

From Pull and Push to Here and Now: the grand bargain of Facebook and the Feed is unraveling. What comes next?



Alex Danco [Follow](#)

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Welcome back. In part 1, we covered a general framework for how to make sense of paradigm shifts in the world. The critical task is to understand the identity of the scarce resource, how technology increases access to that scarce resource, and what emerges as newly valuable. In this post, we will apply this idea to media, looking at how the landscape is getting reshaped once more in the peak/post-Facebook world.

This week, Instagram launched Stories, a Snapchat clone product that looks at first glance like a great example of Facebook's "User Surfing" behaviour. Find out what's hot, buy or clone it, stay fresh, repeat. But I think this is a much bigger deal: Stories represents a sharp turn away from one of the core tenets of Facebook and of the feed format in general. The "Grand Bargain" of Facebook, which we'll explore, is unravelling — and new scarce resources are emerging.

Let's start with an assessment of where we are now and how we got here. In part 1, we talked about the shift brought on by the web and how that fundamentally altered the media paradigm. Traditionally, two organizing scarce resources in media have been content and distribution: the compromises, negotiations and grand bargains forged in the media industry typically concerned themselves with this relationship. Then came the web, and everything changed: the Internet radically increased access to both content and distribution, leading to a lot of hype during the late 90s New Internet Media craze, the trough of disappointment following the crash, and the eventual discovery of the new scarce resources.

What were they? They were "Pull" and "Push". Chris Dixon wrote a thoughtful article a few years back on the differences between the Pull internet and the Push internet; it's worth rereading today. What are these concepts, and why are they valuable? In short, "Pull" refers to the phenomenon of, as one can imagine, reaching into the Internet and pulling out what you're seeking. The scarce resources here are destination content (certain *must see live* programming, like Pro Sports or Game of Thrones) as well as the ability to find what you're looking for (which was won overwhelmingly by Google).

"Push", on the other hand, refers to the opposite phenomenon: when you sit back and let content get pushed at you, or alternately lean forward and push your own content out into the world. What are the scarce resources with push? I think that's a lot harder to nail down precisely. It's clear that Facebook has emerged a winner, but it's worth delving

into *why* that is the case — as well as what makes up the Grand Bargain to which we have implicitly agreed.

What is the Grand Bargain of Facebook? If we want to discover what is truly scarce in the Facebook era, this is the place to start. And I believe this quote from Mark Zuckerberg six years ago reveals the answer (*quoted from Michael Zimmer*):

“You have one identity,” he emphasized three times in a single interview with David Kirkpatrick in his book, ‘The Facebook Effect’. “The days of you having a different image for your work friends or coworkers and for the other people you know are probably coming to an end pretty quickly.” He adds, “Having two identities for yourself is an example of a lack of integrity.”

This is a fascinating and revealing passage. Zuck may as well be saying: *If you want in on the Facebook experience, and seek the benefits of expressing yourself in the Social Feed / Push Internet, then you agree to push out one consistent version of yourself. That is the bargain.* In exchange for being able to push content out to an audience (and have other content pushed back at you), you accept the tradeoff of restricted variance in your self-expression. You have to pick one version of yourself and stick to it. Facebook is the clearest example, but this applies more or less equally well to Instagram and Twitter, the other two biggest Push networks of the scrolling feed paradigm. Your feed can be diverse, but at the expense of restricted variance and diversity of self-expression within any of its component contributors.

It is now crystal clear that we as users want something more. After all, much of the greatest joy, nuance, intrigue and empathy of human interaction comes from variance in self-expression, not from its steady output. Facebook’s mission — to connect the world and get everyone communicating with one another on their platform — is built around maximizing the ease and output of that expression. But it’s not tuned towards that higher-order, more richly subtle aspect of our personalities and of our lives: the variance in that expression. Why is this now so clear, where it wasn’t five years ago? Because of two technology triggers:

The smartphone camera (particularly the front-facing one) and ephemeral content.

First of all, let's talk about the camera, particularly the selfie cam. There's a good reason we're obsessed with selfies: cameras can capture a large and rich amount of information, our faces convey a tremendous amount of nuanced and varied expression, and our brains are hard wired to pick up on that nuance. Cameras are not a new invention, but the socially connected and front-facing cameras are. They are a *new technology*: it lets us communicate a lot more substance than the "Text box plus X" format of Facebook. It increases access to something that was scarce. This helps explain why, when Evan Spiegel describes Snapchat as "a camera company", there's a lot going on beneath the surface.

Snapchat was not the first product to take advantage of the front-facing camera. But it was the de-facto creator of the second technology trigger: the ephemeral message. Communicative but impermanent content unlocks a second powerful aspect of self-expression: our ability to authentically express the variance of our selves. We play many different characters as we walk through life, and the ephemeral message radically increases access to all of the remaining cast of characters who were temporarily silenced by Facebook's oppressive *one-self* policy. Snapchat may still be the marquee product of vanishing content, but it opened the floodgates: the rise of "Live" or synchronous broadcasts like Meerkat and Periscope, Musical.ly, and no doubt a whole host of other apps I've never heard of that are now huge with 13 year olds. With this week's announcement of Instagram Stories, and the testing of a new dedicated camera app, Facebook is taking an organizational step forward away from their "one-self, permanent record" feed organization towards ephemeral content and towards the here and now.

