



What's new about new media? How multi-channel networks work with content creators

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Abstract With the rise and rapid proliferation of digital and online marketing, increased cord-cutting by consumers, and new content being created online, Internet-based advertising is the single fastest-growing ad expenditure category, outstripping TV, radio, and other more traditional media formats. With the rise of new media and the increased content creation, the ability of content creators to manage and guide their brand has become more important than ever. This article investigates one such mechanism for managing the new media phenomenon, the Multi-Channel Network (MCN) model. An MCN is any entity or organization which either partners with content creators or directly produces a variety of distinctive content and works to perform business and marketing functions on the platform in which said content is released. This article investigates the MCN phenomena as it specifically addresses the needs of content creators in the new presumptive consumer culture that helps inform and create new media content. It highlights strategies for managing and navigating the new media and MCN domain.

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1. The multi-channel network

It is a good time to be a new media entrepreneur, as the talent behind Nerdist Industries will attest. What began as a single podcast has grown into a small empire that includes a YouTube channel, a

network of podcasts, and even a TV show produced and aired by BBC America. The Nerdist represents a brand new way of looking at media and entertainment content—a system where the audience and consumer are as integral to the success of a brand as the content itself.

With the rise and rapid proliferation of digital and online marketing since the mid-1990s, Internet-based advertising is the single fastest-growing ad expenditure category, outstripping TV, radio, and other more traditional media formats (IAB/PwC, 2014). Along

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with Web 2.0 and the concept of new media, the Internet has entered a period of what has been referred to as a ‘participatory culture,’ where the new media output is created alongside and often in collaboration with the viewers of that output. Many diverse creators of content and the consumers of that content have come together to form a new system of media consumption. As Adam Rymer, president of Nerdist Industries put it, “It feels like the evolution of television, the evolution of media” (Castillo, 2014).

Content creators have a very intimate connection with their audiences—especially with the millennial generation, which has grown up with the Internet and intuitively understands digital distribution and the value it holds. These brand relationships are capitalized on both as part of the community and with individual consumers (Christodoulides, 2009; Simmons, 2008). By capitalizing on this intimacy, content creators—and by extension, the brands they develop—can create value for audiences by providing them with a type of content that is more trustworthy, genuine, and timely than that of traditional media. At the same time, these creators are showing that they have a level of referent power over large, definable markets—something that is very attractive to advertisers.

In addition to a new system of media consumption, new business models and methods of monetizing content on the Internet have formed as well. This article will examine one such business model—the multi-channel network (MCN)—and assess its uses, structure, and revenue-generating capabilities and the wider implications it has on new media forms and the creators who make their livelihood in new media. We will give some recommendations to content creators and marketing professionals on facets of MCNs and what they should consider when evaluating joining or creating an MCN. We specifically address what the MCN can do for content creators, focusing on its role in navigating legal and ethical challenges, building audiences, and implementing other business structures, allowing content creators to do what they do best: create.

1.1. What are MCNs?

The term *multi-channel network* was first coined by YouTube, the platform used by the great majority of these networks. An MCN is any entity or organization that partners with content creators or directly produces a variety of distinctive content and works to perform business and marketing functions via the platform whereby said content is released. An MCN’s repertoire can include self-created content and

management, broad studio-created content, or even hubs or portals for created content. Content creators, or online personalities, generally join an MCN in order to gain audiences, cross promote, develop branding strategies, connect with ‘mainstream’ money and content, and utilize digital rights management and other legal services.

Effectively, any entity that produces a wide variety of encapsulated content or otherwise serves as a hub for those who create content can be considered an MCN. This can go beyond simply creating a lot of shows or varying the content they create and can include providing news, blogs, or audio content. A good example of a single company that produces content in the vein of an MCN is *Monocle* (2015), a magazine and 24-hour online radio station that provides content “on global affairs, business, culture, design and much more.” As a part of the larger Monocle media brand, the online radio station (and podcasts of the station’s content) functions as a network of individual shows that each have their own style, content, contributors, and editors and all operate underneath one brand umbrella.

