who the audience is. And as a result, the advertising model started to decline as well, and that's where you see that race to the bottom in terms of the ad rates, which in turn don't allow you to invest in quality journalism, and it's a spiral downward. And so while there was scalability here and some companies like, you know, I won't name names, but there were some companies that took advantage of SEO farms and content farms and that kind of thing, and certainly a lot of companies that took advantage of unpaid interns and contributor models. It simply

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

didn't scale. It didn't scale economically. It did for a while, but then it didn't sustain. So, Phase 1, not really scalable. Phase 2, not really sustainable.

Welcome to Phase 3, which we call "The Race to the Top" or creating quality at scale. And we borrow and learn from the best of Phase 1 and the best of Phase 2. We believe that brands matter. Think about it. Brands, media brands, journalism brands have really been marginalized on the web. And I think that pendulum is swinging. We focus a lot on the platforms, because the platforms have been the great innovations of the last decade, whether it's Twitter or Facebook or Google. Platforms for discovering and for sharing have enabled companies like ours, but in the process, we've kind of lost sight of consumer media brands. And I think that's changing now. There are new, modern brands that matter to consumers. There's a new way of discovering the content, as I just mentioned, and it's less about gimmicks and tricks, and it's more about earning it through social credit. Even the Google algorithm is starting to reward quality in depth as opposed to slideshows and spamming. And as a result, the business model is prospering too, because you're getting brand advertisers, and in some cases, subscription models that both marketers and consumers with their subscription models are actually willing to pay for. In our case, we're advertising supported, and we're seeing premium CPM, we're seeing CPM growth, when all you really read about is CPM decline, because we are investing in quality. Now, quality in the Phase 1 sense doesn't really scale, as we said, but quality can scale here if you invest in the systems and the processes and the technology and the culture to make sure that it scales. And I'll talk a little bit about that now and get into how we do that at Vox Media.

So, it starts off with talent. And many of you in this room are in that new breed of talent that has been if not born with the web, at least dedicated their careers to the web and figuring out better means of storytelling. You know, we make it our business to seek out and hire people who we believe are web natives, who are the best web storytellers, and they have things in common. I liken it to Silicon Valley hackers. We have this new expression *media hackers*. And just like Mark Zuckerberg didn't ask for permission when he went and created Facebook, and just like the great Silicon Valley hackers have open access to the internet that allows them to create great products, journalists and storytellers now have that same access. They don't have to ask permission. They honestly don't have to work at the school paper and hope for -- and then hope for an internship and then work their way up, of course. They can just go and do it. They can make things. They can make videos. They can do investigative reporting. And of course, they're doing it. And we make it our business to seek out those people and then to support them with technology, with a paycheck, and with an environment where they can be successful, and of course, an audience.

Some things don't change in this world. I have up the eternal principles of storytelling: having a voice, truth telling. Those things don't change, but what's new is you're becoming more of a community leader and you're using

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

-- you know how to use the tools at your disposal, whether those tools are social platforms, geolocation platforms, multimedia, whatever it is, to tell your story, this new generation is facile with it. I like to say that they are data informed. Data is a big piece of it. But I think the best storytellers are not data driven, they're not doing just what the data tells them to do, but they are also not ignorant of it as well, and they use it to their benefit in storytelling.

Part 2 is building brands. I talked about the importance of brands. Well, just like content production is changing and becoming more efficient and more powerful, distribution is changing and becoming more efficient and more powerful. All these brands up here are distribution platforms with whom we work to get out there. But in doing so, we have to be careful. We want to avoid platform dependency. And just [as] I mentioned some of those Google spam farms that arose, you know, four or five years ago, well now you're certainly seeing that with Facebook, right? There are entities that have reverse engineered the Facebook algorithm or, you know, [are] using click bait or things just to do that. I'm not disparaging that necessarily from a content perspective. If people want to click on that, great, but I am concerned about it from a business standpoint. Because just as though Larry and Sergei can wake up and tweak the Google algorithm when they realize there's too much spam, Mark Zuckerberg can wake up and do that too. And so the way we view it is, all those platforms are critical, but we can't be dependent on them. And when we get new audience on those platforms, it's our goal--and I think we do a good job of this--converting that audience member into a brand-loyal audience member in one of our brands.

