

Online Advertising sinks into the Abyss!

By Lee Traupel

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Lee Traupel
Lee@intelective.com

Intelective Communications, Inc. <http://www.intelective.com>

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Back in the ancient days of 1994 when Mark Andreessen and his band of hardy programmers were inventing a ground-breaking product/application/way of life called a browser, a dedicated group of entrepreneurs started publishing Netsurfer Digest a modern day "Hitchhikers Guide to the Galaxy" for the web. I subscribed to this wonderful newsletter and reference guide back in those heady days of yesteryear and have been a loyal subscriber and advocate since then. Sadly on this past Sunday I received notice that Netsurfer was moving to a paid subscription only model and would no longer be able to continue publishing their three primary newsletters by utilizing inserted ads as their sole source of revenue.

Netsurfer became the proverbial canary in the coalmine that succumbed to the hazardous winds blowing across the online advertising market. They simply couldn't build a sustainable business model via ad inserts, even by delivering a million impressions a month to an upscale, well educated, target rich demographic group. This denouement has broad implications to many who are dependent on advertising supported business models. If this wonderful award winning publication with excellent graphics, topical information delivered in snappy "let's get to the point" journalism can't make it then it's time to batten down the hatches - the rough ride is still underway for online advertising.

What's worse in my opinion is the founders of Netsurfer Communications said they were throwing in the towel and moving to a paid subscription model because they didn't want to be a part of the intrusive (my words paraphrasing a bit) online ad technology that has become so "annoying." You have to give them significant karma points for this brave stance, especially when you contrast it to the "greed is great" news that's been hitting us all via the Enron debacle - thank God for real entrepreneurs who are putting their ethics ahead of their revenue stream, there may be some hope in the business community after all.

So, what does this mean to the broader community? It means it's getting increasingly difficult to make a buck/euro selling advertising without selling your soul to the devil by deploying increasing invasive (does anyone really like pop ups?) technology that may irritate the hell out of your customers. Ad rates are plummeting, even the once mighty Yahoo is struggling to make revenue and their sales reps even return calls now, which is definitely au contraire to their I'm too busy to talk with customers .com glory days.

You couldn't read a Fast Company or a Business 2.0 the last two years without reading some slick

article by another reporter breathlessly telling us how the Wall Street Journal (Dow Jones) was pioneering the concept of building a viable online content subscription revenue model. This is hogwash, if we all had the type of branded content, excellent editors and the sterling reputation of one of the top five newspapers published in the world then this model would work for thousands of unique content publishers. But, most do not even have the subscriber base and branded content of a Netsurfer Digest - stay tuned to see if this model works for the Netsurfer folks (I hope so); but don't hold your breath, I don't think they will be ordering their \$1,500. Herman Miller chairs right and left like the folks at Webvan and Quokka Sports - VC bucks don't come around like they used to, but that's another article.

I don't have any silver bullets for those who are headed down the track of trying to sell advertising supported newsletters and/or shift to a subscription model. The obvious advice is this may work, but you better have other revenue sources that leverage your demographics. And, if you don't have mutually reinforcing revenue streams, then take a hard look at your business and modify accordingly. The greatest shift in online advertising is via opt-in e-mail marketing - we all want to receive information that is timely, informative and presented in a compelling manner. So, find a business model that lets you narrowcast products and services to a community of people who want to receive content (contact) from your company - good luck to all and by the way, signup for Netsurfer's paid subscription newsletter - I did, we all have to vote with our visa cards once in a while to keep the karmic balance on an even plane.

Lee Traupel has 20 plus years of marketing experience - he is the co-founder of Intelective Communications, Inc. <http://www.intelective.com> , a marketing services company which provides strategic and tactical marketing services exclusively to small to medium sized companies. His articles on interactive marketing have been widely published via: Internet.com, Europublic, Adventive, Yahoo, SitePoint, WorkZ, Wilson Web, BuyerZone, National Business Association, Traffick, and many other sites and publications. He can be reached at Lee@intelective.com

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