2. Advantages of the MCN

2.1. Audience, collaboration, and branding

MCNs provide a framework for what has long been considered an amateur, unstructured, and mysterious medium. YouTube is filled with everyday users who post vlogs, skits, video edits, and, of course, cat videos. If they attract an audience, these content creators begin to create a social network around themselves that can spill outside of YouTube and into other forms of online and offline interaction. One example of such a community is the Nerdfighters. Inspired by John and Hank Green’s (a.k.a., the ‘Vlogbrothers’) content and message, Nerdfighters are “a community that sprung up around our videos, and basically we just get together and try to do awesome things and have a good time and fight against world-suck” (Green & Green, 2009). The community grew and eventually developed into a very loose organization existing in libraries, high schools, and college campuses all over the world. This community goes beyond sharing a love of nerdy things. Chapters of the group are involved in charitable work, artistic endeavors, and fighting against bullying. The audience, these Nerdfighters, pushed the work of one of the Vlogbrothers’ collaborators, John Green, into the mainstream, resulting in the creation of the hit movies *The Fault in Our Stars* and *Paper Towns*.

These examples are evidence of a phenomenon marketers have begun calling *prosumption*, a portmanteau referring to “the interrelated process of production and consumption” (Ritzer, 2015). Prosumption occurs when those who are consuming and engaging in the product are also integral to the production of the product. Prosumption goes beyond the concept of co-creation (Prahalad & Ramaswamy, 2004). Where co-creation looks at the creation of experiences and value, prosumption looks at both the creation of value and the mechanisms by which it is consumed and integrated into a greater social context. Due to this extended context, new media content creators engage with their audience, a community develops, and this community both consumes and influences the content at the same time. Furthermore, this community evolves and develops into a stronger social form whereby the prosumer continues to influence and guide the overall new media product.

This creates a new problem for content creators. Not only are they responsible for creating content and keeping their audiences interested, but now they also must try to manage the communities that arise around their work. As the communities grow larger, more and more content creators also face legal issues such as larger companies trying to control their copyrighted material despite fair use laws, managing ad-based and other sources of revenue, ethical issues about disclosure of paid promotions, and more. This is where MCNs come in (Mills, 2014):

Multi-channel networks tap into specific markets, gamers, teens, etc., and generate fan bases for “creators”—the people making videos. MCNs make money by selling ads that run before their videos, and most of their talent makes money from YouTube directly and from the advertisers who run content before their videos.

Maker Studios, currently the largest MCN on YouTube with over 11 billion video views per month among its channels, is “dedicated to developing talent, creating premium programming, and building lasting brands with engaged audiences” (Maker Studios Inc., 2015). Gaining audience share is another reason that many YouTube channels join an MCN. Each content creator who joins an MCN begins pooling its audience with those of similar channels. George Strompolos (2014), CEO of the MCN Fullscreen, put it like this when talking about collaborations between channels:

It's all about audience building. . .we may have some audience overlap, but for the most part, chances are we have different fans. And so

when we come together and make a video we're going to share audience. So there is a mutual incentive to want to do that.

This competitive collaboration speaks to the new media mindset, where the success of one MCN contributes to the success of another while at the same time fostering continued development and production of new content.

This cross-pollination of audiences not only helps grow the individual audiences of each channel, but also strengthens branding efforts. It allows for the exploration of personality types and expression between consumers, creating these participatory web cultures filled with users, consumers, and content creators (Beer & Burrows, 2010). For example, Polaris, a sub-brand of Maker, focuses on gaming content and general ‘nerd culture’ topics. The larger personalities within Polaris often co-create content for its various channels.

