It seems every few months there is another story about a self-published author getting a huge book deal, or being optioned for a movie—Hugh Howey, Amanda Hocking, and E.L. James are just a few names that come to mind. But these authors, however they got their start, intentionally went the self-published route, charging a fee (sometimes nominal) for their stories. The story is decidedly different for Anna Todd, Beth Reekles, Ali Novak, and Natasha Preston, all of whom got their start on Wattpad, sharing their stories for free. These writers didn’t begin with the intention of self-publishing, just self-expression. Although Wattpad was pre-smartphone (started in late 2006), the co-founders “picked up on two phenomena: the explosive growth of mobile, and the rise of user-generated content and social media” (Gardner, International Publisher Association). This intersection of social media with storytelling has struck a chord among young readers, and Wattpad grew with technological developments, instead...
of resisting against them.

Now, Wattpad asserts that 78% of their 40 million users are Millennials and Gen Z (Wattpad for Business), a demographic typically considered hard to reach. Yet Wattpad is leveraging their audience to gain investors and monetizing through native advertising and brand partnerships, and traditional publishers have begun to pay attention.

Despite being an elusive target for book marketing, Millennials are actually reading more, but they are also reading differently, according to fellow Master of Publishing student Sarah Corsie (2015). To engage Millennials, material needs to be instantly engaging and easily digestible. Wattpad employs this with a serialized form to emphasize the narrative, instead of a reverse-chronology typically found with news sites and blogs. Writing for the New York Times, David Streitfeld likened Wattpad authors Anna Todd and Rebecca Sky to Charles Dickens and Alexandre Dumas who fueled the 19th century reader's desire for serialized fiction (Streitfeld, 23 March 2014). Splitting stories into bite-size chapters also creates engagement as Wattpadders need not wait two years until the writer has finished the book, they can get updates instantly—as push notifications to their phone in fact. The serialized format also works seamlessly with mobile devices, which account for 85% of Wattpad's traffic. US visitors rank the highest, but Wattpad is also the number one website in the Philippines, with large user bases in Turkey, Mexico, and India. Gardner accounts this to the high mobile device penetration rate as well as high literacy rates among the younger population (Gardner, personal communication, 24 Nov 2015).

**DOOM & GLOOM**

This all seems like positive developments and data. So what's the problem? Media and the publishing industry frequently view each new start-up and player as a threat to the traditional publishing landscape. The concern is that the size of the publishing "pie" is shrinking as the players in the publishing world merge-publishers, distributors, and tech companies alike. Then the slices available for other players, such as start-ups and tech-based companies, get smaller and smaller. "This notion of a "limited pie" shapes a lot of our thinking about books, eBooks, digital formats, subscription models, fan fiction, independent publishing, copyright terms and more", says Brian O'Leary (2014). While fear is understandable in an industry with such small margins and such a long tail, this idea of new players being a threat is doing a disservice to publishers. "Belief in a static or a shrinking pie puts us on defense, inclined to protect core aspects of traditional models. We think about new entrants and platforms taking share from existing publishers, retailers and others" (O'Leary, 2014). Where in fact, these platforms are creating new opportunities. It should be acknowledged that in some ways these new entrants are competing with publishers, but it's mostly for what all forms of entertainment are
competing for attention.

According to PEW Research Centre, in terms of general entertainment and media consumption, “93% of respondents under age 30 listen to music, the radio, or a podcast in some format on a daily or near-daily basis, compared with 78% of those 30 and older” (Zickuhr & Rainie, 2014). Business models have had to adapt and expand, although online monetization is frequently uncertain. Online monetization doesn’t simply mean getting users to pay for content anymore. Publishers have begun to place more emphasis on discovery-page views, content engagement, likes, shares, comments, click-through rates—which is also tied to the communities of readers and the author’s platform. “In this environment, the market for reading may be expanding significantly, but the gains are seen almost entirely outside the prevailing supply chain. Fixed on the creation, management and sale of physical and digital objects, publishers view other forms of writing and reading as potential threats to their established markets.” (O’Leary, 2014). O’Leary argues that “rather than see new platforms and business models as competition, publishers should explore ways to engage with companies and communities that can help us understand and offer new sources and uses of what was once just book content”—what he calls an “architecture of collaboration” (2014).

There is doom and gloom everywhere you look in the publishing industry: “indie booksellers are shutting up shop, authors struggle to make a living, and more than 60% of 18-to-30-year-olds would rather watch a DVD than get their nose in a book” (Rankin, 6 April 2014). But for every report saying that literacy and reading for pleasure is declining among youth, there are just as many claiming the opposite. In 2014, PEW Research Centre reported that “younger Americans under age 30 are more likely than those 30 and older to report reading a book (in any format) at least weekly (67% vs 58%)” (Zickuhr & Rainie, 2014). This is corroborated by Wattpad’s own stats of 11 billion minutes on Wattpad every month with 85% accessing from a mobile device (Wattpad About). Why then do Millennials get such a bad rap when it comes to reading? Looking at BookNet Canada research, perhaps it’s that many teens are reading on their smartphones, and most parents and teens do not consider apps as another kind of reading activity, although both believe that it depends on the app (25 Nov 2013).

