

social media and classified advertising

De-portalization and Internet Revenue - the challenge of monetizing social media

Figuring out appropriate revenue streams for the web has always been challenging. But over time the industry has converged on a number of highly successful models.

The initial focus was on **monetizing a visitor**. Yahoo was an early innovator in display advertising for brands and in providing content to encourage a visitor to stay and view pages. CPM revenues were founded on page view delivery.

Later the focus changed to **monetizing the exit** - the delivery of visitors to the site of an advertiser. Overture, RealNames and of course Google Adwords were all early pioneers of search advertising. Being paid to deliver a visitor is the foundation of CPC advertising.

Today the focus is on **monetizing the network** of people who are reading content which is increasingly user generated. As the graphic to the right shows, proportionately more traffic is concentrated in an ever greater number of sites and sub-sites. The bottom picture depicts the near future when user generated content and peer-to-peer traffic dominate the Internet.

The key requirement for monetizing the network is to be a platform for delivering an advertisers message to a third party site, both large and small. Google AdSense was an early pioneer here. Yahoo's Panama is its somewhat late entry into this area. As more and more traffic is heading for sites where the content is produced by small publishers and individuals (FaceBook, MySpace, YouTube, Bebo, Blogs and others) the kinds of ad unit delivered by AdSense and Panama are a poor fit for the environment. **AdSense-like text ads in MySpace is not an obvious way to successfully engage MySpace users.** We are about to enter a new phase in network advertising as new forms of monetization are called for. Our belief is that **classified advertising is a form of monetization uniquely suited to social media and targeted content.** Read on to learn why we think so.....

The first picture is a rough depiction of Internet traffic before the flattening



The second picture is a rough depiction of today - with the mountains still evident, but much less so



The third picture is where these trends are leading. To a flatter world of more evenly distributed traffic.

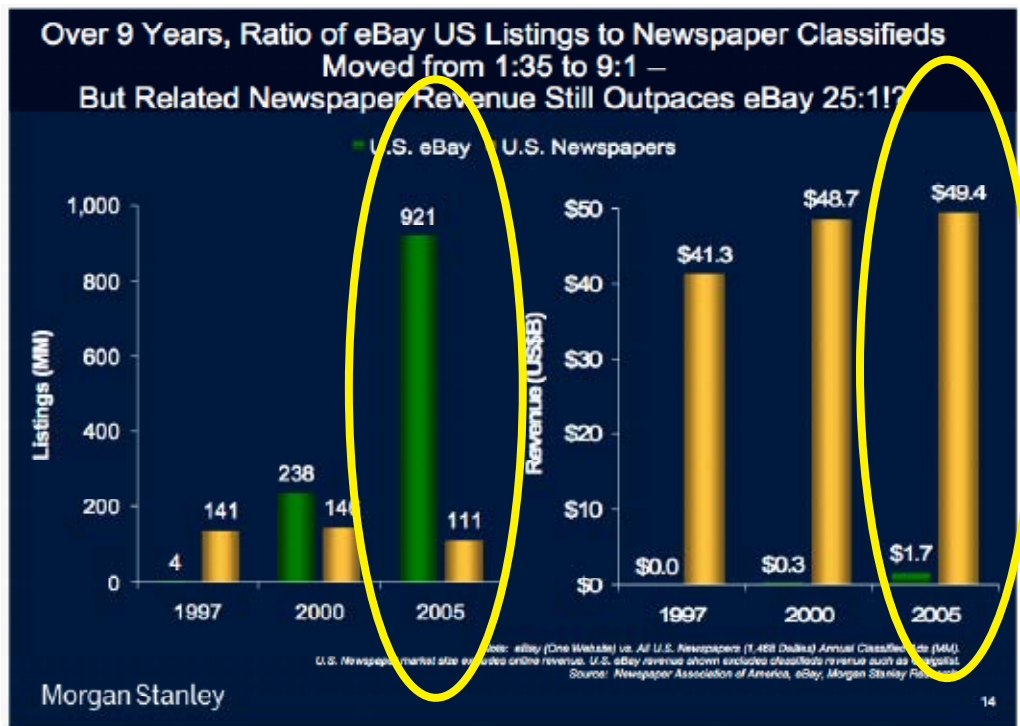


Classified advertising - still an offline ecosystem.

Classified advertising has been overlooked as a means of providing revenue for internet content. However, it is an enormous means of providing revenue for printed content. Morgan Stanley estimates that **in 2005 \$49.4 billion was earned by US newspapers from their classified sales.**

In the same period eBay earned \$1.7 billion. As the slide to the right shows, newspaper revenue outpaced eBay by 25:1 in 2005 even though eBay has 9 times more listings than newspapers

This trend has continued into 2006, even though eBay revenues are on target for a \$7 billion year in 2007 they are still dwarfed by newspaper classifieds revenue.