Ben Thompson had an article a little while back containing one notion that has been repeated a lot since then: there are two types of social apps; the phone book and the phone. Facebook is the phone book, he asserts, and Snapchat is the phone. He writes, "The phone is personal: it is about communication between you and someone you purposely reach out to. True, telemarketing calls can happen, but they are annoying and often dismissed. The phone is simply about the conversation that is happening right now, one that will be gone the moment you hang up."

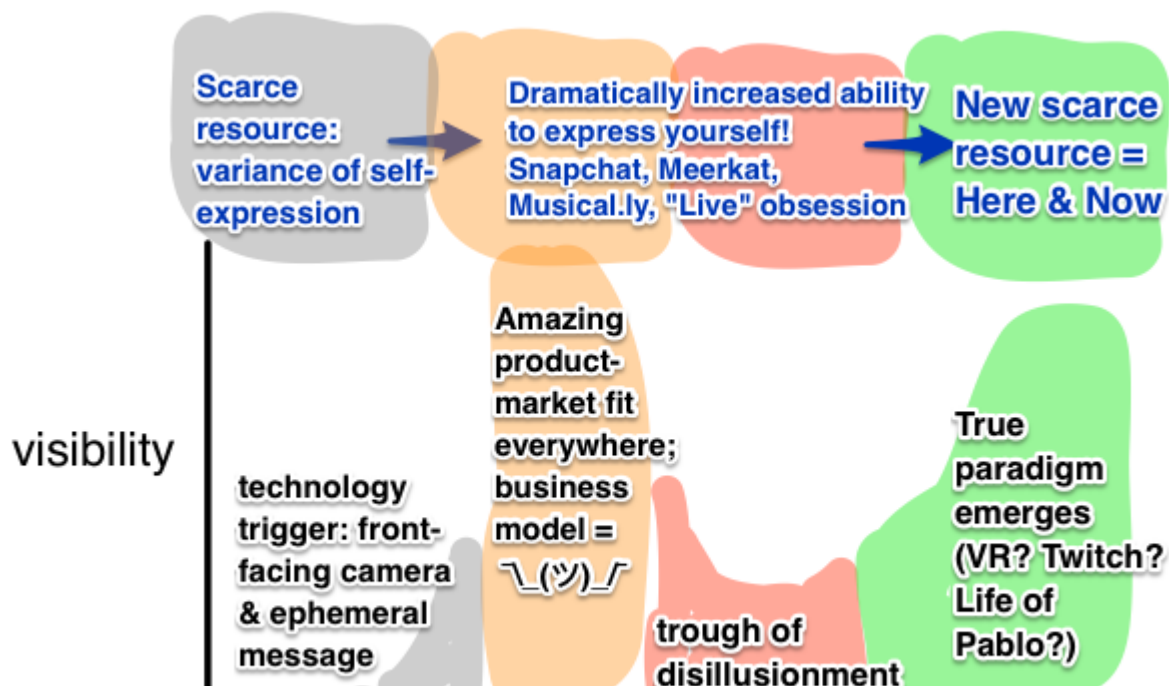
This gets a bit closer to the right idea about what is scarce and valuable. But I think Ben Basche gets it *really* right in his piece, *Ghost in the Machine: Snapchat isn't mobile first. It's something else entirely*. I encourage all of you to read this article, as I could quote at

length from it here. But I would like to highlight the best observation of the piece, as Ben riffs on Evan Spiegel's quote about Snapchat enabling you to 'jump into your friend's experience':

"Like all real experiences, these shared 'jumpings' are fleeting. We can put a different persona on (with face filters, now literally) each moment and be reborn the next. Snapchat itself feels like it's constantly pulsing like one of those time lapse videos of cars and city lights. We all go "there" when we get a peek into each others' lives, but really there's no there, there. In this way, Snapchat the place is everywhere and nowhere at the same time."

There's no there, there. In addition to being a great reference (look it up), these four words distill the essence of Snapchat, and of the flood of increased access to the momentary variance of our self-expression, brought on by the front-facing camera and ephemeral message. The emerging scarce resources are here and now. And Snapchat, while having some of the greatest product-market fit I've ever witnessed, dances around but doesn't quite fully grasp that scarce resource because *there's no there, there.*

This is why, I believe, it's going to be hard for the current batch of "Quasi-live" companies to really find their profit engine the way Facebook has. They radically increase access to the previously scarce resource — and they're within spitting distance of the new scarce resource — but they don't quite have it... yet.





time

So who does? Well, we're certainly hearing a lot about VR and AR these days, especially given the recent Pokemon Go explosion. I personally haven't been as interested in VR, although I do concede that it holds the potential to truly own a "here and now" type of scarce resource in some way. Augmented Reality, on the other hand, has had its breakout moment with Pokemon Go. Just like with Snapchat (one can certainly make the case that Snapchat filters were the first mass-market AR feature), Pokemon Go captures an element of here and now in a pretty literal sense — the Vaporeon is over there, by the trash can! Hurry! So that's pretty cool, and I really look forward to seeing what this morphs into over time.