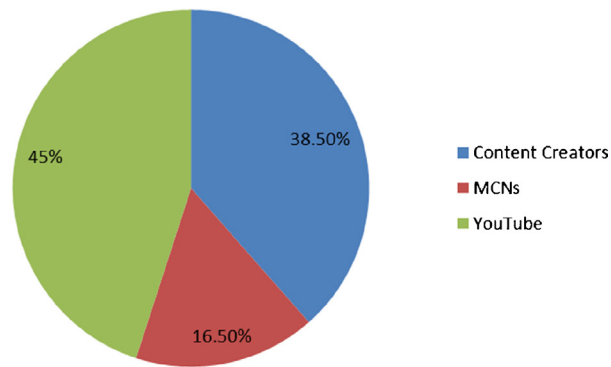
An example of content that Polaris members collaborate on is the Co-Optional Podcast, a video and audio podcast in which three regular personalities talk about gaming news, ethics, business strategies of game publishers, and more. This podcast also has rotating guests who bring a fresh perspective and can showcase what their own YouTube channels have to offer. The Polaris MCN gives this type of content a reach that no individual channel or casual relationship between content creators can achieve on its own. The implication is that by engaging in this dynamic, creative, and constantly changing content, the MCN is able to build on not only a core market, but also a continually changing and diverse extended market simultaneously.

Even in situations where content is produced separately but is under the umbrella of one company, a networked approach to content distribution has value. The production studio Rooster Teeth is the hub for extremely successful shows such as *Red vs. Blue* (the longest-running web series and longest-running American sci-fi series), *The Gauntlet*, and *Achievement Hunter*. The company has grown so large and influential that it hosts its own annual convention called RTX in Austin, Texas (Rooster Teeth Productions, 2015). This model is valuable because it allows outreach to diverse consumer groups under distinct channels while maintaining a streamlined and efficient distribution mechanism.

2.2. Business models and value creation

As a business, an MCN provides support and guidance to its constituent partners, creating value in the

Figure 1. Distribution of ad revenue on YouTube



Source: Suster (2013)

form of expertise, resources, and audience access. In return, the partner channels split ad revenue with their members, providing a mostly stable stream of income. As highlighted in Figure 1, ad revenue on YouTube is standardized with the channel receiving 55% of the money generated and YouTube taking the remaining 45%. In addition, “the Google-owned video site will give partners 100% of the revenue for ad inventory they sell that exceeds YouTube’s rate card” (Spangler, 2013). An MCN helps manage the placement and targeting of these ads, taking some of the burden off of content creators. The 55% of the ad revenue that belongs to the content creator is then split between the MCN and the owner of the channel, with the exact nature of the split varying from channel to channel. This allows for focused strategies or created content that can increase overall revenue and drive focused product/branding strategies.

Revenue models for podcasters are a little behind the video-on-demand format of YouTube, due in part to the medium’s slower growth rate and its largely audio-only focus. Generally, podcasters make money in three ways: advertising, donations, and merchandizing. While these mechanisms are valuable for podcasting, they can be implemented by any content creator and facilitated by the MCN.

The first mechanism for revenue generation is advertising. There are a number of companies that heavily sponsor podcasts and other content in exchange for an included sponsorship or short advertisement read out by the host(s) of the program. This strategy is reminiscent of traditional sponsored programs (e.g., Orson Welles’ classic Campbell’s Radio Playhouse) where programs are funded by corporate patronage. For example, Audible, the leading provider of digital audiobooks, provides podcasters in its affiliate program a \$15 commission every time a listener signs up for a free trial. Needless to say, podcasts are a perfect medium for

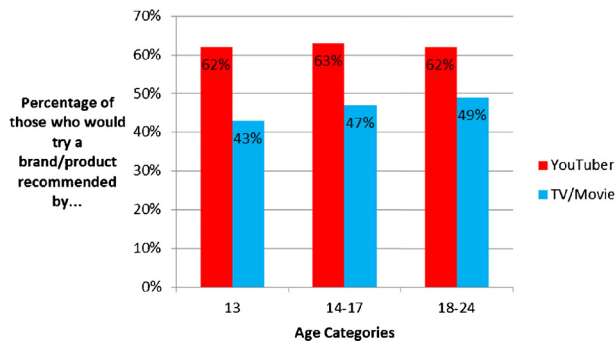
Audible because the majority of podcast listeners are already in the market for high quality, entertaining audio content.