This leads to a strange fact. Classified advertising is still predominantly an offline business. The success of offline classifieds is tied to the fact that listings are delivered with publications primarily bought for their content (the LA Times for example). The readership of these publications is highly targetable, both in terms of demographics and geographics. An average listing in newspapers delivers significantly more revenue than an average listing on eBay.

Why online classifieds can perform.

In a word - content is king. Offline listings are delivered to readers of content. There are classified-only publications but these represent a small fragment of the offline market. Autotrader is an example of a classifieds-only publication. More than 95% of offline classified revenues is owned by publishers of news publications where classifieds are bundled with the content. Readers buy the content and then see the classifieds.

Isn't it time your s

Online listings, however, have never been focused on placing listings in content sites, they are almost entirely found in classified only environments like Monster, eBay, Craigslist and eBay.

This has been a very lucrative business for its pioneers, but - just as offline - it only represents a fraction of the market opportunity. We believe that more than 90% of the revenue available to online classifieds is still to be uncovered - through content sites taking classifieds. And social networks are a great place to start. **Classifieds are - by definition - social.**



The good news

Most newspaper web sites already understand this model and have been growing revenues from it for some time. Embedded here are screens from the LA Times and the UK's Daily Telegraph.

Note the deep embedding of classifieds with their home pages. Navigation bars include links to Jobs, Property, Homes, Travel and so on. There are search widgets to help readers find things - on the home page.

Readers can both discover and publish classifieds on the web sites.

Simply by offering advertisers a paid listings service (jobs, property, cars or services - whatever is appropriate to the content) **web sites can begin to earn revenues with eCPM's far in excess of contextual ads.** edgeio is in the business of enabling you to do that. We also enable the listings sites to distribute their listings through your content in return for traffic.

ite had classifieds?



edgeio and your revenues - classifieds can be big!

In early March 2007 edgeio introduced its classifieds boards platform for web sites. In a few short weeks more than 500 web sites have launched classifieds boards with us. More than 120 of these are boards that take paid listings. The most prominent of these is TechCrunch with its Crunchboard. Other examples can be found at InfoworldITExchange, ContentSutra, web2.0forsale.com and insidecg.com. In the first month of life Crunchboard earned an effective CPM of \$3000 (yes that's right - three grand). Why? Because paying \$200 to list an appropriate job for the highly skilled readers of TechCrunch is good value. TechCrunch's implementation of classifieds follows many of the examples already used by newspapers: links to "Cool Jobs" in the navigation bar, a front page wid-

The image shows a screenshot of the CrunchBoard Jobs page. On the left, there is a green sidebar with the following text: "CrunchBoard Jobs Feed", "Python Savvy Database Software Engineer" (Company: Pandora Media), "Experienced Web Developer" (Company: kapow, inc.), "Senior Support Engineer" (Company: Atlassian Software Systems), "Web Producer -Blurb" (Company: Blurb), and "Senior Product Manager" (Company: Audible.com). Below this sidebar, it says "All job offers New job offer Become an Affiliate" and "Powered by Edgeio". The main content area has a green navigation bar with links: "Forum", "About", "Contact", "Company Index", "Advertise", "Archives", "Toolbar", and "Cool Jobs". The page title is "CrunchBoard". Below the title, there is a search bar and a list of job listings. The first listing is for a "Python Savvy Database Software Engineer" at Pandora Media, posted 4 hours ago. The second listing is for an "Experienced Web Developer - Competitive Pay, Interesting Projects" at Kapow, Inc., posted 6 hours ago. The third listing is for a "Senior Support Engineer" at Atlassian Software Systems, posted 7 hours ago. The fourth listing is for a "Web Producer -Blurb" at Blurb, posted 11 hours ago. The fifth listing is for a "Senior Product Manager" at Audible.com, posted 1 day ago. On the right side of the main content area, there is an "About" section, a "Post Your Job Now Only \$200" button, a "Search Jobs" search bar, and a "Categories" list including Admin Office, Design, Executive, Other, and Product.

get displaying openings, and an easy to list payment front end. Readers become buyers.

edgeio is a platform for delivering **revenues** to content sites and **traffic** to listings sites. Classified boards are the first product on the edgeio marketplaces platform. Anybody can set one up in minutes and start taking revenues immediately. Before the end of the summer we will offer **new ways for owners of digital content to embed it into the content of any web site - and get paid**. If you are an owner of paid video, audio or file downloads, or if you just want to write some paid content for your audience, get in touch for a preview.

Go to:

<http://marketplaces.edgeio.com> to
start the process.

Or contact **John Dowd**
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