THE SMARTPHONE GENERATION

“The criticism and misconceptions about Millennials is merely a time-honored tradition of the older generation critiquing the young” (Cox, 2014). Writing for Wired, Clive Thompson details the critiques against Generation Xers in the 90s. These individuals are now in their forties and fifties, slingng the same types of “lazy” and “illiterate” comments at Millennials. “The real pattern here isn’t any big cultural shift. It’s a much more venerable algorithm: How middle-aged folks freak out over niggling cultural differences between themselves and twentysomethings.” (Thompson, 2014). Thompson is well known for boldly going against technological doomsayers, instead proposing that although technology changes the way we think, it’s not a big bad wolf that media pundits make it out to be. In his book, Smarter Than You Think (2013), Thompson argues that the internet allows for new forms of human cognition; we learn and read more, retain a ton of information, and engage with global audiences and ideas. Thompson calls this the “audience effect”, how every thread of conversation-be it Twitter, Instagram, texting, or vlogging-shapes our cognition and connects collective ideas (17 September 2013). Gardner calls it a “mobile campfire” where readers share reactions and speculate on future plot twists, similar to other fan communities like ComiCons (Gardner, personal communication, 24 Nov 2015).

This concept of thinking in public is similar to notions of collective intelligence, or collaborative thinking, whereby sharing ideas we can develop our thoughts and cooperatively address problems too big for us individually. It is also the principle behind participatory media, whereby regular people help create and shape the cultural artefacts they consume. In fact, Thompson feels that focusing on individual writers and thinkers is unintentionally limiting. “The fact that so many of us are writing - sharing our ideas, good and bad, for the world to see - has changed the way we think. Just as we now live in public, so do we think in public. And that is accelerating the creation of new ideas and the advancement of global knowledge.” (Thompson, 2013).
Stating it explicitly seems unnecessary because of how familiar the concept is to us, we have already internalized it. The very structure and nature of the internet seems to enhance and encourage this form of collective thinking. Media scholars call these spaces "networked publics"—public spaces that have been restructured by networked technologies like the internet (boyd, 2014). Networked publics—both mediated and unmediated—deeply affect the content created and the imagined community of people identified within this public. Networked publics are publics both in the spatial sense and in the sense of an imagined community... built on and through social media and other emergent technologies," danah boyd explains in her book *It's Complicated: The Social Lives of Networked Teens* (2014). By calling yourself a "Wattpadder" or a "YouTuber," you are identifying and aligning yourself with that community. People can be part of multiple publics; these publics intersect and intertwine based on audiences, interests, and geography. "Social media creates networked publics that allow people to see themselves as a part of a broader community" (boyd, 2014, pg.11). Wattpad taps in to this collective intelligence of a networked public, harnessing the audience effect through inline commenting, update notifications, and recommendation algorithms. These affordances are also what makes Wattpad so appealing to mobile-savvy users, as well as the participatory nature of the media.

**REVENUE & MONETIZATION**

Wattpad has been growing since 2006, yet it still is free for users to read and write; it has a huge portion of young users, and a growing global audience. "The Wattpad story was slow to build, but has turned into something of a page-turner in recent months. Raising more than $20 million in two rounds of [venture capital] funding will do that." (Powell, 24 July 2013). One such investor is Union Square Ventures, which has funded other tech start-ups such as Foursquare, Tumblr, and Twitter. For those unfamiliar with entrepreneurial startups, this concept of venture capital can sound precarious. But according to the *Harvard Business Review*, it's actually fairly common, following government grants and corporate support. "Where venture money plays an important role is in the next stage of the innovation life cycle—the period in a company's life when it begins to commercialize its innovation. We estimate that more than 80% of the money invested by venture capitalists goes into building the infrastructure required to grow the business—investment in expense investments (manufacturing, marketing, and sales) and the balance sheet (providing fixed assets and working capital)." (Zider, 1988).

Besides venture capital, Wattpad’s revenue comes mostly from advertising, whether it be brand partnerships or traditional display ads. But co-founder Allen Lau doesn’t see monetization as a challenge: "Look at Twitter or Facebook, it’s critical in the early stage to focus on user growth rather than monetization. If you flip the switch too early it hampers user growth. I’m a firm believer that when you have a billion users there will be a million ways to make money" (Casey, 24 June 2013).