A second method of revenue generation is via donations. With easy-to-implement donation portals such as PayPal and Patreon, content creators can simply ask for donations to help fund their work. Fans want to support their favorite personalities. They want to give because they see these MCNs as an extension of themselves (Belk & Coon, 1993) and are grateful (Gouldner, 1960) for the value they receive from them. These MCNs provide value beyond just information and entertainment: They are a portal of expression for the viewers, and as part of this co-creation, the viewers want to support them (Pahalad & Ramaswamy, 2004; Ritzer & Jurgensen, 2010). This is a particularly interesting development in MCNs and new media, and there have been recent discussions of YouTube providing a tiered pay structure (Shaw & Womack, 2015).

Finally, some content creators are able to supplement the previous two forms of income with the sale of merchandise. Some networks have the clout and trustworthiness to curate a shop full of goods and services from bespoke and artisanal craftspeople, as such networks are able to build their brand and increase revenues by creating physical products that extend the branded message. Once an MCN’s partner base has grown large enough, it can begin to move beyond affiliate-style programs and attract brands that are looking for ways to reach particular audiences. The MCN can coordinate branded deals with its partners, allowing for bigger sponsorships, product placements, feature videos, coverage of a product, and more. Previously mentioned Monocle uses its status as a worldwide brand- and design-focused network to promote its own store of travel products, clothing, stationery, and more. By enabling such partnerships, an MCN can increase the value it provides to both customers and brands by establishing a sense of lifestyle among the network, the brands and companies it supports, and the customer. In particular, this allows networks to get a piece of the growing bespoke and premium product markets.

These brand deals offer a valuable way for companies to engage with potential customers. Because of the personal connection, audiences—especially younger demographics—can feel a level of trust in what a YouTube personality says and the products, services, opinions, and lifestyle the YouTuber espouses. This allows for a level of brand awareness and interest that surpasses even celebrity endorsements. A figure who addresses consumers weekly, shares their interests and values, and connects with them on a personal level will

Figure 2. Comparison of brand/product recommendation between TV/Movies & YouTube



Source: Adapted from Defy Media (2015)

have more referent power than even a liked and respected celebrity. As a result, the brands that choose to partner with the new media networks will experience higher sales and customer engagement, and the authority and trustworthiness of the networks will increase in the eyes of the consumers.

In a [DEFY Media \(2015\)](#) report, 13- to 24-year-olds used the following phrases to describe YouTubers: “just like me,” “understands me,” “someone I trust,” “has the best advice,” “doesn’t try to be perfect,” “genuine,” “someone I feel close to,” and “likes the same things I do.” This implies that these viewers see YouTubers and content creators similarly to celebrity endorsers. Essentially they are celebrities within their markets, highlighting the increased trust and transferability of product associations that comes with such celebrity ([McCracken, 1989](#)). As a result, the stronger personal connection makes audiences much more likely to try a product or brand recommended by a YouTuber than one advertised in a TV show or movie ([DEFY Media, 2015](#)), as [Figure 2](#) clearly shows.

In a report for REDEF (an industry-focused, curated news website), writer [Liam Boluk \(2014\)](#) explains this unique connection:

In many cases, videos are simply a single YouTuber speaking directly to their followers. The intimacy of this relationship makes product placements and native advertising particularly effective and enables production decisions to be shaped by audience interests (*Epic Rap Battles of History*) and tested via direct dialogue.

It is this dual effect of focused market penetration and unusually high audience engagement and trust that makes MCNs so powerful.

New media has also helped address one of the primary concerns of traditional media sources such

as TV networks and music companies: that of copyright infringement. While YouTube’s content ID system (implemented in 2010) helps protect audio and video content from being shared and monetized by those other than the owner, there will always be a certain amount of piracy of such content. Traditional media companies have responded in a variety of ways. For instance, the Recording Industry Association of America (RIAA) has engaged in over 20,000 lawsuits targeting file sharers and music pirates ([Ellenberger, 2014](#)). MCNs can help protect content creators and their brands against legal trouble like this by networking ethical, experienced people together and creating an environment where original content is celebrated. In the case of a questionable copyright claim, an MCN can provide funding and support to help fight the claim. These networks not only help reduce copyright infringement but also serve as a deterrent to the ‘patent trolls’ of the Internet.

