

Hunter and Associates

MONETIZING SEARCH

June 2003. eBay will begin serving banner ads triggered by keywords in searches. Sellers bid on keywords in the now-familiar Pay-Per-Click (PPC) model. Tests of the new program have seen purchase rates increase by 35%. eBay chose not to partner with either Google or Overture, instead developing its own program using Conducive, a DoubleClick breakaway company that uses DoubleClick's ad serving system.

-source: eBay

July 2003. MSN will carry eBay listings above the search returns for certain queries. MSN also carries Overture text ads, LookSmart pay-per-click directory listings, and Inktomi pay-for-inclusion search results. MSN accounts for 24% of all shopping referrals from search engines.

-source: MSN, WebSideStory

July 2003: Overture will deliver Web search for Freeserve, the UK's largest ISP. Overture will supply actual search, using a component of its recent acquisitions, AllTheWeb, and Alta Vista. Overture aims at overseas expansion, and Freeserve is owned by Wanadoo Group which contains several other European properties. More significantly, this deal is a triumph over its rival Google, which formerly held the contract.

-source: Overture.

July 2003. Yahoo! is acquiring Overture for \$1.6 billion. Yahoo acquired Inktomi last December, Overture acquired FAST (AllTheWeb) and Alta Vista in May. Yahoo talked with Overture for a year prior to the purchase.

-source: Yahoo!

July 2003. Microsoft now has its own Web crawler, MSNBot, formally acknowledged in June. The company applied for the patents on its developing search technology in July, and has tripled its search staff. The company will reassess its relationship with Overture, following the Yahoo acquisition.

-source: Microsoft

[COMMENT: Unless Microsoft buys Google, there will eventually be three major players in the world of search, and monetized search: Yahoo, Google, and MSN. All three will serve search, keyword-based ads, and contextual ads placed across the Web in non-commercial websites with appropriate content and high traffic. The Pay-Per-Click model based on keyword-bidding has in fact delivered relevant content to millions of users looking to buy something through the Web.

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Newsletter

August/2003

Advertising

May 2003. We hate them but we use them: pop-up ads generate a click-through 13 times that of the standard 468 x 60 pixels banner and a conversion rate more than 14 times better. Rich media fails to improve click-through rates but gains four times better conversions.

-source: Advertising.com

Shopping

June 2003. Free shipping is the promotion most likely to convert sales on the Web, for 89% of respondents. Half of all shoppers will buy offline or reduce online purchases in response to perceived high shipping charges. 40% will download a coupon, 35% sign up for e-newsletters, 29% read articles. Users will not use a difficult website, and will abandon a previously patronized brand, or forego price savings, with a site that is hard to use.

-source: Jupiter Research, Genex

Who's on the Web

March 2003. There are around 40 million registered domains, with almost 20 million currently live and hosted. About 1.2 million of those are equipped to process e-commerce. The use of country-code domains (e.g. .uk, .us etc.) for ebusiness is rising, and companies should remain alert for competitive branding threats, and opportunities.

-source: Cyveillance

Monetizing Content

July 2003. Micropayments using the existing payment infrastructure (credit card, PayPal, etc) are the key to monetizing unique content on websites. The success of Apple's music downloads venture is leading the way for other industries - notably sports analysis and statistics - to charge for bite-size pieces of Web content. Price points per item of specific content are still evolving, but payments of ninety-nine cents, or \$2.50, for example, are considered the easy range to begin charging for content.

-source: *internetnews.com*

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Profit abounds in this frontier area of the Web. Search technology is driving commerce. All the Web is changing as free websites are shown new ways to pay their server costs. Pay-for-performance search is expected to attract as much as \$2 billion in Internet advertising this year, up from \$100 million three years ago in its infancy. Google has rolled out its AdSense program whereby text ads can be inserted into participating content-rich websites based on algorithmic determination of the theme of the entire page - this is a major advance over singular keyword discrimination, and is beyond doubt the new standard. Overture, with its acquired Fast and AltaVista properties, has unveiled its own version of this "contextual relevance" service to compete with Google. Microsoft intends to develop a similar system.]

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EXPLOITATION

June 2003. 57% of US users believe - incorrectly - that the presence of a privacy policy means a website will not share information with third parties.

-source: *Annenberg Public Policy Center*

June 2003. Most broadband users (86%) feel they are very safe or somewhat safe from online intrusion, and keep confidential material on their computer; 79% use their home computer to conduct sensitive financial or medical transactions; 77% feel their computer is safe from hackers. In reality, only 11% have securely configured computers. 91% have some form of "spyware" software installed, and of those 96% don't know how it got there. There is a great perception gap between presumed security and actual security.

-source: *National Cyber Security Alliance*

July 2003. A federal court dismissed U-Haul's lawsuit against interception-ware advertiser WhenU, the full reasoning was not yet available. WhenU and its competitor Gator specialize in blocking ads presented by a website and substituting their own network ads instead. This is made possible by software installed on the user's computer, usually without the user's specific knowledge, bundled in with other free software, notably Kazaa. Gator has lost or settled lawsuits brought against it thus far, and several more are pending. The legal situation remains unclear.

-source: *AdLaw (Hall Dickler)*

PUBLISHERS NOTE

We are finally moving this newsletter to a Web and email format, and this is the last printed issue. The first online version appears in mid-September, we'll send you an email with a subject line reading "Hunter and Associates Newsletter - September".

Everyone has enjoyed getting away from the computer to the couch to read this little summary sheet every couple of months, and we'll miss it too, but we're moving into deeper treatments of themes that we find important, and we hope you'll find this more useful.

You can find all our news now in the Analysis section of our website (with PDF files of all the printed newsletters in the Archive).

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