

Internet Intermediaries' New Business Models to Create Economic Value

Blogging

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A blog is a journal placed on the Internet

It can contain text, images, video and audio

It can be personal or informative

Anyone can create a blog

**Sites like Wordpress.com
provide free blog hosting**

How many blogs are there?

184 million people have started a blog

346 million people read blogs

77% of active Internet users read blogs

Technorati quoting Universal McCann (March 2008)

In February 2008 the Blogherald said the China Internet Network Information Center had counted 72.82 million Chinese blogs

There is a massive audience

There is massive competition

There are opportunities to make money

**The most common business
model is advertising-based**

Companies like Google offer paid advertising

Publishers place adverts around blog content

Readers clicking on adverts provides revenue

ShoeMoney.com: \$12,000 a month

BoingBoing.net: over \$1,000,000 a year

Techcrunch.com: around \$2,400,000 a year

TheDigeratiLife.com

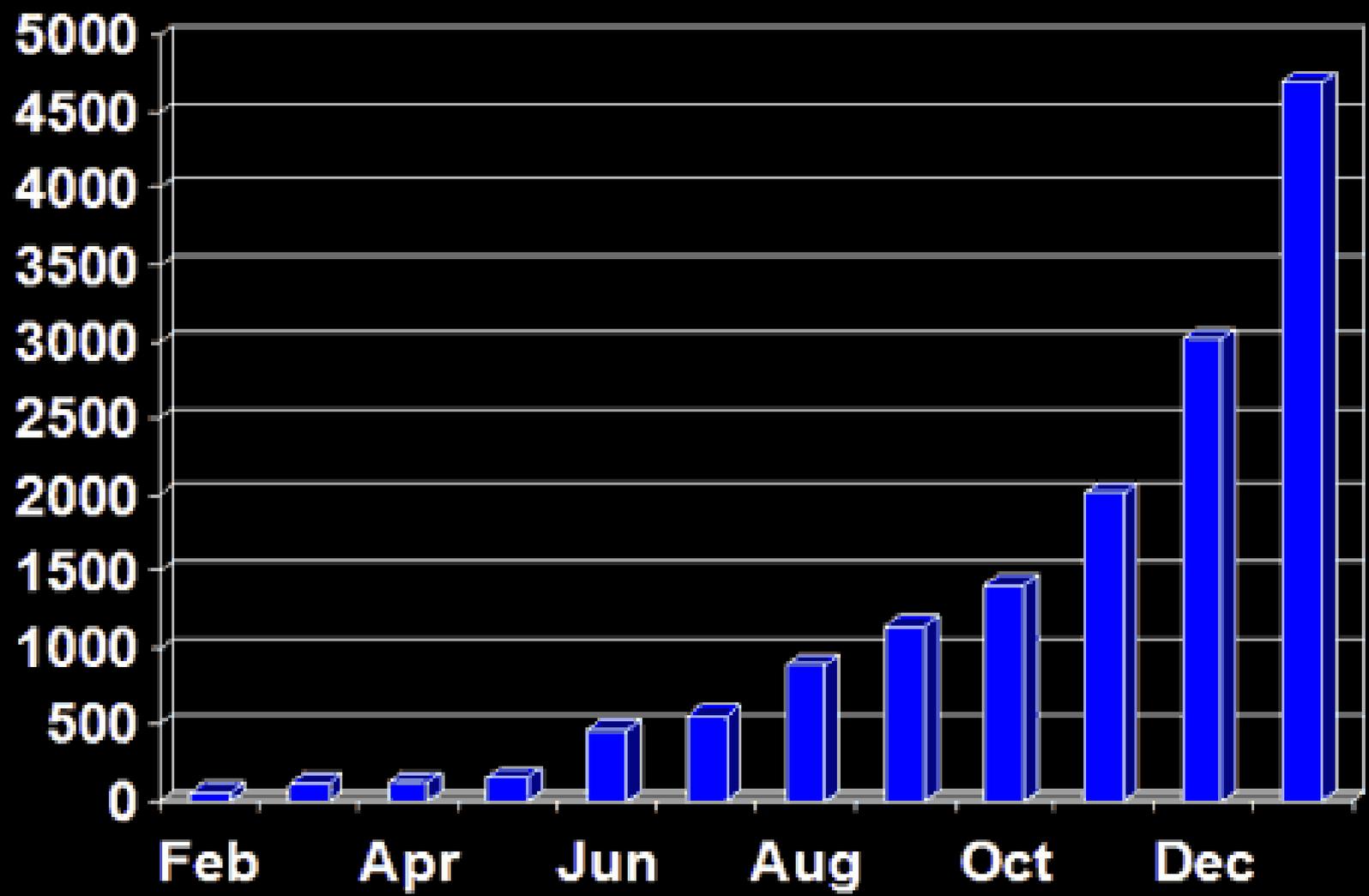
Steve Pavlina as a case study

www.stevepavlina.com

He started commercializing
his blog in February 2006

Between February 2006 and December 2006
his readership grew at 21% per month

**In the first month of commercial
activities he made \$53**



"AdSense revenue has gone up every single month, increasing at an average rate of about 50% per month."

"Traffic growth has been 21% per month while the revenue growth has been 50%."

He credits optimisation of advertising as the reason revenue grew faster than readership

He credits traffic as the key driver of revenue

He credits word of mouth
as the key driver of traffic

Obviously not everyone can
have his level of success

**Over 50% of small businesses
fail in the first five years**

US Small Business Association

184 million people have started a blog

Very few blogs make any money

Even fewer make a
significant amount of money

	US	Europe	Asia
Median Annual Investment	\$80	\$15	\$30
Median Annual Revenue	\$200	\$200	\$120

Technorati

**The true economic impact of blogs
may not be making money**

Some suggest that blogs and other online media are displacing traditional media

In Britain during August 2008
11.25 million people bought a paper
14.5 million visit a blog

NMK

**Blogs contribute to an increasingly
fragmented information market**

A fixed amount of revenue and readership is distributed among an increasingly large number of publishers

This has positive and negative consequences

Niche markets can be directly addressed

**The amount of available
information will increase**

Revenue per publisher will decrease

There is a danger of Web 2.0 fever

**There is economic value in blogging,
but the figures show it is limited**

**That leaves information provision
as the key value proposition**

The question is how useful
this information really is

“Blogs have become part of the essential fabric of the Internet today. They live and breathe in real-time, helping quench media consumers’ thirst for the most up-to-date breaking news, information, and analysis.”

Herve Le Jouan, Managing Director, comScore Europe

“We can say that if people still have that idea that the bloggers are the new fifth estate, that the bloggers are the new kingmakers, that's not the case.”

Michael Cornfield, Senior research consultant, Pew

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