So, we love Twitter. We love Facebook. We love Google. We love all these platforms represented here, but the key is to embrace organic growth. We've never paid a penny for marketing. And then when you get a new customer, a new audience member, really give them a delightful experience and keep them.

I think we're really well known for being a technology-driven media company. And my advice here is, media companies that want to scale need to control their technology destiny. The early part [of] Phase 1 and Phase 2, I think we, Google, Facebook, [and] other companies set the rules for media companies, for journalistic entities, in the sense that we had to tag our content a certain way. We had to write headlines a certain way. We had to do everything a certain way, not necessarily because of what our audience was looking for, but because of what these other technology platforms were requiring of us. And you have to have the courage to kind of take back the digital night, if you will, and put yourself in control of the experience.

And, of course, we partner with a lot of great technology companies, so it's not about having to own everything, but it is about having to really value the experience and take control of your technology experience. In our case, Trei Brundrett and Pablo Mercado, who are here in the audience, and a great

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

team back at Vox Media, have architected our Chorus platform. And we have an analog that we just announced on the advertising side to make advertising beautiful and strong as well. That's called Harmony. So between Chorus and Harmony, for us, [they] are solutions that are geared toward making sure that our creators have -- our storytellers have the best possible tools. We can distribute our content most efficiently. And we can have a strong business model as a result.

So, all that stuff is great, but ultimately, our biggest lesson is, use technology, use talent, use distribution to make it awesome. And I'm going to show you and other quick video to give you a sense. And as you go through it, please pay particular attention to the production quality of the video. This is all video that we've run on our site. You'll see some screen grabs. And we learned a couple of years ago that there are efficient ways to produce quality work, great talent, great stories, but also make it look good. So, take a look...

*--The ethos of Vox is that if you take really smart people, give them really great tools and put faith in them to execute ideas, they can make incredible things.*

*--It's Gran Turismo. It's a blast.*

*--I didn't recruit these guys, so I didn't know how this was gonna go. The way these three came together is almost one of those things where you start to say, "This was kind of meant to be."*

*--What other time would you rather be alive if you are into games?*

*--If I see something, and it's crazy, and I like it, and I want to go nuts, I want to go nuts. I don't care. Like, you can judge me, but your judgment means nothing to me.*

*--George is my name, right? Pizza is my game. That's what I do.*

*--I'm always going to be trying to make the next greatest product.*

*--A fundamental fact of a newspaper or a magazine is that at the of the day, you throw it away. Online, these things don't have to die. And that possibility, the possibilities in persistence aren't ultimately even begun to tap into.*

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

So if you embrace talent, if you embrace technology, if you embrace the web, you can make it look good, too, and you can create an experience that isn't really expected on the web. You know, we've conditioned ourselves to frankly have ugly, cluttered websites, to have ugly, intrusive, annoying advertising. It doesn't have to be that way. Some people make excuses and say, "Well, if you try to create beautiful stuff, it gets expensive" or, "If you try to hire talented people, you run out of it." We try to recognize there are challenges, but our whole mindset is understanding how we can plow through those challenges, and much like Rosental, live in a world without walls.

Finally, it's not just about the technology, it's not just about the talent, it's really about the mindset. And my final two slides dealt with that.

The most important part in our mind about creating a successful media company, our biggest lesson from the field, if you will, is, we have to embrace the culture of multidisciplinary thinking, where a hacker culture from the technology world meets the journalism culture and create something beautiful and new. And we set up our company, we set up our organization, our whole technology stack is really just an evolution of the feedback loop and the collaboration between our journalist storytellers, our technologists, and even our advertising group, since that's part of the equation as well. Culture is the most important part.

And the final thing I'll leave you with is, you also have to think like a platform company if you hope to create a new kind of media company or if you hope to even be part of one. I've put up some of the great modern platform companies' logos here. In our case, we're different than they are. We're not a platform for user-generated content or professional movies or, you know, shopping or anything, but we are a platform for the creation of new, premium, media brands, and we think like a platform company in that respect. We're not just about launching a website. We're about creating processes, creating efficiencies that embrace talent, that embrace audiences, and embrace advertisers to create ongoing value.