2.3. Connection to traditional media

Traditional media and new media affect each other in a mutually beneficial cycle. [Jin Kim \(2012, p. 61\)](#) states:

The evolution of YouTube from an amateur-driven medium to a professional-dominated channel coexists with the market expansion of the TV industry into the web. Networks and cable were challenged by the new mediascape and entered this new realm in order to protect their materials and to tame new territory by reinforcing traditional ‘rules of the game.’

The shift from amateurish content being uploaded as a hobby to regular, semi-professional content being uploaded by users who consider new media to be a part- or full-time job resulted in one of the biggest changes in traditional broadcasting rules. Now, even media companies whose products are made primarily for other formats—such as movie studios and television networks—use YouTube to promote their content through short video clips, web series, music videos, and even full-length movies or television shows. As such, we see lucrative agreements between traditional networks and online content providers such as Netflix, Hulu, and Amazon, and we see networks providing content in new media outlets, such as HBO’s strategy in utilizing YouTube to help drive viewers to its comedic news show *Last Week with John Oliver*.

In addition, within the new media mindset, other companies and content creators have embraced the open and free new media culture and have begun

utilizing it to their advantage. For example, the musician Macklemore—whose hit *Thrift Shop* became a chart topper without the support of a label—stated on [The Nerdist \(2013\)](#) podcast:

YouTube has obviously completely replaced that. It doesn't matter that MTV doesn't play videos. It matters that we have YouTube and that has been our greatest resource in terms of connecting, having our identity, creating a brand, showing the world who we are via YouTube. That has been our label.

As such, with the growth of new media and the technological outlet, content creators are able to protect and build their brand without relying on the vast machinery of traditional media to create, promote, and define what that artistic product should be.

Younger audiences are certainly agreeing with Macklemore. Millennials ages 13 to 24 watch an average of 11.3 hours of online video a week and an additional 10.8 hours of paid video a week through subscription services like Netflix, Hulu, and Amazon Instant Video ([Smith, 2015](#)). One reason that both YouTube and subscription services do so well is that they bring the content that people—especially younger audiences—want to watch and listen to onto mobile devices. Videos viewed on mobile devices are the fastest-growing category of digital video, and thus they are the fastest-growing category of video ad revenue as well ([Hoelzel, 2014](#)).

3. Criticisms and creator pushback

Not everyone is pleased with how MCNs have established themselves on YouTube and in other media. There have been several ethical concerns raised about whether MCNs really offer something of value, the level of control these networks exert over their members, and also how the money is split among creators, YouTube, and the MCN ([Gahan, 2015](#); [Gutelle, 2012](#); [Shields, 2015](#)). As such, content creators need to be careful and well-informed when it comes to selecting an MCN.

MCNs do not always have the best reputations with content creators. In one of the most public member—MCN feuds, Ray William Johnson, a YouTuber partnered with Maker Studios, split from his MCN after disagreements over Maker's level of involvement in his creative process ([Gutelle, 2012](#)). This example highlights the importance of cultivating strategic partnerships that address not just the outcomes of the venture but also its dissolution.

Other creators are simply unsatisfied with the level and nature of the support that MCNs offer. Michelle Phan is one of the most successful rising stars of YouTube, and she doesn't like the MCN model. "I've never really believed in the MCN model," she said. "That never resonated with me, and they are not well liked in the universe of creators. And I want to mentor and nurture talent, and help them build their powerful brands" ([Shields, 2015](#)). Ms. Phan has gone beyond creating content that simply exists on one channel among many and has launched her own lifestyle network. Indeed, Michelle Phan embodies a growing realization among content creators: It is not enough to build a YouTube channel and join an MCN. You must move beyond producing videos on YouTube and consider the world's largest video delivery platform as just that: just one way among many to deliver your content. This requires that you continue to develop and manage your brand in a larger sense. It is not enough to believe that a single distribution channel will be sufficient, or permanent. Instead, you must diversify beyond that delivery mechanism and explore all that is available.