What about other experiences that are already here? The most under appreciated and important piece of the future paradigm, who already exists today, may be Twitch. Twitch has made a lot less noise than VR and Snapchat, but they may have quietly gotten the paradigm of *here and now* more or less right.

Full disclaimer: I don't actually use Twitch. But I've been hearing more and more about it in recent months, as entirely new genres of content have started to appear that don't feel like "old fashioned content" + live audience, as were its origins. Instead, they're something totally new: content that is one third active gameplay, one third passive media consumption, one third audience participation and interaction. Imagine telling a ghost story on Twitch and creating a media experience around it. (We're seeing early glimpses of this with initiatives like Netflix's original VR content based on Stranger Things — but it's still a ways away.) Being able to create rich, immersive unpredictable experiences — a bit like Secret Cinema, but at digital scale — in a completely new, Internet native medium.

This is the subtle but critical difference between the "there" where you are in Twitch versus the "there" where you are in Snapchat. When you're inside Twitch, you're fully present. Just as whole markets of goods, services and offerings (paid for in real dollars!) have sprung up inside video games, so too can they natively emerge inside Twitch, spontaneously, in a permissionless sort of way. Just recently, a story emerged out of an apparent gambling rigging scandal in CS:GO, which blurred what is in-game versus

spectator versus real world and broke down the fourth wall to the point that a moving sidewalk has been installed between them. Snapchat doesn't quite have this degree of presence yet (although Brands promoting filters at specific places and times does make a lot of intuitive sense to me as a way forward). Our lives may flicker by together "In Snapchat", but where *is* that? It's not as clearly obvious as being *there, now* at a Pokégym in front of the Starbucks.

What about for other types of content? I think we've seen another glimpse of the future with Kanye's recent release, *The Life of Pablo*. Not because of the album content — it was pretty mediocre, I thought — but because, a few days after it launched on Tidal, the music changed. Kanye tweaked a few aspects of the album he decided he wanted to be different. And then, collectively, it dawned on everyone that this has been possible since the beginning of the streaming era — but no one had ever really done it before.

Why does this matter? Again, recall my previous assertion that much of the joy and nuance of human communication in all its forms (which includes playing and listening to music!) comes from variance of expression, rather than from its steady output. We've known for a long time that great musicians are ones who can convey subtle variations of nuance through their music, across their songs and discography. With Kanye's *Life of Pablo* tweak, even though it was minor, we've realized that these subtle variations now have a second time dimension on which to play. All of the art forms that used to be frozen in time have now been liberated, and it becomes news.

So what does this mean for the rest of media? I think it's too early to make predictions around specific products or companies. The reality of what happens is always intricate, complex, random enough that we can't actually foresee any details, or even assign probabilities to them (yet). But I will say this: we are seeing the beginning of a new gravity well emerging in media. The new types of content and the new set of winners we'll see will be those with the wind at their backs and who really understand this new paradigm — because they have the scarce resources right. And those scarce resources are here and now. The bulk of the news, writing, music, video, and mixed media content we may see might not look terribly different on the surface. But the gravity well that dictates to where the profit drains will have shifted, and the secondary effects of that shift will be huge.

One caveat though. Despite what I've said about the ephemeral versus the real here and now, and despite Facebook's aggressive advances, I don't think anyone should count out Snapchat whatsoever. First of all, they clearly have some of the best product empathy in the business — and the fact that they still feel fresh and haven't overstayed their welcome is a positive sign they'll be able to keep it up for longer. They clearly have the audience, and haven't jumped the shark yet. And they have the best wedge into what looks to be the most valuable new platform: the camera. We now have two examples of companies who dove headfirst into new access to an old scarce resource, used that momentum as an effective wedge into the new paradigm, and now own the new scarce resource. Those companies? Amazon and Uber. That's a good crowd if you ask me. Snapchat would be a worthy third addition.

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In summary, here's what I think we're in the middle of seeing — the world of push and of the feed (dominated institutionally by Facebook), can be understood as a grand bargain between “You get to participate in a diverse feed, but in exchange for the restriction of the “one-self policy”. The technology triggers of the camera and the ephemeral message dramatically increased access to that scarce resource (variance in expression), and we've seen an explosion of companies leaping onto the new access to the old scarce resource (led by Snapchat). However, this cohort of companies seems to stop short of truly owning the new scarce resources — Here and Now. The future paradigm of media may be seen in companies like Twitch, who are natively organized around these scarce resources, as well as in Augmented Reality.

Next post, which you can read here, we're going to take a look at another hot market these days: transportation, the impact of Uber, and what happens when the driver goes away.

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