So, that's a little bit about us and where we see the market going and look forward to a nice chat now.

[Applause.]

### **Q&A Session**

**RB Brenner:** So, Jim, I thought, with 45 countries represented at the conference, diversity would be a good way to start our conversation. Two weeks ago, the National Association of Black Journalists sent an open letter to Vox Media, as well as several other of the major new digital companies, expressing concern or really inviting you to work with them as you continue to hire staff to ensure a diverse workforce. And I'm going to read one little segment of their letter and ask you to comment on it and give us some

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

specifics of how you can maybe alleviate the concerns that the letter expressed. So it stated, "The age-old reason given for failed efforts is that managers cannot find qualified candidates of color. Unfortunately, this refrain already is creeping into the conversation around startups. And journalists of color are frustrated and feeling shut out of the hiring wave."

**Jim Bankoff:** It's an accurate statement. And you know, in our case, of course, you know, Vox.com hasn't launched yet, and it's only even been hiring for a couple of months. And I'm proud to say that at launch, which will be soon, I think our audience [and] our staff will benefit from being diverse, and diverse in as many senses of that word as possible, right? Ideologically, racially, gender-wise. And, you know, it's obviously important to create a great product, but as a company it's also important to enable the type of creativity that we aspire to create. And so, you know, we have -- we can do a better job, but I think we're doing a good job. And we already are reaching out to organizations, who have offered to help, and we're getting their advice, and it's leading to better and better outcomes. The quote makes a good point that it's not enough just to sit back and wait for the resumes to come in, because it's true, like, the resumes aren't going to come in in the numbers that you need them to, and so you have to build bridges into the community in order to get the access to the talent, which is exactly what we're now doing. You know, if we had to do it again, I mean, it's hard when you're a startup and you're moving very fast and you're just trying to get certain things done. If I had to do it again, I think we would have started Day 1 by reaching out to those organizations. We started, you know, Month 1, which isn't too bad. And I'm proud that we're able to do that, but I think, you know, [you can] judge us on our results ultimately.

**RB Brenner:** And I think one of the issues that some of the legacy companies had a problem with was, particularly, private companies not being very transparent about their numbers. And obviously, you're probably talking about transparency in all forms. Do you have sort of a strategy of how people will know how to judge you by the diversity of staff?

**Jim Bankoff:** I don't make those rules. I think, you know, it's an important thing to us. And so, we want to create the best possible product with the best possible team. And so, I'll leave it to everyone else to judge. But there are things that we're going to be doing, including finding ways to embrace journalism schools, finding ways to embrace a new class of young talent and enabling them, and some innovative things that I think we can be doing. And I think the general theme is, when you do have a fresh start, you can avoid some of the institutional pitfalls that have kind of been encountered historically. And we're going to do everything we can within our means to do that, and we're going to not make excuses about it.

**RB Bankoff:** With SBNation, you established a very successful network by pulling together blogs and sites produced by sort of sports fans, rather than hiring a lot of professional journalists. With Vox.com and the Verge, you're

## 15<sup>th</sup> Annual International Symposium on Online Journalism

now aggressively recruiting and hiring journalists, including some very highly paid ones. Can you talk about sort of the difference in the business models? And, you know, a site that is going to be free and ad-dependent, there's no guarantees of success there. And talk about what gives you confidence; particularly, for Vox.com.