Many of the large MCNs have few employees compared to the number of channels they partner with. For example, Maker has 1 employee for every 48 channels, while Fullscreen has 1 employee for every 79 channels. Although it depends on the MCN and the level of support they claim to provide, at some point the returns begin to diminish and smaller channels will find themselves being served less. YouTube marketing expert [Brendan Gahan \(2015\)](#) says: "Smaller creators within these networks are not getting the ad dollars for brand integrations (paid brand placements within videos) for a reason—it's not profitable for the MCN." He goes on to state that the relative amount of effort an MCN has to put into securing something like a brand deal for its creators varies little based on whether the deal is a small or big one. This leads MCNs to only pursue brand deals with more money behind them and involve only their bigger talent, leaving smaller channels out in the cold.

One entrepreneur, Jason Calacanis, has been an extremely vocal critic of the MCN system and the way that YouTube is being run. He believes that there is little point to creating a business based around YouTube because in the end the video platform takes too much revenue and also gains the audience that your hard work has generated. YouTube is looking to engage your viewers as much as you are. If it can move the viewers that you brought to the platform onto other channels, its revenue increases while yours does not. Calacanis is a proponent of using YouTube as the "top end of the

funnel.” As the world’s second-largest search engine, YouTube is a great place to gain customers and get them to enter the ‘funnel.’ But in order to actually make a good profit, a content creator or business should move said customers off of the YouTube platform and to some other platform, such as a private website, which is more profitable.

4. The future of the MCN

MCNs are changing, rebranding themselves into talent and audience development agencies for a new, integrated media industry—one where large media companies utilize the creativity and nimbleness of independent creators and those same creators leverage the resources and mass market reach of traditional media. Many in the entertainment industry have realized this and begun to explore the possibilities of such a synthesis. One example of an integrated media presence is *Annoying Orange*, a series of short videos created by Dane Boedigheimer on YouTube that quickly became very popular. The show’s primary character is an anthropomorphic orange who makes jokes and generally irks other types of anthropomorphized food in a kitchen. After joining with a digital distribution company called The Collective Digital Studio, “Annoying Orange has expanded laterally across YouTube and vertically across media platforms to create an intertextual commodity and a community that coalesces around it to provide both social and economic value” (Morreale, 2014, p. 123). The show has led to a video game, merchandise, a website, a spinoff series, and even a full 26-episode run on the Cartoon Network.

Similarly, while Michelle Phan’s negative perception of MCNs might be on the harsh end, she is another creator who has realized that in order to continue growth and profitability you must move beyond simply creating videos for YouTube. The Nerdist Industries network is perhaps the most progressive MCN today and the closest to realizing the value that lies at the convergence of traditional and new media. Nerdist doesn’t look to group a large number of partners together. Instead, it looks for already strong talent that can add value to the organization and that can be leveraged across many platforms from digital video, podcasts, blogs, and television (Castillo, 2014). This mirrors the acquisition strategies of other industries and follows the resource-based view (Amit & Shoemaker, 1993) of choosing to integrate only those firms that complement the resources and capabilities already possessed. Nerdist, by being selective in its partnerships, maintains a lean organization with a sharply focused goal.

Some MCNs focus on a niche strategy rather than the broad appeal of Maker Studios or Fullscreen. The Nerdist is one such network, but there are others. Tastemade is an MCN that concentrates on food, eating, and the travel lifestyle. MCNs such as these are trying to avoid the pitfalls that come with the scale of larger networks. By creating value for a very narrowly defined yet deep market, MCNs using this strategy can serve their partners better and provide more value to potential sponsors. This approach not only allows an MCN to maintain a high level of member responsiveness and support but also helps reduce costs, makes its cost structure and revenue generation more efficient, and differentiates the channels within the organization from each other.