Currently, the partnerships with brands is proving to be highly successful. Wattpad is harnessing many of these talented young writers for the Wattpad Stars program. This is one important way that Wattpad is monetizing its platform. A company or brand can pay Wattpad to develop native advertising, which they claim is "30 [times] more effective than traditional display ads as they integrate directly into stories". The program connects writers with companies and brands, "giving them the chance to earn money while writing new stories that support brand goals and engage Wattpadders" (Wattpad Stars). One case study highlighted on the site is with 20th Century Fox for *The Fault In Our Stars* movie, with a dedicated profile and special stories written by Wattpad Stars. The campaign reached more than 8 million readers who spent more than 4.6 million minutes engaging with the content (Case Study, Wattpad for Business). This type of digital ad spending is expected to surpass traditional television advertising by 2017 (Ember, 7 Dec 2015).

In personal correspondence, Ashleigh Gardner explained that the monetary compensation for the writer is based on two components: the copy and the influence. For example, "a writer with 500,000 followers will be paid more than one with 50,000 followers to write the same length. The writer retains all money for this, unless they have an agreement with a third party, such as their agent." Although not disclosing any specific amounts, Gardner is quick to point out that this amount is "far higher than industry standards - and in many cases can be more than an advance on a book for a short story of...
10,000 words." (Gardner, personal communication, 8 Dec 2015). The stories are clearly delineated as "Promoted Content", but by using writers with existing clout on Wattpad, readers trust it will entertain them. Having grown up with pervasive advertising online, Millennials are skeptical and tend to prefer engagement based around genuine experiences.

**BUT WHAT ABOUT PUBLISHERS?**

Mike Shatzkin has long affirmed that the publishing world is being deeply influenced by big tech companies, and "that doesn't just mean the obvious one, Amazon, which is almost every book publisher's biggest trading partner. It means Facebook and Google, which have become perhaps our primary marketing mechanisms. And, of course, it also means Apple, which has become the second-leading ebook provider to Amazon." (Shatzkin, 27 Nov 2015). These four companies—Amazon, Apple, Facebook, and Google—are what Scott Galloway calls the "Four Horsemen" (Shatzkin, 27 Nov 2015), likening these tech companies to biblical disasters. "The book business is a cork floating on a digital device stream. We don't control our environment. We must keep adapting to what bigger players, some of which have pretty minimal bandwidth to engage us in a dialogue and pretty minimal interest in what's best from our point of view, see as the best strategy for them" (Shatzkin, 2011).

But this publishing-centric view of four major players negatively impacts the perception of other technology-based companies. Malik, writing enthusiastically about Medium.com, stated that "as traditional media outlets have had to deal with grim reality of webonomics, the slack is being picked up by non-traditional and newer platforms." (Malik, 7 Oct 2014). Although Malik was referring to the voicing of technology stories, not just news reporting, by fresher and younger writers, the sentiment can be applied to many creative industries. Companies that are not as heavy-handed and marketshare-hogging as the Four Horsemen, such as Wattpad, Medium, or BitLit, are able to cultivate a position in the media landscape.
It is a common misconception that Wattpad needs traditional publishers. Ala Serafin, a 2014 Master of Publishing student wrote, “the relationship between Wattpad and traditional publishers is truly symbiotic and interdependent ... Wattpad depends on traditional publishers to inspire readers to use their website ... the hope of attaining profit and stardom by signing a deal with a traditional publisher gives users an incentive to write on Wattpad and create engaging content, which in turn attracts readers to the site” (Serafin, 2014). This statement is flawed as it comes from the false conclusion that Wattpadders are interested in being so-called “Real Authors”. 

In communications from the company itself, Wattpad employees such as Gardner attest that it is about self-expression, not self-publishing (Gardner, personal communication, 24 Nov 2015). Wattpad even dubbed itself the “YouTube of Stories” (Powell, 24 July 2013) to help the media understand that they were different from Kindle Worlds (authorized fan fiction) or SmashWords (self-published ebooks). Gardner explained in several podcasts that just like Instagram users don’t see themselves as professional photographers, Wattpadders are not aspiring novelists. The attention and instant feedback from “likes” and comments are what inspire users to write these stories.

With an unfettered access to audiences and no editorial gatekeepers, Wattpad is in a unique position to see emerging trends and genres that are underrepresented in traditional publishing, such as “urban fiction”. The unique author-reader exchanges are also attracting established authors, many of whom
experiment and connect with readers over new genres, such as Margaret Atwood, Scott Westerfeld, and Cory Doctorow. "The traditional publishing industry is watching Wattpad closely, not only as a source of new talent but also for techniques to increase reader engagement " (Streitfeld, 24 March 2014). Westerfeld's 2005 book, *Uglies* has been posted on Wattpad for free, using a traditional marketing technique of giving away something older to entice customers to purchase the newer items.

Wattpad—although holding a large market of 40 million users—is not a threat to traditional (or mainstream) publishing. In fact, Wattpad has become a partner for publishers, with companies like Simon & Schuster, HarperCollins, and Sourcebooks all signing book deals with authors who go their start on Wattpad. It is through partnerships and agenting deals such as this that Wattpad is demonstrating its worth and use to the publishing industry, as a discovery tool and the development of a writer's platform.

**BIBLIOGRAPHY**