**Jim Bankoff:** A couple of different, big, important questions embedded in that. On the first one, while there are some... You mentioned our humble roots, and there are some differences. In terms of the types of people we're hiring as we're growing, there's more commonalities. And I think the biggest thing that is common is that we find people who are passionate about their topic and knowledgeable about their topic, who have the credibility and authority. Really, we think of them as the web experts on a given topic, whether that topic is the San Francisco Giants, or the UT Longhorns, or healthcare, or Samsung devices, or Austin restaurants. And we find the person who has been creating content, writing video, etc., about that topic creating community around that topic, and we try to empower them. So that's a common thread across the first SBNation site to our imminent launch of Vox.com. We pay everyone -- all the people who write for all the sports sites, including all the way up through our lead editors. But we have a saying that what makes them strong is that these are people who would be doing it even if they weren't getting paid, because they are that passionate about it. And I think everyone in this room shares that passion for whatever they do, and if you don't, like, this industry is too tough and too competitive to waste your time with it. You know, I don't think anyone really enters journalism for the money; although, you do get, you know, you do deserve to be paid a great market rate, and that's what we do. You know, we try to pay above market where we can, because we want to retain and attract the best possible talent. But they'd be doing it anyway, I think, because they care about what they're doing so much.

With regard [to] supporting that, you're absolutely right. It doesn't really matter if you don't have a sustainable business model. And ours is growing and strong. Our revenues are growing at a rapid rate -- roughly doubling year over year. And I touched upon it a little bit. I have a separate presentation that talks a little bit more about advertising, but really, all the principles that I talked about in terms of talent, technology, culture, that apply to creating online media brands and telling online stories, also apply to business, the advertising side of it. If you think about it, marketers have a comparable challenge as we do as media brand creators, in that they want to tell stories to audiences. In their case, their audiences are their customers and their potential customers. And they need to do that digitally, because their audiences are moving online. They're moving away from other types of consumption. And so, the same tools and processes and techniques that we've developed to tell stories to our audiences, we can put those capabilities to work for advertisers and help create a sustainable and prosperous business for ourselves, and we're well on our way to doing that.

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

**RB Brenner:** In your presentation and a little bit in the video about Vox.com, the word *experimentation* came up. Can you give us any hints of, is this going to be experimentation in story form? Just maybe sort of tantalize us a bit.

**Jim Bankoff:** Yes. I think there will be experimentation in story form, in user interface. As I said, though, I think out of the gate the most impressive thing is going to be the speed at which we've been able to launch this and the quality of the content and the experience. The Chorus platform enables us to do things in a high-quality way and do it quickly. And there will be some really interesting formats, but I don't want to give away too much, because I want everyone to be there on Day 1.

**RB Brenner:** All right. We want to open the conversation up to those of you in the room, so is there -- Rosental, [are] there microphones to...?

**Rosental Calmon Alves:** Yes.

**RB Brenner:** Great. I see a hand right up there. Yes.

**Jay Rosen:** Hi, Jim. Jay Rosen from NYU.

**Jim Bankoff:** Where are you, Jay?

**RB Brenner:** He's right over there.

**Jay Rosen:** Right here.

**Jim Bankoff:** Oh, okay.

**Jay Rosen:** When we had a conversation about four years ago, I think it was 2010, it was before you started the Verge, you talked a lot about the CMS and how important that was to the success of SBNation. And I remember asking you at the time if you were considering selling that product to other media companies (the content management system that you developed for SBNation). And you said at the time that you were considering that, but you weren't there yet, and you think you might want to just work on it and develop it yourselves instead.

**Jim Bankoff:** I thought we were off the record during that conversation, Jay.

[Laughter.]

**Jay Rosen:** This was four years ago, man. So, I'm wondering, like, obviously, you decided to keep it for yourselves and keep developing it, and you explained very well why that was such an important thing for your company. But could you go back and just explain that decision? Why did you

## 15<sup>th</sup> Annual International Symposium on Online Journalism

decide to keep it for yourself as opposed to licensing it for other media companies?

**Jim Bankoff:** I think we could have established a really great business licensing it out. I mean, I think, you know, our product is the best. We don't even call it a CMS, because CMS applies certain limits which Chorus breaks through in terms of campaign management, data layers, advertising integration, community, all sorts of great stuff. So, you know, if we wanted to go off and be a Word Press competitor, I think we would have been very successful at that, but we were a young company and we were focused and frankly disciplined. We chose a path for us which was around being, you know, the path that you see here today. And I think when companies try to do too much, including like be a consumer-driven ad business and be a B2B services business, it injects a whole lot of risk that often leads to failure. So, while I think there is an alternative universe where that's happening, and, you know, we're doing really well there, that's not the path that we chose.

