



## **New Media**

**RICHARD KOLENDA**



### **Click here for the state of online advertising**

Not too long ago, spam was some meat-like substance of unclear origins, and banners were just colorful pieces of cloth flapping in the wind. The advent of the Internet as a mass medium has forever changed all that. In their short life, these new forms of advertising have become loved, reviled, and, increasingly it seems, ignored by millions.

#### **First of two columns on online advertising.**

With an estimated \$2 billion spent in 1998, advertising is one of the largest and fastest growing segments of Internet commerce. Advertising and marketing on the Internet was also the topic of a March 2 seminar at the Wyndham Franklin Plaza produced by the Zeff Group of Arlington, Va. ([www.zeff.com](http://www.zeff.com)).

The seminar was the first of several such locally focused gatherings that the company plans around the country. President Robbin Zeff said there's a need for local seminars, despite the Net's global nature, because local advertising is booming. And she should know, because she (with Philadelphia's Brad Aronson) literally wrote the book on Internet advertising (*Advertising on the Internet*, Wiley Computer Publishing, 1997).

Fueling the local-advertising trend are online yellow pages such as Big Yellow ([www.bigyellow.com](http://www.bigyellow.com)) and Zip2 ([www.zip2.com](http://www.zip2.com)) and local newspaper sites such as Philadelphia Online ([www.phillynews.com](http://www.phillynews.com)). They and local directory sites, such as America Online Digital Cities ([www.digitalcity.com](http://www.digitalcity.com)), Microsoft Sidewalk ([www.sidewalk.com](http://www.sidewalk.com)) and RegionOnline ([www.regiononline.com](http://www.regiononline.com)), are putting everything from local movie listings to mom-and-pop stores on the World Wide Web.

Such sites are growing rapidly. Fifty-three percent of Philadelphians are going online to get directions to a local business, restaurant or entertainment outlet, and 38 percent have purchased something in a store that they first learned about online, according to a recent poll by Rasmussen Research ([www.portraitofamerica.com](http://www.portraitofamerica.com)). One area company specializing in this local approach is PinPoint Communications of Wayne, with its REALMalls directory of shopping centers ([www.realmalls.com](http://www.realmalls.com)).

REALMalls, which went online in 1996, has listings of 950 major malls and 20,000 chains in more than 200 markets across the United States. Shoppers can find out which stores are in which malls, which brands are carried by those stores and what specials are being offered there. President John Carragee said the key to PinPoint's success is avoiding "channel conflict," which occurs when brands (Levi's) sell directly online and compete against retail outlets (The Gap). REALMalls has agreements with several online shopping sites,

including a new program with Knight Ridder's Real Cities Network. (Knight Ridder owns *PhillyTech* and Philadelphia Online.)

In some ways, direct marketing on the Internet is the opposite of the local phenomenon. Of course, local stores can and do sell directly to the consumer on the Web, but this effort is increasingly the domain of large retailers and brand names. The Internet is revolutionizing direct marketing with targeted e-mail and the ability to purchase products directly, even from a banner ad.

As Web banners have matured over the past few years, concern over declining click-throughs has led advertisers to evaluate other options. One of the more popular approaches is the use of sponsorships and "advertorials." These approaches brand content with the marketers' corporate identity, but don't necessarily seek to sell directly or drive users to their Web site. In print, these pages might be labeled, "Special Advertising Section," but usually no such label is used on the Web.

The growth in business-to-business activity on the Internet has spurred advertisers to target business customers. Businesses are predicted to spend three times what consumers will purchase online in 1999, so the reasoning here is pretty compelling.

Finally, advertisers are seeking better integration between their online ads and their overall marketing strategy. This development, which shows the maturing of the Internet as a marketing medium, will likely result in higher spending for online advertising. Until now, many companies have seen Internet marketing as a trial program and have sought to limit their risks.

So check back next month to find out tips and trends in the ads themselves. I'll be looking at opt-in e-mail lists and rich-medial tools, which can improve our visibility, click-throughs and bottom line.

## New Media Notes

**Group Cortex, triSpan join Miami consulting group**... Within two weeks in late February and early March, **AnswerThink Consulting Group** ([www.answerthink.com](http://www.answerthink.com)) announced the acquisition of **Group Cortex** ([www.cortex.net](http://www.cortex.net)) of Philadelphia and a merger with **triSpan Inc.** ([www.trispan.com](http://www.trispan.com)) of Conshohocken. AnswerThink, which trades on the Nasdaq with the ticker ANSR, posted \$102.7 million in revenues last year with 770 employees. Group Cortex, founded in 1995 by Alex Gizis and Brent Halliburton, will add 20 consultants to AnswerThink's Electronic Commerce solutions (sm) group. TriSpan, founded in 1990 as Icon Solutions by CTO John P. Louchheim, adds 85 consultants and managers to AnswerThink's Electronic Commerce practice. Based in Miami, AnswerThink already has 87 employees in its Conshohocken office, which serves as the company's technology headquarters. Annual revenues were \$15 million for triSpan and \$2 million for Group Cortex.

**LeVar Burton here for launch of electric SchoolHouse** ... Burton, host and co-producer of the PBS series *Reading Rainbow* and a director of **electric SchoolHouse Inc.**, was here last month to kick off the new Internet service for children. The subscription-based service is housed in a former schoolhouse in Narberth and will be marketed regionally as WHYY electric SchoolHouse with its local broadcasting partner.

**LibertyNet sold to for-profit company**... One of the oldest Internet-based local information services in the area gave up its nonprofit status to become part of **RegionOnline**, a service of Regional Network Communications Inc. ([www.regiononline.com](http://www.regiononline.com)), based in Bethlehem, Pa. LibertyNet, serving community groups since 1994 at [www.libertynet.org](http://www.libertynet.org), did consider a for-profit spin-off in 1997 but gave up when it failed to raise enough capital.

**Online bidding begun for [bidnow.com](http://bidnow.com)**... Online auctions are hot, so it's no surprise that Auction Television Network changed its name to **bidnow.com**. The Warminster company, which trades on the OTC Bulletin Board as BIDN, combines online and cable-television auctions.

**Next month: What are the latest technologies for marketing on the Internet?**

**Richard Kolenda is the chief operating officer of Precision Media Inc., a Philadelphia company specializing in streaming video via the Internet, and the founding president of the Philadelphia Area New Media Association, a division of the Eastern Technology Council. He can be reached at [nm\\_news@kolenda.com](mailto:nm_news@kolenda.com).**