4.1. MCNs: An acquisition platform

Converting audiences from platforms like YouTube, iTunes, or Stitcher is a daunting proposition. Acquisition is easy on those services because they dominate the new media marketplace. The majority of customers want to get content from the websites and companies with which they are most familiar. Suster (2015) recommends achieving at least a 5% to 15% conversion rate from your acquisition platform to your owned and operated content (generally a website or store) where your content exists on a platform that you completely control and receive all the revenue from. These customers represent your most loyal fans, the people most likely to buy merchandise, and those willing to make donations or purchase premium content.

MCN Rooster Teeth takes this conversion seriously. Although it produces many web series distributed primarily on YouTube, co-founder Matt Hullum doesn’t like to rely on ad revenue alone (Jones, 2014):

For example, the weekly Rooster Teeth podcast—where staff discuss movies, video games and upcoming projects—earns money through a premium subscription service for livestream access, integrated ads that air during the show, YouTube ads when the show becomes available there and merchandise. The podcast gets hundreds of thousands of YouTube views and a new episode of a Rooster Teeth show often sees 1 million or more.

Hullum illustrates a great example of using an MCN to acquire an audience, bringing them to wholly owned and operated content, and then redistributing that content back onto the same acquisition

platform, creating a cycle of customer movement throughout the organization.

One example of a very successful method of conversion is the website Twitch.tv. Acquired by Amazon.com in 2014, Twitch.tv is a live-streaming service that allows gamers to broadcast their gameplay in real time to the audience. YouTubers have found this to be an extremely easy transition for their existing audiences to make as well as a method for creating videos with little editing required. Twitch.tv makes money by doing pre-roll ads, and although its Cost per Thousand—a measure of the cost of placing an ad—is lower than YouTube's, it supplements this revenue with a \$5/month premium subscription that gives access to a chat room and high-definition content. YouTubers focused on gaming are easily able to convert audiences from YouTube to Twitch and vice versa because the two platforms are very similar (Trefis Team, 2014).

5. Integrating an MCN with your brand

Although a powerful tool, the MCN model does not always guarantee success or profitability. How can content creators determine whether joining or creating an MCN will add value to their work, increase their exposure, or generate more revenue? How can companies that create large amounts of varied content packaged together in one network determine whether new products will appeal to existing customers?

The first step in utilizing an MCN relationship is to create a sustainable business model, audience, and array of content *before* you even begin thinking about creating or joining a network. The content you produce must be consistent and you need to have a sizeable audience already established from which to grow. If your channel or podcast isn't already making it on its own, joining an MCN is unlikely to fix this problem. This is reflected by the hard fact that MCNs like to partner with talent that they know can land bigger brand promotion and advertising deals. Ultimately, MCNs are businesses, too, and must make investments that they feel confident they can get a sizeable return on. This means constructing your content and business model in such a way that it engages your viewers (customers) with what they want and initiates their entry into activities that are created by both you and your viewers (Ritzer & Jurgensen, 2010). These activities are the tangible evidence an MCN needs to see that you can provide a valuable and interested audience.

Keep in mind the exchange that takes place between an MCN and a content creator. If you are

considering a partnership with an MCN, you need to consider many things:

- Who is my audience? What are the demographics? What value do these people see in my content?
- What value can I bring to the MCN so that they will support me with time, money, and effort in bringing in advertising, brand deals, etc.?
- What new audiences does an MCN give me access to? Do those audiences desire a similar value proposition to what I'm offering?
- Can I use the MCN to help me move my audience to the platform where I make the most money?

The unique nature of the connection between content creators and their audience is one of new media's biggest strengths. Using this metric is one way to gauge the effectiveness of your content and your reach with the audience. Creators need to watch the sales levels and interest those advertisers and brands that sponsor them. If advertisers see a good ROI—or at least increased activity around their brand—based on the ads and support they give a channel, you know your content is having an impact on your audience. Advertisers take notice of such successes and will value your content more highly. For example, video games developer Dan Pearce said in reference to his game *10 Second Ninja*, “As far as I've seen, we haven't had a significant spike from written press, but we have seen spikes from YouTube. Specifically, getting covered. . .gave us a sales spike that roughly mirrored the game being on sale for a week” (Rose, 2014).