**RB Brenner:** Is there a microphone on that side? Yes.

**Laura Lorek:** Hi, I'm Laura Lorek, and I founded Silicon Hills News here, which covers Austin and San Antonio technology companies. I really enjoyed your presentation. My question has to do with your organic growth. How do you convince advertisers to advertise with you when you haven't spent a dime on advertising?

[Some laughter.]

**Jim Bankoff:** You know, I'm glad that you mention that, because I knew at some point I would get that question when I brag about not spending money on advertising. I think our business model... I think if our product... Frankly, if an up-and-coming media product needs to pay money to advertise itself, something is wrong. You know, if you can't organically grow your traffic in our particular business, in our particular stage, you're not doing a good job, A. B, I don't know if our business model... We're not selling cars. We're not selling hamburgers. We're not selling premium products. You know, we're growing an audience and selling advertising. So our business model isn't really well suited to pay for traffic. It's also, frankly, a crutch, you know, if you can't grow your own traffic. You probably shouldn't be doing what you're doing. You should re-evaluate it. However, the marketers that work with us, they're selling wireless service. They're selling cars. They're selling beer. And they're operating under a different economic model, where advertising is a critical thing for what they do. They need to create the image and create the brand. So, you know, of course, we believe wholeheartedly in marketing and advertising, but different industries, different business models do it in different ways.

**Beth Elderkin:** Hi. Thank you so much for letting me borrow your mike. So, the question I have... Beth Elderkin, Time Warner Cable News. I was really

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

curious about the topics you planned on covering with Vox.com; particularly, like politics and education, because education is my bread and butter. The question I had is, with those type of subjects, a lot of times they have completely different coverage and priorities when you're focusing on local, regional, or national. So, how do you plan on balancing between the topics that matter to people on the national scale and what matters to people locally; particularly, with topics like education with parents? And follow-up, do you plan on expanding regionally at any point in the future?

**Jim Bankoff:** As I said, like, much smarter media nerds in this room than me. And, but I love thinking about these topics, and I know our whole team does. And so, you know, it's an insightful question, at least by my judgment, because we ask it to ourselves a lot. Vox.com is starting off nationally, and so the audience will receive.... You know, we're going to try to find things that are relevant on a national level. That might mean.... And I'm not the Education Editor, so I don't want to speak for her, but pulling out local examples to illustrate national points is one example. But over time, I think you're right. If you look at our sports model, which SBNation, for those of less familiar, is at 300 different sites plus a national banner. The same with Eater, Curved, and Racked, which have approximately 20 different city sites and national banners, too. Over time, you can see that, you know, occurring potentially in education. We don't have any plans to do that yet; but sure, as we sit there and think about what the future might hold, maybe there is potential there. We'll see.

**Lara Setrakian:** Thank you so much for the talk. My name is Lara Setrakian. I'm the founder of Syria Deeply. We do in-depth foreign news and global issues. I was wondering how the news vertical itself is going to make money or would you accept that it won't and it will be some sort of loss leader? How are you going to make money on news itself?

**Jim Bankoff:** You know, the answer is the same that I gave about how we're going to make money generally. Vox, the news site, won't be any different than the sports site or any of the seven sites, in that we're trying to create valuable audience and then create valuable advertising products and work with marketers that let them tell their stories in really great ways. Advertising has stunk. In other mixed audiences, I say it in harsher terms sometimes. But advertising has been really bad. It can be good. Web content has been really bad. It could be good. Web design has been really bad. It can be good if we make it good. We have shown that we can bring in marketers. News doesn't have to be any different. And one thing about our company, if you look at those seven different categories that I mentioned, they have something in common, which is the audience. What's different is there are different passion points contextually. Someone might care about retail and fashion. Someone else might care about technology and culture. Some people might care about both, depending on what mode they are in. So, but if you back up, we have these seven authoritative brands with a common audience, so in some ways you can view it as almost sections of a

## 15<sup>th</sup> Annual International Symposium on Online Journalism

newspaper, but each being an authoritative brand. Marketing perspective from an ad sales perspective, we can go out and sell the audience, as opposed to saying, you know, we're selling necessarily news or sports or whatever. So, that's an opportunity. For marketers that are looking for context, we have that. For marketers that are looking for audience, we have that.

**Woman:** I have a question here. I actually wanted to know if you are profitable, or if you're not, when you're actually thinking you will be. The other question is that, how big a newsroom you can actually currently support with your business model.

**Jim Bankoff:** Great. I'm sorry, I couldn't see you with the lights. Oh, hi. So, we're operating at about break even right now. Each of the six brands are profitable. We're investing in the new seventh. But even with the new seventh, we expect to be profitable this year. So, you know, we feel good about the model, in that sports, which is the longest tenured of our things is, you know, the margins increase every year, and they're very healthy margins. We're just launching Vox.com, so obviously out of the gate, that's not profitable, but we expect that it can be in short order, and we certainly hope it will be.

**RB Brenner:** We have time for two more questions.

**Man:** Hi. Thank you for the talk. I would like to know, you have created a new media brand, but I would like you to give advice to a legacy media brand. What could they do that they are not doing at the moment? And if you can, name one legacy brand that you think is doing well. Thank you.

**Jim Bankoff:** There's a reason I left legacy media to start something new. And, you know, first of all, the people, who I assume you're one of them, who are working on legacy media, are every bit as entrepreneurial and certainly creative and aspiring as the people who are working on pure play startups. So, I don't come at it from a point of superiority or arrogance, but we don't have certain encumbrances. [*chuckles*] A lot of them: cultural, technology, brand, audience. It's difficult. You know, you can have all the same ideas that I presented here, and I bet you do, and I bet you probably have better ideas too. Yet, executing against those ideas in the culture with the legacy business models that you have is just extraordinarily difficult. So, I don't have a prescription, but the guidance I would give would be to do everything that you can do culturally to make -- if you're committed to change, truly committed to change, then be committed to change.

I see some duplicity in terms of what companies say they're committed to in terms of digital future and then what their actions are, where their investments are made, the risk that they're willing to take, risk for big cash-flow models versus uncertain cash-flow models, and therefore, the cultures and the leadership changes that come out of that. You know, if we want to

## **15<sup>th</sup> Annual International Symposium on Online Journalism**

do it, you need to bolder leadership, you need bolder action, you need a culture and a financial commitment that most legacy media companies say they want, but they don't really.

**Sara Peralta:** Hi. I'm Sara Peralta. I'm a recent graduate from Texas State University's graduate program, mass com, and I currently work as a flack for a non-profit, but that's another matter. I wanted to kind of continue to bug you about your diversity initiative. And I don't want to give you too much of a hard time, but just some thoughts. My graduate program happened to be especially diverse. [It] attracted a lot of working students, folks from.... It was female majority, people of color, mostly Hispanic students. It's, like UT, a Hispanic-serving institution. And as a person of color myself, there are -- we know there are challenges and barriers [that] journalists of color face that white journalists don't. And I'm concerned, because you're looking for web stars. You know, you're looking for the self-selecting, the people who stand out in the crowd. You know, how are you going to find those folks when the web stars are overwhelmingly white? And, you know, there's a lot of racism that journalists of color, especially young folks, face. So, I just wanted to hear your thoughts on that and give you a chance to comment. Thank you, sir.

**Jim Bankoff:** Sure. Well, you know, I understand. You asked me what we can do, and I think (1) we can be aggressive about looking. Because there actually are web stars of color. They might not be all, you know, famous in the sense of household names, but they are talented, right? And so, what we have to do is find the ones that may not yet be famous but are talented, and make them famous, and work with them, and be super smart and aggressive about demonstrating that we have an environment that values them, and then working hard to bring them in. And that's work. And that's work that we have to do. I'd love to get your card and make sure that our editors have access to people like you who have grappled firsthand with these opportunities and issues. And we have to be more part of the community and demonstrate a commitment to that. And, you know, hopefully, we'll prove that, and hopefully we'll be part of the solution.

**Rosental Calmon Alves:** OK. Thank you very much. I think this was fantastic. Thank you. Thank you so much. Thank you. It was really wonderful.

7[Applause.]