Another consideration with MCN integration is how compatible the different audiences in a network are with your content. If the network does not offer enough potential customers or is extremely lackluster in its efforts to connect those customers with its members, then where is the value? An MCN is only helpful if it allows you access to an audience that values your content and allows you to move that audience past the acquisition stage and onto a more lucrative platform. Venture capitalist Mark Suster (2013) says that YouTube “is the world's best customer acquisition for video consumers to get them to come to your O&O (owned and operated).” Owned and operated platforms, those that you fully control and keep the bulk of the revenue from, provide a greater share of advertising revenue and allow for much greater control and brand development.

This is why Monocle's network of podcasts, short videos, and editorial content does so well.

“*Monocle* deploys a comprehensive blend of on-line/off-line ‘directly owned’ and ‘indirect partner’ channels to communicate with and reach its global subscriber customer segment” (Percy, 2011). Tyler Brûlé, the founder of *Monocle*, uses his podcasting network and digital content to put a premium on the company’s magazine, forging a successful strategy in the otherwise declining print industry. *Monocle* is able to get great overlap among its readers, listeners, website visitors, and store patrons because it understands how to move customers from an acquisition-focused platform to a profit-focused one, and then back again, keeping them within the cycle.

For a creator on a new media platform with a large enough following and engaging content, joining an MCN might be exactly the stepping stone needed to continue development of its brand. MCNs offer a number of advantages ranging from production resources, help with legal issues, finding valuable brand deals for their partners, and, perhaps most importantly, pooling audiences to allow for growth. However, as valuable as they can be, MCNs are not an end to themselves. The ad rates on YouTube, where most MCNs operate, are notoriously low and don’t provide enough revenue to sustain a brand that exists on only one platform. In order to achieve higher revenues, better customer relationships, and a stronger brand, content creators must view an MCN primarily as an assistant in the audience gathering function of whatever new media platform they are releasing their work on. Furthermore, creators must move their audience to owned and operated platforms where they are able to get a higher price for their ads, sell premium content, solicit donations, and sell merchandise. Strategically, this is very comparable to a simple purchase funnel model, although there are a couple of differences (Edwards, 2011). The products and services you could endorse or sell may not necessarily be created by you, such as in the case of curated shops. You are relying on your audience’s good experiences with the products of others to increase your own positive brand associations and loyalty.

A secondary function of an MCN should be to help partners negotiate details such as brand deals and product placements. MCNs do not always succeed in giving this kind of support to all their partners. Some analysts feel that an MCN can grow too large and become bloated and slow, efficiently serving only their most important partners (Gahan, 2015). Because smaller partners don’t attract a large amount of investment and yet take a similar amount of time to manage, some MCNs are leaving money on the table and not passing it on to the very people they are supposed to be advocating for.

The future of MCNs lies in specialization. The largest MCNs tried to achieve a superior audience reach and attract large companies for brand deals, but many of the small to mid-sized partners of these MCNs got lost in the shuffle. Now more focused, more specialized MCNs have begun cropping up, such as Nerdist and Tastemade, which are “management focused, and, most importantly, owning a clearly defined vertical role” (Gahan, 2015). While focusing on the quality and style of content rather than the scale of the network may result in a smaller network with less audience pooling, it could perhaps be the solution to the issue of bad service.

New media is continuing to grow and advertisers are spending more on digital distribution platforms than ever before. MCNs attempt to capitalize on this trend by taking the important middleman position between creators and advertisers. So far these MCNs have been successful; however, there is a growing pushback from creators who believe their interests are not being served by the current model. Any business model must be willing to change or become obsolete. For creators, this means considering their personal brand and making sure that their content exists on multiple platforms with multiple revenue sources. And for MCNs, it means ensuring that they maintain the balance between serving their partners and providing value to advertisers while still making a profit. Regardless of the direction that MCNs and new media in general take, they are here to stay, and creating sustainable, profitable business models that serve the interests of all involved must be an important consideration at the forefront of industry leaders’ minds.

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